



KEI Industries Limited.

Annual Report 2010-11

KEI

Wires and Cables

The power behind the power

Unit-1

SP-919/920/922 RIICO Industrial Area,
Phase-III, Bhiwadi, Distt. Alwar-301019, Rajasthan
Tel: (01493)-220106/221731
Fax: 221731 E-mail: bhiwadi@kei-ind.com

Unit-2

99/2/7, Madhuban Industrial Estate, Rakholi,
Silvassa-396230, Dadra & Nagar Haveli
Tel: (0260)-2644404/2630944
Fax: 2645896 E-mail: silvassa@kei-ind.com

Unit-3

A 280/281/282/283/284 RIICO Industrial Area (Chopanki)
Distt. Alwar-301019, Rajasthan
Tel: (01493)-260202/06
Fax: 260203 E-mail: chopanki@kei-ind.com

Marketing Office (Mumbai)

101/102, Vastu Shilp, Vastu Enclave, Andheri Pump House,
Andheri (East), Mumbai-400093
Tel: (022)-28239673, 28375642
Fax: 28258277 E-mail: mumbai@kei-ind.com

Jaipur Office

7 Kailash Path, Suraj Nagar (W) Civil Lines,
Jaipur-302006
Tel: (0141)-5179279, 09829036095
Fax: 2221707 E-mail: jaipur@kei-ind.com

Pune Office

Office No. 410, Amit Court, Behind Mangala Talkies,
Shivajinagar, Pune-411005
Tel: (020)-30526258/ 30524765, 9822048426
E-mail: pune@kei-ind.com

Baroda Office

803, Siddharth Complex, Near Hotel Express,
R.C. Dutt Road, Baroda-390007
Tel: (0265)-6539719, 2341831 Fax: 2334161
E-mail: baroda@kei-ind.com

Bangalore Office

72/2, Ground Floor, Railway Parallel Road,
Kumara Park West, Bangalore-560020
Tel: (080)-23466260
E-mail: bangalore@kei-ind.com

Chennai Office

F-1, Sir Usman Court, New No. 63 (Old No. 27),
Eldams Road, Teynampet, Chennai-600018
Tel: (044)-42009120 Fax: 044-42009130
E-mail: chennai@kei-ind.com

Hyderabad Office

Plot No. 76, H.No. 3-14-52/1, Shubodaya Colony,
Near Little Chums School, Mansoorabad,
Vanasthalipuram, Hyderabad-500070
Tel: (040)-20064358, 09985522558, 09985577886
Fax: 24024260 E-mail: hyderabad@kei-ind.com

Kolkata Office

33, Dr. Sundari Mohan Avenue, 1st Floor,
Kolkata-700014
Tel: (033)-22866696, 09831806270
Fax: 22866697 E-mail: kolkata@kei-ind.com

Chandigarh Office

SCO 84, 1st Floor, Swastik Vihar, Sector-5, Panchkula-134109
Tel: (0172)-4416301
Fax: 4416300 E-mail: chandigarh@kei-ind.com

Bhopal Office

S-13, Thada Ram Complex, M.P.Nagar Zone-I,
Bhopal (MP) - 462011, Tel: 09752531145
E-mail: bhopal@kei-ind.com

Bhubaneshwar Office

C/21, Palashpalli, Near N.C.C. Office,
Bhubaneswar-751012
Tel: 09238396638, E-mail: bhubaneshwar@kei-ind.com

Chhatisgarh Office

Soubhagya, 72/10, Nehru Nagar (West),
Bhilai-490020, Chhattisgarh
Tel: 09630019494, nE-mail: chhatisgarh@kei-ind.com

Kanpur Office

8/6, F.M. Colony, Civil Lines, Kanpur-208001
Tel: 09839081711, Email: kanpur@kei-ind.com

Goa Office

F-1, Shetye Apartments, Antilpeth, Bicholim, Goa-403504
Tel: 09765394685, E-mail: goa@kei-ind.com

Nagpur Office

103, Misal Layout, Nagpur-440014
Tel: 09822473774, E-mail: nagpur@kei-ind.com

Cochin Office

36/2853, Nagawallil, Balan Menon Road,
Kaloor, Cochin-682017, Kerala
Tel: 09846004702 E-mail: cochin@kei-ind.com

Coimbatore Office

136, T.V. Swamy Road, R.S. Puram, Coimbatore-641002
Tel: 09843399964 E-mail: coimbatore@kei-ind.com

Lucknow

102 First Floor, Saran Chamber-2,
5 Park Road, Lucknow-226001
Tel: +91 8765588797 Email: up@kei-ind.com

OVERSEAS OFFICE (Dubai)

P.O. Box 261 739,
Jebel Ali Free Zone, Dubai, U.A.E.
Tel: +971 4 881 2310, + 971 50 2112013
Fax: +971 4 881 2311, E-mail: dubai@kei-ind.com



KEI INDUSTRIES LIMITED
Registered and Corporate Office

D-90, Okhla Industrial Area Phase-I, New Delhi-110020
Tel: (011)-26818840/8642/0242 Fax: 26817225, 26811959
E-mail: info@kei-ind.com, delhi@kei-ind.com Website: www.kei-ind.com

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
HSBC Bank Ltd
HDFC Bank Ltd
RBS (earlier ABN Amro Bank)
State Bank of Patiala
IndusInd Bank Ltd

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,
email:- info@masserv.com, website : www.masserv.com

CORPORATE & REGISTERED OFFICE

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

KEY MANAGEMENT PERSONNEL

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. N.K. Bajaj, *Sr. GM-Marketing (Wires & Flexibles)*
Mr. Chirag Garg, *Sr. G.M (EPC)*
Mr. Mukesh Sethi, *GM-Marketing (EHV)*
Mr. Munishvar Gaur, *GM (Head-North Marketing Cables)*
Mr. Alok Saha, *GM (Marketing)*
Mr. M.V. Gananath, *GM-Sales & Marketing*
Mr. Keshav K. Mitra, *GM-Sales & Marketing*
Mr. Deepak Manchanda, *GM (Business Development)*
Mr. Ajit Dinesh Durve, *GM (International Business)*
Mr. Naval Singh Yadav, *GM (Technical)*
Mr. Dilip Barnwal, *GM (Works- Silvassa)*
Mr. Dayanand Sharma, *GM (Works – Chopanki)*
Mr. Ajay Mehra, *GM (Works-Bhiwadi)*
Mr. Gaurav Sahi, *Head –Corporate Communication*

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.



Dear Shareholders,

India has weathered the global crisis relatively well, and even as high inflation remains a major concern, India's economy is expected to grow at 8% this year in comparison to 8.5% during 2010-11.

On the global front, the sovereign debt problems that have beset the euro area over the past year now threaten larger economies in the region. In the US, concerns over a sovereign default loom over financial markets, with potentially disruptive consequences for global capital flows. Japan is dealing with the challenges of recovering from the impact of the tsunami amidst deeper recessionary tendencies. In striking contrast to advanced economies, emerging market economies (EMEs) have generally been dealing with rising inflation, caused by a combination of elevated commodity prices and robust domestic demand. The IMF, in its June, 2011 Update of World Economic Outlook (WEO), revised downwards its estimates for global growth in 2011 to 4.3 per cent from its April 2011 estimate of 4.4 per cent. More importantly, according to the IMF, downside risks to global growth have increased on account of continuing sluggishness in major advanced economies due to the weak labour and housing markets, and lingering sovereign debt concerns. Globally, while growth is set to decelerate, inflation is expected to edge up in 2011 reflecting higher commodity prices and strong demand in EMEs. Although prices of cotton, rubber and metals have softened in the recent period, crude oil prices continue to be volatile and the outlook on this front remains uncertain. The IMF's projection is that

consumer price inflation is likely to increase from 1.6 per cent in 2010 to 2.6 per cent in 2011 in advanced economies, and from 6.1 per cent to 6.9 per cent in emerging and developing economies.

Business Overview 2010-11

Year 2010-11 was satisfactory for your company, where Company achieved top line growth of 29% compared with previous year. However, profitability continued to be under tremendous pressure due to oversupply in the industry, leading to cut-throat competition, lower capacity utilizations and immense pressure on pricing and margins.

On the industry front, during the second half of the financial year 2010-11, there was improvement in the demand scenario of the Industry which has resulted in the significant growth of turnover compared to previous year. In the medium and low voltage power cable field, the growth is fuelled by the boom in the power, industrial, realty and construction sectors.

Operational highlights

During the year 2010-11, Company completed expansion at its Chopanki Plant for manufacturing of Extra High Voltage (EHV) Cables ranging from 66kV to 220kV. With the manufacturing of EHV Cables, your Company will be only the third Indian Company to manufacture EHV Cables up to 220kV. During the year under review, your Company achieved EHV Cable sales of ₹ 1400.00 lacs. However, the key highlights that transpired for your company in the year

under review was the receipt of order worth ₹ 75 Crores for EHV Cables.

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, thereby further strengthening its leadership positioning in the power sector, along with strong orders from the industrial segment. 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.

Technical Collaboration

Your Company joined hands with M/s Brugg Kabel AG, a company having over 100 years of experience and expertise in manufacturing EHV ranging from 66Kv to 550 KV in the previous year and entered into Technical Collaboration for manufacturing of EHV Cables up to 220kV. This technical Collaboration 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.

Engineering, Procurement and Construction (EPC)

Your Company has marked its presence into Engineering, Procurement and Construction (EPC) space by bagging various prestigious orders primarily in the State of Madhya Pradesh. This EPC contract is on turn-key basis for survey, supply of materials, erection, testing & commissioning of 33kV & 11kV substation and distribution lines in power distribution segment, which was awarded by MP State Power Distribution Companies. This EPC contract has been awarded to the company under RAPDRP Scheme, Feeder Separation Scheme & Rajeev Gandhi Gramin Vidyutikaran Yojna (RGGVY).

Strengthening EHV Cable segment

The fastest growing segment is that of high voltage cables which is projected to be double in the next three years. Presently, most of the demand for 132 KV, 220 KV and 400 KV XLPE cables are met through import. In addition to the projected growth in power generation and transmission, the rapid pace of urbanization is also expected to contribute to enhanced demand for underground high voltage cable installations in place of overhead lines. The Extra High Voltage cables segment enjoys both excellent demand prospects and is also marked by higher margins in comparison to MV and LV Cables.

It is against this background that our full technical collaboration with Brugg 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. This Collaboration will enable KEI's positioning amongst the top three companies addressing the 220 kV EHV space, boost our preparedness and pre-qualification 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, with Company's 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.

Retail – domestic house wires

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. During the year under review, Company appointed additional 130 number of dealer / distributor across Pan-India. Having reached so far, your company is all set to increase house wire sales contribution to over ₹ 200 crore in the coming fiscal by further augmenting distribution network and strengthening brand building activities.

Exports

With the complete meltdown witnessed in the company's key markets of presence in Middle East and Africa, a sharp revenue erosion was witnessed in the previous year. With the global recovery underway and a definite spurt in demand, the export market is expected to slowly and steadily improve in the next year. The Company has achieved Export Sales of ₹ 10344.71 lacs during financial year 2010-11 as compared to ₹ 9362.60 lacs during previous year, showing a growth of 10%. Your Company has been awarded "Trading House" status based on its export performance. With the global recovery underway and a definite spurt in demand, I expect improved performance of KEI in this segment.

Recognition and Awards

Your Company has been conferred with the prestigious Superbrand Status. Superbrand is a Global Standard of Brand Excellence which enables significant emotional and physical advantage over competitors. It pays tribute to world's leading brands selected by consumers and experts.

It provides access to globally respected accreditation. It boosts up brand image as well as business volume and values.

for cables has already picked up and is expected to get a positive impetus. I see a positive scenario for your company



Further, Det Norske Veritas (DNV), has awarded following accredited certification to KEI'S Management System.

ISO 9001:2008 for Company's Quality Management System. It provides a framework for focus on customer and product requirements, process performance and effectiveness with emphasis on continual improvement and objective measurement.

OHSAS 18001:2007 for Company's proactive protection of the health and safety of the workforce. It shows Company's commitments to the health and safety of its employees, reduces overall liability, reduces occurrence of ill health and injuries and provides assurance that legal compliance is effectively managed.

OHSAS 14001:2004 for company's Environment Management System. It shows Company's systematic approach in minimizing negative impact on the environment and surrounding community. An effective environment management system can significantly reduce the Company's Environmental impact, increase operational efficiency and identify opportunities for cost savings.

Strategic direction & outlook

As I look ahead at 2011-12, the future looks bright and promising. As mentioned earlier in my letter, the demand

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.

I want to thank our board of directors for their counsel and support and our employees for their tireless efforts in ensuring KEI's delivers on its ambitious promises and plans. I also take this opportunity of expressing my sincere thanks to the Central Government, Government of Delhi, the Government of Rajasthan, the Government of UT Dadar Nagar Haveli, the Financial Institutions and Banks for the encouragement and support to your company at all times.

But most of all, thank you for 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

Chairman-cum-Managing Director

Seven Year Financials

(₹ in crores)

PARTICULARS	2005	2006	2007	2008	2009	2010	2011
PAID UP CAPITAL	7.92	10.09	11.79	12.16	12.19	12.79	13.39
CAPITAL EMPLOYED	52.65	137.99	368.85	375.34	369.63	365.97	456.22
SALES	230.23	341.35	681.51	980.65	1055.76	972.52	1253.86
LESS: EXCISE DUTY	26.78	41.18	77.60	107.02	86.08	63.28	94.57
NET SALES	203.45	300.17	603.91	873.63	969.68	909.24	1159.29
PBDIT	21.23	45.80	87.38	109.84	62.08	76.33	92.82
PBIT	19.25	43.11	81.73	101.72	50.51	61.66	76.21
PBT	12.39	33.65	57.99	64.81	-6.11	17.26	17.89
NET PROFIT	8.39	26.01	40.17	43.52	1.25	14.23	10.56
PROFITABILITY RATIOS (%)							
PBDIT	10.44	15.26	14.47	12.57	6.40	8.39	8.01
PBIT	9.46	14.36	13.53	11.64	5.21	6.78	6.57
PBT	6.09	11.21	9.60	7.42	-0.63	1.90	1.54
NET PROFIT	4.12	8.66	6.65	4.98	0.13	1.57	0.91
ROCE (PAT / CAPITAL EMPLOYED)	15.93	18.85	10.89	11.59	0.34	3.89	2.31
GROWTH RATIOS (%)							
NET SALES	107.75	47.54	101.19	44.66	10.99	-6.23	27.50
PBDIT	138.07	115.71	90.80	25.70	-43.48	22.95	21.60
PBIT	168.69	123.98	89.59	24.46	-50.34	22.07	23.60
PBT	694.93	171.51	72.34	11.76	-109.43	382.49	3.65
NET PROFIT	839.53	209.98	54.45	8.34	-97.13	1038.40	-25.79
CAPITAL EMPLOYED							
FIXED ASSETS	28.88	80.47	140.97	231.39	279.41	277.86	312.00
CURRENT ASSETS	110.86	200.36	526.99	579.81	479.86	521.11	613.64
LESS: CURRENT LIABILITIES	62.98	99.14	199.43	251.13	195.00	236.62	325.26
LESS: BANK BORROWING	20.31	37.70	92.20	173.37	194.64	196.38	140.49
LESS: DEFERRED TAX LIABILITY	3.80	5.99	7.47	11.36	0.00	0.00	3.67
CAPITAL EMPLOYED	52.65	137.99	368.85	375.34	369.63	365.97	456.22
NET WORTH	28.11	99.19	151.86	207.07	196.58	222.62	237.92



Director's Report

To The Members

Your Directors take pleasure in presenting their 19th Annual Report for the year ended March 31, 2011. Briefly stated the Financial Results of operation are: -

Particulars	Year ended March 31, 2011	(₹ In lacs) Year ended March 31, 2010
Sales and other income	126272.49	98789.42
Profit before interest,		
Depreciation and tax	9281.78	7633.27
Less: Financial Charges (Net)	5832.10	4439.60
Depreciation	1661.00	1467.64
Profit / (Loss) before tax	1788.68	1726.03
Provision for Taxation		
—Current Tax	363.90	298.00
—Deferred tax	366.82	0.00
Profit / (Loss) after tax	1057.96	1428.03
Add / (Less) Taxation for earlier years	2.14	4.79
Net Profit	1055.82	1423.24
Add: Balance brought forward from last year's account	11606.11	10331.98
Amount available for Appropriations	12661.93	11755.22
Appropriation:		
Proposed Dividend	133.87	127.87
Provision for Taxation on Proposed Dividend	21.72	21.24
Balance Carried to Balance Sheet	12506.34	11606.11

During the year turnover of Cables was ₹ 98995.96 lacs as compared to ₹ 77341.11 lacs in 2009-10, showing strong growth @ 28%. The turnover of Stainless Steel Wire Products contributed ₹ 8713.38 lacs in 2010-11, Winding, Flexible & House Wire contributed ₹ 15733.52 lacs in 2010-11 as against ₹ 12365.64 lacs in 2009-10. During the year under review, Profit before tax and Profit after tax was ₹ 1788.68 lacs and ₹ 1057.96 lacs respectively while Net profit was ₹ 1055.82 lacs.

APPROPRIATIONS

Dividend:

During the year under review, your Directors have recommended a dividend of ₹ 0.20/- per equity share (i.e. @ 10%) on the Equity

Shares of face value of ₹ 2/- each for the Financial Year ended March 31, 2011, 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 September 15, 2011.
- Those whose names as beneficial owners are furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

Transfer to reserves and surplus:

During the year, Company has cancelled 40,00,000 Warrants due to non-exercise of conversion options by Warrant holders and forfeited ₹ 280.00 lacs received as application money against these warrants which has been transferred to Capital Reserve Account.

REVIEW OF OPERATIONS

Expansion at Chopanki Plant:

During the second half of financial year 2010-11, Company had completed expansion at its Chopanki Plant for manufacturing of Extra High Voltage (EHV) Cables ranging from 66kV to 220kV. The Company had inaugurated its Extra-High Voltage (EHV) Cable manufacturing facility at its Plant at Chopanki, Distt. Alwar Rajasthan on November 02, 2010.

This facility is under a Technical Collaboration Agreement with M/s. Brugg Kabel AG, Switzerland - a pioneer in manufacturing high voltage / extra high voltage cables - along with jointing and cable accessories up to 500kV voltage grade. The Technical Collaboration agreement will allow the Company complete know-how transfer which shall include design, testing, techniques, training of its manufacturing / design personnel in manufacturing of cables along with jointing techniques as also complete EHV system design of EHV Cables. With this technology back-up, the collaboration will also help the Company making its presence in extra high voltage segment by securing contracts from various public utilities (Central/State) as also private segment.

Engineering, Procurement and Construction (EPC):

The Company has marked its presence into Engineering, Procurement and Construction (EPC) space by bagging various prestigious orders for survey, supply of materials, erection, testing & commissioning of 33kV & 11kV substation and distribution lines in power distribution segment.

Under this segment, Company will be tapping both Government and Private Sector clients on turn-key basis however there will be more focus in Government Power Utility.

FUTURE OUTLOOK

With Company's successful venture into Extra High Voltage (EHV) Cables and presence in Engineering, Procurement and Construction (EPC) space, Company has an edge in the Cable Industry. The Company has specific tie-ups in this segment i.e. Foreign Technical Collaboration with Brugg Kabel AG, Switzerland which will help the Company to capitalize its proven presence in the Cable and EPC business.

FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)

The Company raised USD 36,000,000 (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 ₹ 71/- per share as per reset conversion clause in the terms & conditions of FCCB issue. As on March 31, 2011, 3,320 Bonds of USD 5000 each 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 November 30, 2011 (the "Maturity Date") equal to the outstanding principal amount of a Bond together with redemption premium and accrued but unpaid interest thereon to the Maturity Date. All outstanding bonds on the date of redemption would be redeemed at a price of USD 7,277 per Bond, providing a Yield to Maturity (YTM) of 8.5 % compounded semi-annually. The bonds are listed and traded at Luxembourg Stock Exchange.

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, 2011.

RATING BY CARE

During the year under review, Credit Analysis & Research Ltd (CARE) has reaffirmed PR2+ (equivalent to CARE A2+ revised as per SEBI Circular) rating for the Commercial Paper (CP) / Short Term Debt programme of the Company and "CARE BBB+" (Triple B Plus) and PR2+ (PR Two Plus) for 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 reaffirmed 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. Further, CARE has reaffirmed "CARE CGR 3" to the Corporate Governance practice of the Company.

REGISTRATION OF BRANDS

During the financial year Company has received Trade Mark registration for its House Wire brands viz. "Conflame" and "Banfire" from Registrar of Trade marks, Government of India. Further, Company's one of its brand name "Empower" has also been registered under Trade Marks Act, 1999.

While Company's Brand Names viz. "Conflame" and "Banfire" is our own invented Trade marks and has been derived by juxtaposition of various English words, "Empower" represents strong presence of KEI in power & other sectors. The above brand names have uniqueness and distinctive character of its own and are clearly capable of distinguishing our goods / brands from those of others.



SUPERBRAND STATUS

Your Company has been conferred with the prestigious Superbrand Status. Superbrand is a Global Standard of Brand Excellence which enables significant emotional and physical advantage over competitors. It pays tribute to world's leading brands selected by consumers and experts. It provides access to globally respected accreditation. It boosts up brand image as well as business volume and values.



INCREASE IN PAID-UP SHARE CAPITAL

During the year under review, the Share Allotment Committee of the Board at its meeting held on February 25, 2011 allotted 30,00,000 equity shares of ₹ 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 12,78,74,876 to 13,38,74,876 consisting of 6,69,37,438 equity shares of ₹ 2/- each.

LISTING OF SHARES

Company's equity shares are listed at Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE) and The Calcutta stock Exchange Limited (CSE). As on date 30,00,000 equity shares allotted on February 25, 2011 are pending listing with 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.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, a separate Section titled Report on Corporate Governance has been included in this Annual report. Your directors are pleased to report that your Company is fully compliant as on March 31, 2011 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, Mrs. Archana Gupta and Mr. K.G.Somani, 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.

Re-appointment and increase / revision in remuneration of Executive Directors:

The Board of Directors of your Company has re-appointed Mr. Rajeev Gupta as Executive Director (Finance) for a period of 5 years w.e.f. April 01, 2011 to March 31, 2016. Further, on review of duties and responsibilities assigned to Mr. Anil Gupta, CMD and the remuneration structure prevalent in the Industry, the Board of Directors of your Company on recommendation of Remuneration & Compensation Committee have decided to increase remuneration payable to Mr. Anil Gupta w.e.f. August 01, 2011 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

- That in the preparation of the annual accounts for the financial year ended March 31, 2011, the applicable accounting standards had been followed;
- 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;
- 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 had prepared the accounts for the financial year ended March 31, 2011 on a 'going concern' basis;

AUDITORS OF THE COMPANY

Statutory 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.

Cost Auditor:

As per the directive of Central Government pursuant to the

provisions of Section 233B of the Companies Act, 1956, your Directors have re-appointed S. Chander & Associates, Cost Accountants to conduct the cost audit for the year ended March 31, 2012.

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 (₹ in lacs)	Qualification	Experience	Age
Mr. Anil Gupta, CMD	129.62	B.Com	30 Years	50yrs

Note: Managerial remuneration paid to Mr. Anil Gupta during financial year 2010-11 includes ₹ 32.00 Lacs paid as arrears of remuneration related to period 01.08.2009-31.03.2010 pursuant to approval received from Ministry of Corporate Affairs (MCA).

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

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 Annexure and forms an integral part of the report.

FIXED DEPOSITS

There are no overdue fixed deposits as on March 31, 2011.

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 : August 08, 2011

(ANIL GUPTA)
Chairman-cum-
Managing Director