

**13th Annual Report  
2004-2005**

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**KEI INDUSTRIES LIMITED**

## 13th Annual Report 2004 - 2005

### BOARD OF DIRECTORS

Mr. Anil Gupta	Chairman-cum-Managing Director
Mr. Sunil Gupta	Director
Mrs. Archana Gupta	Director
Mr. Pawan Bholusaria	Director
Mr. K. G. Somani	Director
Mr. Vijay Bhushan	Director
Mr. Vikram Bhartia	Director

### COMPANY SECRETARY

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.

### SHARE TRANSFER AGENT

MAS SERVICES PVT. LTD.  
AB-4, Safdarjung Enclave  
New Delhi - 110 029  
Tel. : 26104142, Fax : 26181081

### REGISTERED OFFICE

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

### WORKS OFFICE

- D-90, Okhla Industrial Area, Phase-I,  
New Delhi-110 020.
- SP-920, RIICO Industrial Area, Phase-III,  
Bhiwadi Distt. Alwar (Raj.) - 301019.
- 99/2/7 Madhuban Industrial Estate,  
Village Rakholi, Silvassa(D&H)-396240.

### KEI MANAGEMENT PERSONNEL

P. K. AGGARWAL	General Manager (P&A)
RAJEEV GUPTA	General Manager (Finance)
MANOJ KAKKAR	General Manager (Mktg-West India-Cable)
S. K. MOHANTY	General Manager (Mktg-North-Cable Export)
KANAK RAJAN	General Manager (Mktg-South-Cable)
PK. GHOSE	General Manager (Works)
K.C. SHARMA	General Manager (Works-Cable)
ALOK SHAH	Asst. General Manager (Mktg-East-Cable)
KULDEEP SHARMA	Senior Manager (Marketing)
AJAY MEHRA	Manager (Q.C)
KRISHNA KARIWAL	Manager (Marketing)



## NOTICE

**THE 13TH 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, THE 30TH OF JUNE, 2005 AT 10.00 A.M. TO TRANSACT THE FOLLOWING BUSINESS:**

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March, 2005 and Balance Sheet as at that date and the report of the Board of Directors and the Auditors of the Company thereon.
2. To declare a dividend on the equity shares @ 10 % for the year ending 31st March, 2005.
3. To appoint a Director in place of Shri Pawan Bholusaria, 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 resolutions as an **ORDINARY RESOLUTION**:  
**"RESOLVED THAT** Shri Sunil Gupta, who was appointed as an Additional Director and who holds office only upto the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and in respect of whom a notice has been received by the Company from a member proposing him as a candidate for the office of a Director under the provisions of Section 257 of the Companies Act, 1956 and who is eligible for appointment to the office of Director, be and is hereby appointed as Director of the Company".
7. To consider and, if thought fit, to pass, with or without modification(s), the following resolutions as an **ORDINARY RESOLUTION**:  
**"RESOLVED THAT** Smt. Archana Gupta, who was appointed as an Additional Director and who holds office only upto the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and in respect of whom a notice has been received by the Company from a member proposing her as a candidate for the office of a Director under the provisions of Section 257 of the Companies Act, 1956 and who is eligible for appointment to the office of Director, be and is hereby appointed as Director of the Company".
8. To consider and, if thought fit, to pass, with or without modification(s), the following resolutions as **SPECIAL RESOLUTION**:  
**"RESOLVED THAT** pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and the enabling provisions of the Memorandum and Articles of Association of the Company and the listing agreements entered into by the Company with Stock Exchanges where the shares of the Company are listed and the approvals and / or sanctions from all appropriate authorities, including the Securities and Exchange Board of India (SEBI), Govt. of India, Reserve Bank of India, Financial Institution(s), Stock Exchanges and all other bodies and Institutions as may be relevant (hereinafter singly or collectively referred to as "the Appropriate Authorities") and subject to such conditions and modification/s as may be prescribed or imposed by any of them while granting any such consents, permissions, approvals and / or sanctions (hereinafter singly or collectively referred to as "the requisite approvals") and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee(s) consisting of one or more members of the Board and / or one or more officials of the Company appointed by the Board in this behalf which the Board may constitute to exercise powers of the Board), the consent of the company be and is hereby accorded to offer, issue and allot upto 17,00,000 (Seventeen lakhs) Zero Coupon Warrants at a price of Rs. 138/- each (hereinafter referred to as "Warrants") based on the relevant date i.e. 30th May, 2005 on preferential basis in one or more tranches on such terms and conditions and in such manner as the Board may think fit, without offering the same to any other person/s who on the date of offer are holders of the equity shares, each Warrant entitling the holder thereof to apply and be allotted one fully paid-up equity share of Rs. 10/- each, at any time not exceeding eighteen months from the date of allotment of the Warrants in accordance with the SEBI (Disclosure and Protection) Guidelines and other relevant authorities as may be applicable such that the total number of equity shares to be issued by the Company upon conversion of the Warrants do not exceed 17,00,000 (Seventeen lakhs) equity shares of Rs. 10/- each on such terms and conditions as may be decided and deemed appropriate by the Board at the time of issue of warrants to the following Bodies Corporate :

S. No.	Name of Allottees	No. of Warrants
1.	SHRI LAXMI CONTRACTORS PVT. LTD.	4,50,000
2.	PLOK-UP ELECTRONICS PVT. LTD.	4,00,000
3.	THADHANI INVESTMENT PVT. LTD.	4,50,000
4.	ANANTA CHIT FUND PVT. LTD.	4,00,000
	<b>Total</b>	<b>17,00,000</b>

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**RESOLVED FURTHER THAT** the issue of warrants, if any, as above, shall be subject to the following terms and conditions :

1. The Warrants shall be convertible within a period of 18 months from the date of allotment.
2. Each Warrant shall be convertible into one equity share of Rs. 10/- each of the Company.
3. The Warrant holder(s) shall, on the date of allotment, pay an amount, equivalent of 10% of the price fixed per Warrant.
4. The Warrant holder(s) shall, on the respective dates of conversion, pay the balance 90% of the consideration towards subscription to each equity share.
5. The proportionate amount referred to in (3) above shall be forfeited, if the option to acquire shares is not exercised fully or in part thereof.
6. The number of Warrants and the price per Warrant shall be appropriately adjusted, subject to the Companies Act, 1956 and SEBI Guidelines, for corporate actions such as bonus issue, rights issue, stock split, merger, demerger, transfer of undertaking, sale of a division or any such capital or corporate restructuring.

**FURTHER RESOLVED THAT** the Board be and is hereby authorised to issue and allot such number of Equity shares as may be required to be issued and allotted upon conversion of the Warrants and that equity shares shall be as per the Memorandum and Articles of Association of the company and shall rank *pari passu* with the existing Equity shares of the Company.

**FURTHER RESOLVED THAT** the Board be and is hereby authorised to accept the terms, conditions and stipulations made by the Appropriate Authorities while granting approval to the Company for issue of the Warrants as aforesaid.

**FURTHER RESOLVED THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised to delegate all or any of the powers herein conferred by this resolution to any director or directors or to any committee of director(s) or any other officer or officers of the company and to do all such acts, matters, things and deeds and to take all such steps and do all such things and give all such directions as the Board may consider necessary or expedient or desirable and also to settle any question/s or difficulty/ies or doubt/s that may arise in regard to the offer / issue, allotment and utilization of the proceeds and further to do all such acts, deeds, matters and things and to finalize and execute all documents and writings as may be necessary, proper, desirable or expedient as the Board, in its absolute discretion may deem fit and take all such steps which are incidental and ancillary in this regard."

#### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT TO BE A MEMBER OF THE COMPANY. PROXY FORM IS ATTACHED HERewith.
2. 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.
3. Member / proxies should bring the attendance slip sent herewith duly filled in for attending the meeting.
4. The Register of Members and Share Transfer Books will remain close from 28.06.2005 to 30.06.2005 (both days inclusive).
5. The dividend on equity shares, if declared at the AGM will be made payable to those members whose names are on the Register of Members on 30th June, 2005.
6. Members holding shares in physical form are requested to notify any change of address, bank mandates, if any, to the Registrar and Share Transfer Agent MAS SERVICES PVT. LTD., AB-4, Safdarjung Enclave, New Delhi -110029 and / or the Company Secretary by 28.06.2005 or to their respective depository participants if the shares are held in electronic form.
7. Member who hold shares in dematerialised form are requested to bring their Clint ID and DP ID numbers for easy identification of attendance at the meeting.
8. Shareholders are requested to bring their copy of Annual Report at the meeting.
9. Pursuant to Section 205A of the Companies Act, 1956 read with the Investors Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, all unclaimed / unpaid dividend up to the financial year ended 31.03.1997 has been transferred to the Investor Education and Protection Fund set up by the Central Government account and no claim can be admitted in respect of this fund. Members are therefore requested to encash their dividend warrants immediately for subsequent financial years. Members are requested to write to the Company and / or Share Transfer Agents, if any dividend warrant is due and pending to be paid so that fresh / revalidated warrants could be issued by the company.
10. At the ensuing Annual General Meeting, Shri Pawan Bholusaria and K.G. Somani, retire by rotation and being eligible offer themselves for reappointment. The information or details pertaining to these directors to be provided in terms of Clause 49 of the listing agreement with the Stock Exchange are annexed herewith.

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

(KISHORE KUNAL)  
Company Secretary

Place : New Delhi  
Dated : 04.06.2005

**EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.****ITEM NO. 6**

Shri Sunil Gupta has been appointed as an Additional Director on 01.10.2004 and would hold such office upto the date of next Annual General Meeting.

Shri Sunil Gupta is one of the Promoter of the company and has been acting as Director of the company since the formation of the company. He is a graduate and has over 21 years of rich experience in Financial Management.

Shri Sunil Gupta has a blend of experience in Managing the Cable Industry because he was acting as a Whole Time Director of the Company and was actively involved in the day to day management of the company.

He holds 357334 equity shares of the Company.

Your Directors are confident that his guidance and participation in the deliberations of the Board would be very beneficial for the Company's business.

Therefore, the Ordinary Resolutions at ITEM NO. 6, are placed before the Members for their approval.

Shri Anil Gupta, Chairman-cum-Managing Director and Smt. Archana Gupta, Director of the Company are relatives and therefore deemed to be concerned or interested in the resolution.

**ITEM NO. 7**

Smt. Archana Gupta has been appointed as an Additional Director on 31.01.2005 and would hold such office upto the date of next Annual General Meeting.

Smt. Archana Gupta is a graduate and has been associated with the group for a long period. She is also looking after the workings of the company's Stainless Steel Wire Division at Bhiwadi in Rajasthan and is actively involved in managing the day to day business affairs of the Stainless Steel Wire Division at Bhiwadi.

She holds 167463 equity shares of the Company.

Your Directors are confident that his guidance and participation in the deliberations of the Board would be very beneficial for the Company's business.

Therefore, the Ordinary Resolutions at ITEM NO. 7, are placed before the Members for their approval.

Shri Anil Gupta, Chairman-cum-Managing Director and Shri Sunil Gupta, Director of the Company are relatives and therefore deemed to be concerned or interested in the resolution.

**ITEM NO. 8**

The Company proposes to raise its share capital for enhancing its Capital base to reduce interest costs and to meet immediate needs for balancing equipment/s.

For this your Company proposes to raise funds through a preferential issue of upto 17,00,000 (Seventeen lakhs) Zero Coupon convertible Warrants as per the rules and regulations of SEBI, at a price of Rs. 138/- per warrant / share determined as per SEBI Guidelines.

In case the securities that may be issued are in the form of equity shares and / or result in issue and allotment of equity shares on conversion, the aggregate increase in the equity capital of your company shall be to the tune of around 17,00,000 (Seventeen lakhs) shares.

In terms of Section 81(1A) of the Companies Act, 1956, approval of the shareholders of the company is being sought to issue and allot further shares in the share capital of the company to investors, whether or not the allottees are existing shareholders of the company. Thus, consent of the members of the company, by way of a Special Resolution, is required for Item enumerated at No. 8

We give below the disclosures which are required to be given in the explanatory statement to the notice of the Annual General Meeting in terms of clause 13.1 A of the SEBI Guidelines for Preferential issues (as amended from time to time) and as are in force on the date of this notice :

**(a) Objects of the Issue :**

The objects of the proposed issue of Zero Coupon convertible Warrants on private basis have already been discussed above.

**(b) Intention of the promoters, directors, their associates and relatives and key management personnel to subscribe to the offer :**

The offer is not meant for promoters, directors and their relatives.

Out of the total issue, the warrants are proposed to be allotted in the following manner :

Upto 17,00,000 (Seventeen lakhs) Zero Coupon Warrants optionally convertible into equity shares to Bodies Corporate other than the promoters / directors of the company.

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- (c) The allotment would not result in any change in the control or management of the affairs of the company or in the board of directors of the company. However there could be consequential change in the voting rights / shareholding pattern of the company.
- (d) The present allotment shall be subject to lock-in-period as per SEBI Guidelines.
- (e) The present allotment does not attract SEBI (Substantial Acquisition & Takeover) Regulations, 1997.
- (f) **Shareholding pattern before and after the offer :**

Category	PRE-ISSUE		POST-ISSUE	
	No. of Shares held	% of Shares held	No. of Shares held	% of Shares held
<b>A. Promoters Holding</b>				
Indian Promoters	5254764	66.35	5254764	54.62
Foreign Promoters	0	0	0	0
Person Acting in Concert	100	0.00	100	0.00
<b>Sub Total</b>	<b>5254864</b>	<b>66.35</b>	<b>5254864</b>	<b>54.62</b>
<b>B. Non-Promoters Holding</b>				
Mutual Funds and UTI	195474	2.47	195474	2.03
Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non Govt. Institutions)	0	0.00	0	0.00
FIIS	461641	5.83	461641	4.80
<b>Sub Total</b>	<b>657115</b>	<b>8.30</b>	<b>657115</b>	<b>6.83</b>
<b>C. Others</b>				
Private Corporate Bodies	684416	8.64	684416	7.11
Shri Laxmi Contractors Pvt. Ltd.	0	0.00	450000	4.68
Plok-up Electronics Pvt. Ltd.	0	0.00	400000	4.16
Thadhani Investment Pvt. Ltd.	0	0.00	450000	4.68
Ananta Chit Fund Pvt. Ltd.	0	0.00	400000	4.16
Indian Public	1205440	15.22	1205440	12.53
NRIS/OCBS	73921	0.93	73921	0.77
Any other (pl. specify)				
Clearing Members	44287	0.56	44287	0.46
<b>Sub Total</b>	<b>2008064</b>	<b>25.35</b>	<b>3708064</b>	<b>38.55</b>
<b>GRAND TOTAL</b>	<b>7920043</b>	<b>100.00</b>	<b>9620043</b>	<b>100.00</b>

**(g) Proposed time within which the allotment shall be complete :**

The Board proposes to allot the Zero Coupon Warrants Optionally Convertible into equity shares within a period of 15 days from the date of this Annual General Meeting.

As per SEBI Guidelines, the warrant holders have the option to subscribe for one equity share of Rs. 10/- each per warrant at a price of Rs. 138/- (Rupees One Hundred Thirty Eight only) at any time within 18 months from the date of allotment of the warrants.

**(h) Identity of the proposed allottee/s and Percentage of post preferential issued capital that may be held by him / them.**

Out of the total issue, convertible warrants are proposed to be allotted in the following manner :

**Bodies Corporate :**

- SHRI LAXMI CONTRACTORS PVT. LTD.
- PLOK-UP ELECTRONICS PVT. LTD.
- THADHANI INVESTMENT PVT. LTD.
- ANANTA CHIT FUND PVT. LTD.

are companies registered under Companies Act, 1956

Seventeen Lakhs equity shares constituting 17.67% of the post issue capital will be issued to the above (a) (b) (c) & (d).

None of the allottees are acting in concert with each other.

**(i) Pricing of the Issue**

Rs. 138/- per share of Rs. 10/- each (i.e. at a premium of Rs. 128/- per share). This price is calculated on the basis of relevant date





as 30.05.2005, which is the date 30 days prior to the date on which the Annual General Meeting is to be held, in terms of Section 81(1A) of the Companies Act, 1956 to consider the proposed issue and is determined in accordance with Explanation (a) of Para 13.1.1.1 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000.

Where convertible instruments are issued on private placement basis providing for the issuer Company to allot shares at future date, the price on conversion shall be Rs. 138/- per share of Rs. 10/- each on a one to one basis in accordance with same guidelines as referred to above.

#### (j) Conversion period

The warrant holders shall have the option of subscribing for one equity share of Rs. 10/- each per warrant at a price of Rs. 138/- (Rupees One Hundred Thirty Eight only), being the price determined in accordance with Explanation (a) of Para 13.1.1.1 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 on Preferential Issues, at any time within 18 months from the date of allotment of the warrants.

#### (k) Terms of payment

In the case of warrants convertible into equity shares, at least 10% of the total consideration shall be paid at the time of allotment and the balance at or before the time of conversion in different tranches.

The said amount of 10% shall be forfeited proportionately if the option to acquire the shares is not exercised fully or in part thereof.

As required by the SEBI (Disclosure and Investor Protection) Guidelines, 2000 on Preferential Issues, a certificate from the Statutory Auditors, to the effect that the proposed allotment will be made in accordance with the said guidelines, will be placed at the meeting.

The Members are, therefore, requested to accord their approval to the proposed resolution set out at ITEM NO. 8 by way of a Special Resolution.

None of the Directors is interested in the resolution.

By Order of Board  
For KEI INDUSTRIES LIMITED

Place : New Delhi  
Dated : 04.06.2005

(KISHORE KUNAL)  
Company Secretary

### ANNEXURE TO NOTICE

Information under clause 49 of the Listing Agreements:

- Directors seeking reappointment under ITEM NO. 3 & 4 of the NOTICE.

a) Name	: Shri Pawan Bholusaria
Date of Appointment	: 23.07.1993
Education Qualifications	: B.Com., F.C.A
Expertise in specific functional area	:

Shri Pawan Bholusaria is a fellow member of the The Institute of Chartered Accountants of India, New Delhi.

He is partner of M/s P. Bholusaria & Co., Chartered Accountants and has been in Public Practice for over 25 years. He has been auditing the accounts of Nationalised Banks, Mutual Funds, Government and Public Companies.

He holds 100 equity shares of the company.

He is Director in number of companies. He has sound knowledge of Finance, Companies Act, tax laws and has handled a large number of audits.

List of outside Directorship	: 1. PKB Portfolio (P) Ltd 2. Panafic Industries Ltd
Chairman/Member of the Committee of the Board of Directors of the Company	: Audit Committee - Chairman Remuneration Committee - Member
Chairman / Member of the Committee of the Board of Directors of other Companies	: NIL



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b) Name	:	Shri K.G. Somani
Date of Appointment	:	02.08.1994
Education Qualifications	:	B.Com., F.C.A., A.C.I.S., ACS
Expertise in specific functional area	:	

Shri Somani Qualified as a Chartered Accountant in the year 1963.

He is a fellow member of the The Institute of Chartered Accountants of India, New Delhi. He was elected as a member of the Central Council of the Institute of Chartered Accountants of India in the year 1979, and was a Council Member during 1979-1992.

He was the President of the Institute in 1988-89. He has worked on all the standing committees during his continued membership of the council during 1972-1992, has been chairman of Professional Development Committee, Board of Studies and Company Law Committee of the Institute during this period.

He was the Chairman of the Technical Standards Committee of South Asian Federation of Accountants (SAFA). He has participated in a large number of Seminars & Conferences all over India and Abroad.

Shri Somani was a member of the Central Direct Tax Advisory Committee during 1988-89. He was the Indian Nominee on the Council of International Federation of Accountants Newyork during June 1990 to December 1992.

He is partner of M/s K.G. Somani & Co., Chartered Accountants and has been in Public Practice for over 32 years. He has been auditing the accounts of Nationalised Banks, Insurance Companies, Government and Public Companies.

He holds 200 shares of the company.

He is Director in number of companies. He has sound knowledge of Finance, Companies Act, tax laws and has handled a large number of audits and cases related to sick units before B.I.F.R. and its Appellate Authority. Since the firm K.G. Somani and Co. was registered with SEBI as Merchant Banker Category IV, he is well versed with the Merchant Banking Activities, raising resources etc.

<b>List of outside Directorship</b>	:	1. K.G. Somani Management Consultants (P) Ltd
	:	2. Classic Enterprise Ltd
	:	3. NTB Bowsmith Irrigation Ltd
	:	4. The Delhi Stock Exchange Association Ltd

<b>Chairman/Member of the Committee of the Board of Directors of the Company</b>	:	Audit Committee - Member
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<b>Chairman / Member of the Committee of the Board of Directors of other Companies.</b>	:	The Delhi Stock Exchange Association Ltd.
	:	- Arbitration Committee
	:	- Default Committee
	:	- De-listing Committee
	:	- Code of Ethics Committee
	:	- Standing Committee on On-Line Trading
	:	- Investment Committee
	:	- Audit Committee
	:	- Economic Committee

• Directors seeking appointment under ITEM NO. 6 & 7 of the NOTICE.

Name	Date of Appointment	Qualification	Expertise in Specific Functional Area	List of Outside Directorship held	Chairman/Member of the Committee of the Board of Directors of the Companies
Shri Sunil Gupta	01.10.2004	B.Com	As explained in Explanatory Statement	Ashwathama Constructions Pvt. Ltd.	Shareholders Grievance Committee-Member
Smt. Archana Gupta	31.01.2005	B.A.	As explained in Explanatory Statement	- KEI Cables Pvt. Ltd. - KEI International Ltd. - Dhanvarsha Agency Pvt Ltd. - Soubhgya Agency Pvt. Ltd. - Subhlaxmi Motels & Inns. Pvt. Ltd. - Projection Financial & Management Consultants Pvt. Ltd.	None





## DIRECTOR'S REPORT

### To The Members

Your Directors take pleasure in presenting their 13th Annual Report for the year ended 31.03.2005. Briefly stated the financial results of operation are :-

	Amount in Rs. 01.04.04 to 31.03.05	Amount in Rs. 01.04.03 to 31.03.04
Sales and other income	2321551990	1088399719
Profit before interest, Depreciation and tax	212311718	89186096
Less : Financial Charges ( Net)	68528996	56031830
Depreciation	19857289	17557799
Profit before tax	123925433	15596467
Provision for Taxation — General	36500000	1275000
— Deferred	3529548	5382095
Profit after tax	83895885	8939372
Add : Balance Brought Forward	86602750	77661147
Add : Taxation for earlier years	(3496)	2231
Amount available for Appropriations	170495139	86602750
Appropriation:		
Proposed Dividend	7920043	—
Provision for Taxation on Proposed Dividend	1110786	—
Transfer to General Reserve	5000000	—
<b>Balance Carried Forward</b>	<b>156464310</b>	<b>86602750</b>

During the year the company was able to improve its performance both in terms of sales and profits. The improvement was possible due to increase in turnover of cables from Rs. 7331.76 lacs in 2003-04 to Rs. 19128.46 lacs in 2004-05. Stainless Steel Wire Products Contributed Rs. 2606.62 lacs in 2004-05 as compared to Rs. 1947.62 lacs in 2003-04. Winding, Flexible & Home Wire Cable contributed Rs. 968.13 lacs in 2004-05 as against Rs. 1113.57 lacs in 2003-04. Profit after tax is higher at Rs. 838.96 lacs during 2004-05 as compared to Rs. 89.39 lacs during 2003-04.

### DIVIDEND & APPROPRIATIONS :

An amount of Rs.50.00 Lacs has been credited to General Reserves.

Your Directors have recommended a dividend @ 10% (i.e Re1/- per equity share) on 7920043 Equity Shares of Rs. 10/- each for the financial year ended 31st March, 2005, 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 30th June, 2005.
- those whose names as beneficial owners are furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

### REVIEW OF OPERATIONS :

Due to improvement in economy, implementation of infrastructure and power projects and Industrial expansion demand for power, control and instrumentation cables picked up during the year due to which company was able to have good order book resulting in higher sales. In stainless steel division company is continuously focussed on improving quality. Stainless steel division has entered into long term contract for conversion of stainless steel rods into wire for a customer. All this has resulted in increased capacity utilisation and sales.

Keeping in view the anticipated higher demand for Company's products: Power, Control and Instrumentation Cables, and also due to the anticipated slack/declining demand in Jelly Filled Telephone Cables (JFTC), Management of the Company took a conscious and strategic decision to convert its JFTC plant into plant for production of Power, Control and Instrumentation Cables. This was achieved at minimum cost and in shortest possible time. For this purpose Company has also bought some new machinery and balancing equipment. Benefits of this conversion have already resulted in higher production capacity and sales of Power, Control and Instrumentation Cables. It is further expected that benefit of this strategic decision will be fully realised in the coming years.

The Company continued to expand its Dealers Network throughout India, which is being used for sale of Power, Control and Instrumentation Cables, and flexible and house wires. Benefits of Company's thrust on Dealers Network in earlier years are being realised now by way of increased sales. During the year company has opened a Branch Office at Jebel Ali Free Zone Authority (JAFZA) in Dubai and Trading Licence has been granted to the company by JAFZA.

Sales of the Company have increased from Rs. 10863.86 lacs to Rs.23022.92 lacs. Profit before tax has increased to Rs.1239.25 lacs from Rs. 155.96 lacs.

### FUTURE OUTLOOK :

Current year has started on a robust note and with emphasize by Government on power sector reforms, infrastructure development and industrial expansion, it is expected that barring unforeseen circumstances, demand for Company's products will increase. With



## 2004 - 2005

Company's thrust on marketing of Power, Instrumentation and Control cables it is expected that Company's turnover will increase substantially during the year.

Considering Company's strength of marketing network in the field of Power, Control and Instrumentation Cables, the Company has decided to expand its product range to High Tension (H.T) Power Cables. For this Company has already acquired land adjoining its existing manufacturing unit at Bhiwadi. Since this product will be manufactured in a facility adjoining Company's existing manufacturing unit, it will result in cost saving and optimum utilisation of resources. With the commissioning of H.T Power Cable plant, the Company will be able to offer complete array of cables to its existing and prospective customers and dealers in India and outside India. Company is also opening overseas marketing offices for tapping export markets in Cables.

The Company, in order to reduce costs and for increasing efficiency / productivity, is implementing Enterprise Resource Planning (ERP)- BAAN, which will be commissioned during the current year itself.

### LISTING OF SHARES :

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 are in compulsory dematerialisation.

### CORPORATE GOVERNANCE :

The report on Corporate Governance as prescribed by the listing Agreement is annexed and forms a part of Annual Report. The Auditors Certificate on compliance of the provisions of Corporate Governance as mentioned in the listing Agreement is also attached.

### DIRECTORS :

Shri Pawan Bholusaria, Director of the company retires by rotation at the end of 13th AGM and being eligible offers himself for reappointment.

Shri K.G. Somani, Director of the company retires by rotation at the end of 13th AGM and being eligible offers himself for reappointment.

Shri Sunil Gupta & Smt. Archana Gupta who were appointed as additional directors of the Company and hold office only upto the date of this Annual General Meeting, have been proposed for the office of director.

### DIRECTOR'S RESPONSIBILITY STATEMENT :

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

- That in the preparation of the annual accounts for the financial year ended 31st March, 2005, the applicable accounting standards had been followed;
- That the directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- That the directors have prepared the accounts for the financial year ended 31st March, 2005 on a 'going concern' basis.

### FIXED DEPOSITS:

There are no overdue fixed deposits as on 31st March, 2005.

### 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. 4009207	M.Com	25 Years	31.12.92	46 yrs

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

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

### ACKNOWLEDGMENTS :

Your Directors express their deep appreciation and sincere thanks to various departments of the Central & State Governments, Dena Bank, Punjab National Bank, ING Vysya Bank Ltd., State Bank of Hyderabad & YES Bank Ltd. 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)

Chairman-cum-Managing Director

Place : New Delhi

Dated : 04.06.2005