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Corporate Information

BOARD OF DIRECTORS

Mr. Anil Gupta, *Chairman-cum-Managing Director*

Mrs. Archana Gupta, *Director*

Mr. Pawan Bholusaria, *Director*

Mr. K.G. Somani, *Director*

Mr. Vijay Bhushan, *Director*

Mr. Vikram Bhartia, *Director*

Mr. Rajeev Gupta, *Executive Director (Finance)*

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Kishore Kunal

AUDITORS

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

BANKERS

Dena Bank

Punjab National Bank

State Bank of Hyderabad

ING Vysya Bank Ltd.

Standard Chartered Bank

ICICI Bank Ltd.

State Bank of Patiala

IndusInd Bank Ltd.

State Bank of Bikaner and Jaipur

Indian Overseas Bank

Corporation Bank

The Lakshmi Vilas Bank Ltd.

Development Credit Bank Ltd.

IDBI 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:- info@kei-ind.com

website : www.kei-ind.com

KEY MANAGEMENT PERSONNEL

Mr. Lalit Sharma, COO

Mr. S.L. Kakkar, *President*

Mr. Manoj Kakkar, *Sr. Vice President (Marketing)*

Mr. P.K. Aggarwal, *Sr. Vice President (Corporate)*

Mr. K.C. Sharma, *Sr. Vice President (Operation)*

Mr. Manish Mantri, *Vice President (EPC)*

Mr. Arvind Shrowty, *Corporate Advisor*

Mr. A.K. Maity, *Vice President (Operation)*

Mr. Dilip Barnwal, *Vice President (Operation-Silvassa)*

Mr. Munishvar Gaur, *VP (Marketing-North & East- Cables)*

Mr. N.K. Bajaj, *VP (Marketing-Wires & Flexibles)*

Mr. Naval Singh Yadav, *Sr. GM (Technical)*

Mr. Alok Saha, *GM (Marketing)*

Mr. Umesh B. Kank, *GM (Marketing)*

Mr. M.V. Gananath, *GM-Sales & Marketing*

Mr. Keshav K. Mitra, *GM-Sales & Marketing*

Mr. Deepak Manchanda, *GM (Business Development)*

Mr. Ajay Mehra, *GM (Works-Bhiwadi)*

Mr. Adarsh Jain, *GM (Finance)*

Mr. Gaurav Sahi, *Head-Corporate Communication*

Mr. Pawan Kumar Jain, *GM (EPC)*

Mr. Kunal Gupta, *GM (International Marketing)*

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.

Chairman's Letter

Dear Shareholders,

The operating economic and market environment of the past 12 months continued to pose challenges and threaten growth momentum however, I am delighted to report that your Company has been able to maintain its turnover during the year 2012-13 with improved profitability at the operating level. I am indeed delighted to share the important highlights and steady performance of your Company during the last 12 months.

Business Overview

Financial Performance

Despite the worldwide economic challenges, your Company was able to maintain its turnover while the Operating profit has improved from the last year. Financially, your Company reported a Gross Sales of ₹ 181228.30 lacs during financial year 2012-13 as compared to ₹ 185295.16 lacs in the previous financial year, showing marginal decline in sales of 2%. Cables (including EHV Cable) contributed 71 %; Winding, Flexible & House wires contributed 15%; Income from Turnkey Projects was 7% while Stainless Steel Wire contributed 5% and others 2% towards achievement of total sales. During the year under review, Operating Profit of the Company has improved to ₹ 15007.48 lacs from ₹ 13053.44 lacs and Profit Before Tax stood at ₹ 4307.61 lacs and Net profit at ₹ 2633.70 lacs respectively.

Extra High Voltage (EHV)

Your Company being only the third Indian cable manufacturer that can produce EHV cables upto 220 kv, it sharpens our competitive edge, further strengthens our principal positioning in the cables industry, and gives us the right foundation to harness the opportunities slated to emanate from power projects in the country.

House Wires – Retail Segment

Our Winding, Flexible & House wires segment continued to deliver and contribute to nearly 15% of our total topline. Our focused efforts in brand building, awareness creation for acceptance of products and market penetration through a fast growing dealer-distribution network has helped our brand become a household name amongst its user segment. The pinnacle of our performance in this space was the receipt of the Consumer Superbrand Status which truly testifies our product quality, market reach and brand acceptance.

Going Ahead

Deeper penetration into the Extra High Voltage segment by virtue of pre-qualification with all major utilities in the country is a top agenda at KEI. Retail business will continue to remain a priority with all efforts to fortify the dealer-distribution network aggressively with the aim of being present across the length and breadth of the country. We want our House wires brand to be a household name and brand of first recall amongst its target groups. On the International Business Operations, Africa along with other ex-CIS countries emerged as our focus geographies for extending our footprint. Our exports strategy will be driven by the geo-political dynamics of different countries where we operate and consistent improvement in capacity utilization coupled with cost efficiencies will be central to our profitability index.

On a Closing Note

Despite the significant economic uncertainty which exists around the globe, we feel that, whilst remaining cautious, the progress that we have made over the past years leaves us well placed to face the challenges, and take advantage of the opportunities as they open up in the current financial year and beyond.

I would like to thank all KEI members and the Board of Directors without whose support this remarkable performance would not have been possible. I express my grateful appreciation for the assistance and co-operation received from vendors, customers, banks, financial institutions, Central and State Government bodies, dealers, and other business associates. I deeply acknowledge the trust and confidence placed by all the shareholders.

Sincerely,

Anil Gupta

Chairman-cum-Managing Director

EIGHT YEAR FINANCIALS

(figures in crores)								
PARTICULARS	2006	2007	2008	2009	2010	2011	2012	2013
PAID UP CAPITAL	10.09	11.79	12.16	12.19	12.79	13.39	13.39	14.05
CAPITAL EMPLOYED	137.99	368.85	375.34	369.63	365.97	455.70	420.37	441.75
SALES	341.35	681.51	980.65	1055.76	972.52	1257.68	1852.95	1812.28
LESS: EXCISE DUTY	41.18	77.60	107.02	86.08	63.28	94.57	130.65	153.93
NET SALES	300.17	603.91	873.63	969.68	909.24	1163.11	1722.30	1658.35
PBDIT	45.80	87.38	109.84	62.08	76.33	93.75	151.70	172.87
PBIT	43.11	81.73	101.72	50.51	61.66	77.14	132.16	152.43
PBT	33.65	57.99	64.81	-6.11	17.26	17.82	36.00	43.08
NET PROFIT	26.01	40.17	43.52	1.25	14.23	10.56	24.33	26.34
PROFITABILITY RATIOS								
PBDIT	15.26	14.47	12.57	6.40	8.39	8.06	8.81	10.42
PBIT	14.36	13.53	11.64	5.21	6.78	6.63	7.67	9.19
PBT	11.21	9.60	7.42	-0.63	1.90	1.53	2.09	2.60
NET PROFIT	8.66	6.65	4.98	0.13	1.57	0.91	1.41	1.59
ROCE (PAT / CAPITAL EMPLOYED)	18.85	10.89	11.59	0.34	3.89	3.07	6.94	7.46
GROWTH RATIOS (PERCENT)								
NET SALES	47.54	101.19	44.66	10.99	-6.23	27.92	48.08	-3.71
PBDIT	115.71	90.80	25.70	-43.48	22.95	22.82	61.81	13.96
PBIT	123.98	89.59	24.46	-50.34	22.07	25.11	71.32	15.34
PBT	171.51	72.34	11.76	-109.43	382.49	3.24	102.02	19.67
NET PROFIT	209.98	54.45	8.34	-97.13	1038.40	-25.79	130.40	8.26
CAPITAL EMPLOYED								
FIXED ASSETS	80.47	140.97	231.39	279.41	277.86	312.00	319.15	314.15
CURRENT ASSETS	200.36	526.99	579.81	479.86	521.11	613.87	871.68	859.92
LESS: CURRENT LIABILITIES	99.14	199.43	251.13	195.00	236.62	326.18	477.92	437.40
LESS: BANK BORROWING	37.70	92.20	173.37	194.64	196.38	140.32	290.20	284.36
LESS: DEFERRED TAX LIABILITY	5.99	7.47	11.36	0.00	0.00	3.67	2.34	10.56
CAPITAL EMPLOYED	137.99	368.85	375.34	369.63	365.97	455.70	420.37	441.75
NET WORTH	99.19	151.86	207.07	196.58	222.62	237.92	227.09	255.57

Director's Report

To The Members

Your Directors take pleasure in presenting their 21st Annual Report for the year ended March 31, 2013. Briefly stated the Financial Results of operation are: -

(₹ In lacs)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Revenue from Operations (Gross) and Other Income	181463.80	1,85,457.64
Profit before Finance Costs, Depreciation and Amortisation Expenses and Tax Expenses	17,287.46	15,170.44
Less: Finance Cost	10,935.37	9,616.23
Depreciation and Amortisation Expenses	2,044.48	1,954.49
Profit Before Tax	4,307.61	3,599.72
Tax Expenses		
— Current Tax	850.98	729.18
— Deferred tax	822.85	438.75
— Short/(Excess) Provision - Earlier Years	0.08	(1.09)
Profit for the Year	2,633.70	2,432.88
Add: Balance brought forward from last year's account	14,783.63	12,506.34
Amount available for Appropriations	17,417.33	14,939.22
Appropriations :		
Proposed Dividend on Equity Shares (Dividend of ₹ 0.20 per equity share)	140.47	133.87
Dividend Distribution Tax on Proposed Dividend	23.87	21.72

APPROPRIATIONS

DIVIDEND & APPROPRIATIONS:

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, 2013, 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 June 21, 2013.
- Those whose names as beneficial owners are furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

REVIEW OF OPERATIONS

During the year, turnover of your Company remained flat and there was slight decline from ₹ 185295.16 lacs to ₹ 181228.30 lacs. During the year, turnover from Cables stood at ₹ 129482.16 lacs as compared to ₹ 143159.38 lacs in 2011-12, showing a decline of 9.55%. Stainless Steel Wire Products contributed a turnover of ₹ 8305.69 lacs in 2012-13 as compared to ₹ 10,068.29 lacs in 2011-12. Winding wire, Flexible & House Wire contributed ₹ 26647.77 lacs in 2012-13 as against ₹ 21139.76 lacs in 2011-12, showing strong growth of 26%. During the year under review, Operating Profit of the Company has improved from ₹ 13053.44 lacs to ₹ 15007.48 lacs while Profit Before Tax stood at ₹ 4307.61 lacs and Net profit at ₹ 2633.70 lacs respectively. Your Company was able to bag various prestigious orders of elastomeric cables, speciality cables apart from normal cables & wires which contributed towards achievement of turnover. The Company has already marked its presence in Extra High Voltage (EHV) Cable segment ranging from 66kV to 220kV and will continue to further strengthen its position in this segment with Technical Collaboration from M/s. Brugg Kabel AG, Switzerland. The Company has also successfully completed the rigorous long duration pre-qualification test on 220 kV Cable system at an International Laboratory, FGH Engineering & Test GmbH, Hallenweg, Germany. This gives the Company a firm marketing ground and the status of being among the few Companies in India to achieve this feat.

FUTURE OUTLOOK

The business environment for Cable industry is showing signs of industrial and infrastructure growth. The future outlook in terms of investment in the infrastructure sector, particularly power, is also good. This indicates that demand for the cable business should improve further. 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.

RATING BY CARE

During the year under review, Credit Analysis & Research Ltd. (CARE) has reaffirmed its rating 'CARE A2' (A Two) for the Commercial Paper (CP) / Short Term Debt programme of the Company and "CARE BBB" (Triple B) and 'CARE A2' (A Two) for Long Term & Short Term Bank Facilities of the Company in accordance with Basel II norms. Instrument with this rating is considered to have strong degree of safety regarding timely payment of financial obligation. CARE has assigned the rating taking into account KEI's long track record of operations, its established market position in cable industry, its wide variety of products, its diversified and reputed clientele as well as technological tie-up with Brugg Kabel AG, (Switzerland) for Extra High Voltage (EHV) cables. Further, CARE has reaffirmed "CARE CGR 3" to the Corporate Governance practice of the Company.

LISTING OF SHARES

Company's equity shares are listed at BSE Limited (BSE), National Stock Exchange of India Limited (NSE) and The Calcutta Stock Exchange Limited (CSE).

The Company has also paid its up-to-date listing fees to all the stock exchanges.

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, 2013 with the SEBI Guidelines on Corporate Governance.

DIRECTORS

Retirement by Rotation:

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Pawan Bholusaria and Mr. Rajeev Gupta, 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 of Executive Director:

The Board of Directors of your Company on recommendation of Remuneration & Compensation Committee have decided to re-appoint Mr. Anil Gupta, as Chairman-cum-Managing Director of the Company for a period of three years w.e.f. July 01, 2013 till June 30, 2016, on the terms and conditions as stipulated in the Resolution & Explanatory Statement forming part of the Notice of the ensuing Annual General Meeting.

CORPORATE SOCIAL RESPONSIBILITY

As part of Corporate Social Responsibility (CSR) initiative your Company focuses primarily on education and healthcare services which are essential in promoting sustainable human development and economic growth. Your Company is making donation to ISKCON Food Relief Foundation towards their mid day meals project.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

During the year under review, your Company has transferred unclaimed / unpaid dividend for the financial year ended 2004-05 to the Investor Education and Protection Fund (IEPF).

UNPAID / UNCLAIMED DIVIDEND

Pursuant to circular issued by Ministry of Corporate Affairs (MCA) with respect to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 vide G.S.R. 342 (E) dated May 10, 2012, your Company has uploaded on its website www.kei-ind.com as well as on the Ministry's website information regarding Unpaid / Unclaimed Dividend amount lying with the company for the Financial year 2005-06 and onwards. Accordingly, the details of the unclaimed / unpaid dividend will be available on the website of the company www.kei-ind.com under section Investor Relations.

DIRECTOR'S RESPONSIBILITY STATEMENT

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

- a) That in the preparation of the annual accounts for the financial year ended March 31, 2013, the applicable accounting standards had been followed;
- b) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;

- c) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) That the directors had prepared the accounts for the financial year ended March 31, 2013 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 re-appointment as per certificate furnished by them under Section 224 (1B) of the Companies Act, 1956.

Cost Auditor:

Your Directors have re-appointed S. Chander & Associates, Cost Accountants to conduct the audit for the financial year 2013-14. Cost Audit Report for the FY 2011-12 was filed on February 26, 2013 (within the prescribed time limit as extended / allowed by Ministry of Corporate Affairs).

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	228.90	B.Com	32 Years	54yrs
Mr. Rajeev Gupta, Executive Director (Finance)	51.62	C.A	20 Years	49yrs

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, 2013.

ACKNOWLEDGMENTS

Your Directors place on record their sincere appreciation for significant contribution made by employees through their dedication, hard work and commitment.

The Board places on record its appreciation for the continued co-operation and support extended to the Company by Banks, Stock Exchanges, NSDL and CDSL. The Board wishes to express its grateful appreciation for the assistance and co-operation received from vendors, customers, banks, financial institutions, Central and State Government bodies, dealers, and other business associates. The Board deeply acknowledges the trust and confidence placed by the consumers of the Company and, above all, the shareholders.

For and on behalf of the Board

Place: New Delhi
Date : May 22, 2013

(ANIL GUPTA)
Chairman-cum-
Managing Director

ANNEXURE

Information under Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, and forming part of the Directors' Report for the year ended March 31, 2013 is as follows:

1. CONSERVATION OF ENERGY
1.1 Energy Conservation Measures Taken:

Your Company greatly emphasize on energy conservation. It regularly reviews measures to be taken for energy conservation, consumption and its effective utilization. The energy conservation initiatives taken at different locations are given below:

- IE Exchange metering system installed for efficient utilization of energy.
- AC VFD's are used in place of conventional motor starters.
- Energy efficient lights installation is maintained.
- Continuous controlling of Air & water leakages / wastage.
- Ambient cure material is used for LT XLPE cables.
- New energy efficient machines like multi wire drawing machine installed.

1.2 Additional investment and proposals, if any, being implemented for reduction of consumption of energy :

- HSD to be replaced by CNG.
- Fresh energy audit is planned and further actions shall be taken after recommendations.

1.3 Impact of measures taken for reduction of energy consumption and consequent impact on the cost of production of goods:

- Obtained power factor incentives in Bhiwadi & Chopanki.

2. RESEARCH & DEVELOPMENT

Areas in which Research & Development activities are carried out :

2.1 New Product Development:

- Flexible aluminium cables, Aluminium FS cables, Fire rated cables, Ceramified Silicone FS wires, Cables suitable for -60 deg.c, Solar cables.

2.2 Product Improvements:

- Diamond dies introduced for manufacturing compacted conductor.
- Started using semi conducting taper over conductor of HT/EHV cables from 400 sq.mm and above.

2.3 Process Improvement:

- New high speed multi wire drawing machine installed from Niehoff.
- Driven pay off installed on bunching machines.

2.4 Benefits as a result of R & D Activities:

- Reduction of manpower, improved quality and quantity, More business with new products.

2.5 Future Plan of Action:

- Facility generation for flexible house wire in Bhiwadi.
- Enhancing product range up to 400 kV.
- Strengthening of EPC division.
- Development of loca proof cables, elastomeric locomotive cables.

3. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

3.1 Technology Absorption / Adoption, Adaptation and Innovation:

3.2 Benefits derived as a result of Technology Absorption, Adoption, Adaptation:

- Thermo setting LSZH compound suitable for 110 deg.c developed.

4. FOREIGN EXCHANGE EARNINGS AND OUTGO

4.1. Activities relating to exports; initiatives taken to increase exports; development of new export markets for product; export plans:

During the financial year 2012-13, the Company made exports sales of worth ₹ 9721.81 lacs as compared to ₹ 12500.23 lacs during the financial year 2011-12. With management focus, marketing strategies and dedicated efforts of Company's International Business Team, the Company is hopeful to improve its export sales in succeeding years compared to previous year. The concentrated efforts of management on the territories of Africa, Middle East and other emerging markets will result in growth of exports in the coming years. Amongst the various initiatives taken by the Company towards its export sales, few major initiatives are highlighted herein below:

- Promotional activities for strengthening of KEI brand;
- Participated in exhibitions in foreign countries for promotion of its products;
- Procurement of certifications from various local utilities and authorities for various markets in Middle East, Africa, Europe and Asia Pacific;
- Tapping of business potential in emerging markets of Africa, Middle East and Asia.

With objective to expand the reach of Company's products globally, the Management is focusing on increasing number of countries for its business operations, development of products as per requirements of foreign markets, and appointment of additional agents & channel partners for export sales.

4.2. Total foreign exchange used and earned:

Earnings	₹ 9721.81 lacs
Outgo	₹ 5242.53 lacs

For and on behalf of the Board

(ANIL GUPTA)

Chairman-cum-Managing Director

Place: New Delhi

Date: May 22, 2013