


TOWARDS A MORE 'POWER'FUL CONNECT



25th
Annual Report
2016-17

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CORPORATE INFORMATION

Board Of Directors

Mr. Anil Gupta
Chairman-cum-Managing Director

Mrs. Archana Gupta
Director

Mr. Akshit Diviaj 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) & CFO

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 India
Kotak Mahindra Bank Ltd.
ICICI Bank Ltd.
Indian Overseas Bank
Corporation Bank
IDBI Bank Ltd.
Bank of India
DCB Bank Ltd.
The Lakshmi Vilas Bank Ltd.
United Bank of India
Axis Bank Ltd.
Bank of Bahrain & Kuwait B.S.C.

Share Transfer Agent

MAS Services Ltd.
T-34, 2nd Floor, Okhla Industrial Area,
Phase - II, New Delhi - 110 020.
CIN: U74899DL1973PLC006950
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
CIN: L74899DL1992PLC051527
Ph: +91-11-26818840/8642
Fax: +91-11-26811959/7225
Email: cs@kei-ind.com
Website: www.kei-ind.com

Key Management Personnel

Mr. Pawan Kumar Aggarwal
Executive Director (Projects)

Mr. Manoj Kakkar
Executive Director (Sales & Marketing)

Mr. Arvind Shrowty
Executive Director (EHV)

Mr. N.N. Suri
Executive Director (Corporate Strategy)

Mr. S.L. Kakkar
President

Mr. Lalit Sharma
COO

Mr. K.C. Sharma
Sr. Vice President (Operation-Bhiwadi)

Mr. Manish Mantri
Sr. Vice President (EPC)

Mr. Naval Singh Yadav
Vice President (Technical)

Mr. Dilip Barnwal
Vice President (Operation-Silvassa)

Mr. N.K. Bajaj
Vice President (Marketing-Wires & Flexibles)

Mr. M.V. Gananath
Vice President (Marketing)

Mr. Pawan Kumar Jain
Vice President (EPC)

Mr. Deepak Manchanda
Sr. GM (Business Development)

Mr. Keshav K. Mitra
Sr. GM (Marketing)

Mr. Alok Saha
Sr. GM (Marketing)

Mr. Anand Kishore
Sr. GM (HR & ADM.)

Mr. S.N. Hashmi
GM (Commercial)

Mr. Umesh B. Kank
GM (Marketing)

Mr. Sanjay Mehra
GM (Marketing)

Mr. Anil Kumar J.K.
GM (Marketing)

Mr. Adarsh Jain
GM (Finance)

Mr. Ashok Kumar Mittal
GM (QA)

Mr. Shashikant Sharma
GM (EPC)

Mr. Gaurav Sahi
Head-Corporate Communication

Mr. K.D. Tamhankar
GM (International Business)

Mr. Kunal Gupta
GM (International Business)

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.

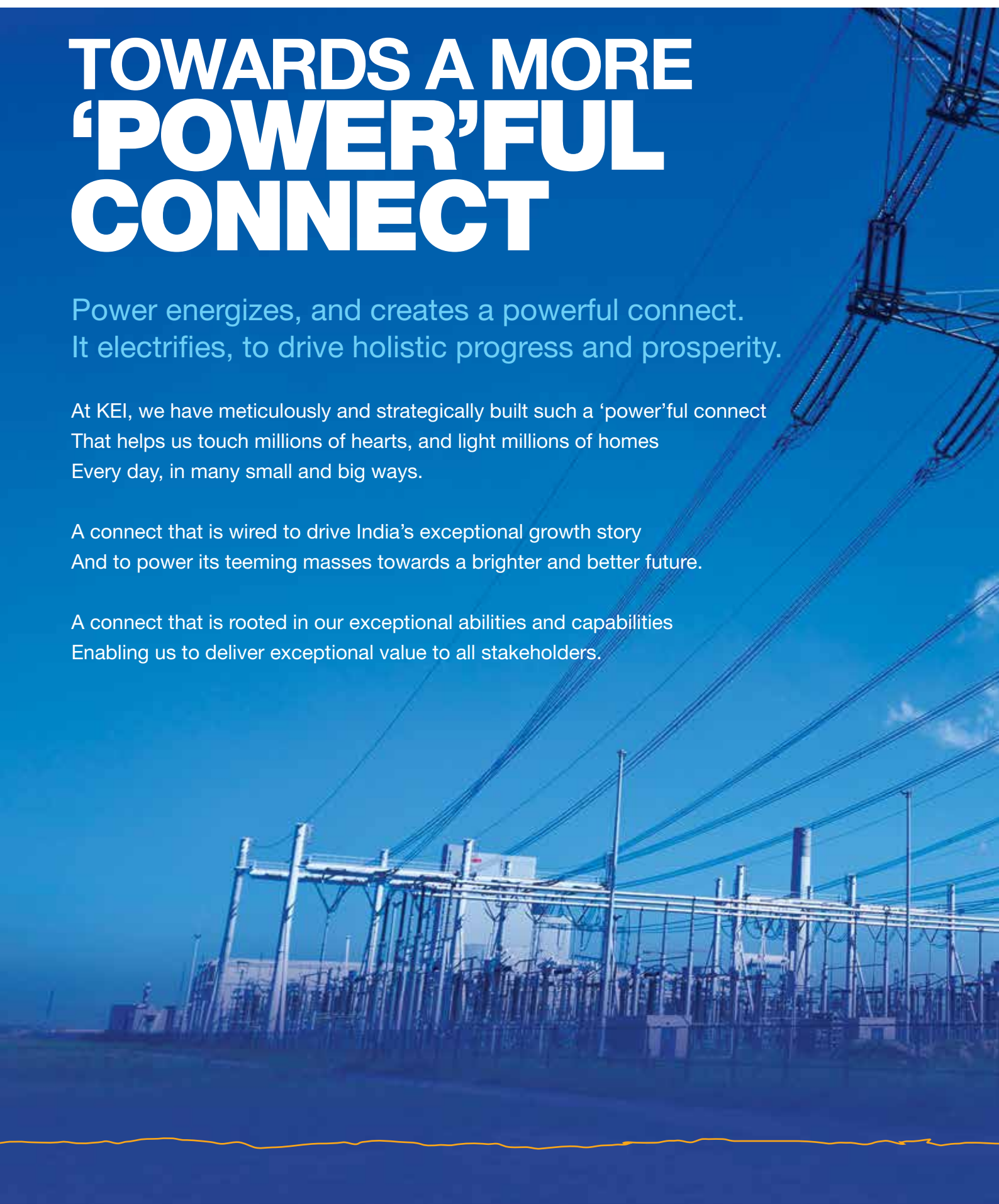
TOWARDS A MORE 'POWER'FUL CONNECT


Power energizes, and creates a powerful connect.
It electrifies, to drive holistic progress and prosperity.

At KEI, we have meticulously and strategically built such a 'power'ful connect
That helps us touch millions of hearts, and light millions of homes
Every day, in many small and big ways.

A connect that is wired to drive India's exceptional growth story
And to power its teeming masses towards a brighter and better future.

A connect that is rooted in our exceptional abilities and capabilities
Enabling us to deliver exceptional value to all stakeholders.



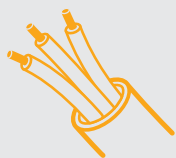


It is a strong connect that we are constantly nurturing through the creation of more touch points for customers, and more avenues for growth. Across sectors, segments and boundaries – from one end of the value chain to the other, and from one corner of the globe to another.

This annual report narrates the story of how we boosted this connect through the year gone by, to become more and more integral to the lives of the consumers and other stakeholders.



REPORTING 'POWER'FUL NUMBERS



₹ **2,669** Crores
Net sales (against
₹ 2326 Crores in FY16)



₹ **2,835** Crores
Gross revenues (against
₹ 2498 Crores in FY16)



~15%
Growth in turnover



10.67%
Growth in EBITDA
(against 10.65% in FY16)



59%
Growth in PAT
(from ₹ 62 Crores to
₹ 99 Crores)



41%
Growth in PBT
(from ₹ 95 Crores to
₹ 134 Crores)



₹ **473** Crores
Net worth (against
₹ 367 Crores in
FY16)



23%
ROE



25%
ROCE



₹ **1,700** Crores
Market capitalization



₹ **2,783** Crores
Order book position

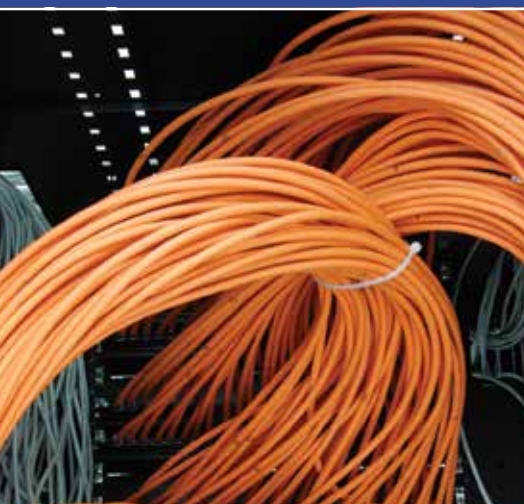
Product-wise Net Sales Revenue mix (₹ in Crore)

LT & HT		EHV		HW/WW	
2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
1,612	1,399	101	134	428	377
SS WIRE		EPC (WITHOUT CABLE)		TOTAL	
2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
104	93	424	321	2,669	2,326

A POWER-PACKED YEAR

Our efforts to strengthen our connect across our business segments translated into many significant and powerful initiatives and achievements during FY17.

- Completed the expansion of House Wires and Flexible Wires for Retail & Distribution
- Scaled up EHV Cable segment with completion of up to 400 kV line
- Completed the process of expansion in the existing product range of HT & LT cables
- Expanded the Dealer/Distributor network multi-fold to reach out to more consumers in more regions
- Notched major expansion and growth to drive revenues in the exports market
- Credit Analysis & Research Ltd (CARE) upgraded Rating assigned to Long Term Bank Facilities from CARE BBB+ (Triple B Plus) to CARE A- (Single A Minus) & Short Term Bank Facilities from 'CARE A3+' (A Three plus) to CARE A2+ (A Two Plus).
- Credit Analysis & Research Ltd (CARE) upgraded Rating assigned to Corporate Governance Rating from CARE CGR 3 (three) to CARE CGR 3+ (three plus).
- ICRA Ltd assigned Rating [ICRA] A- (Pronounced ICRA A minus) to Long Term Bank Facilities & [ICRA] A2+ (pronounced ICRA A two plus) to Short Term Bank Facilities.



CMD'S MESSAGE



“Our retail business got a major boost during the year from our focused initiatives to expand our dealer / distributor network, coupled with aggressive branding and marketing campaigns”

Dear Stakeholders

It gives me immense pleasure to report another year of excellent growth, underpinned by an overall positivity across the entire business fabric of your Company. Amid a favorable external environment, we notched many milestones of success during FY17 at the back of our continued efforts to strengthen our connect with all our stakeholders, especially consumers. This powerful connect steered our growth across verticals, and has laid the foundation for further expansion and progress through the entire value chain of our business. The dynamically-evolving industry landscape, with its burgeoning opportunities in the form of the government's development schemes across sectors and the growing private industry demand for cables, offers an exceptionally robust platform for our future growth, which we are well-placed to leverage.

Macro-economic overview

Notwithstanding certain challenges in the global environment and the demonetization blip on the domestic economic horizon, the Indian economy continued to consolidate the gains it had achieved in the previous year to further restore macro-economic stability. The global sluggishness did not impact the Indian growth story, with inflation remaining on a stable wicket and fiscal deficit and current account deficit improving further as percentage of GDP. The government's push to the infrastructure,

construction, power, ports, oil & refinery sectors, as well as its decision to revive the stalled fertilizer projects, continues to boost industry and consumer confidence, auguring well for our business. Further boosting our growth prospects is the strong demand for cables unleashed by the private sector, especially in power transmission & distribution.

Financial & operational performance

Amid the positive macro environment, and led by a growing consumer connect, your Company posted strong performance during FY17 to report 15% overall growth in turnover, with net sales going up from ₹ 2,326 Crores in FY16 to ₹ 2,669 Crores in FY17. PAT for the year increased a whopping 59% - going up from ₹ 62 Crores to ₹ 99 Crores. What is particularly satisfying about this performance is that it came across verticals and regions, with the domestic and exports business contributing equally to our LT&HT cable revenues. Exports, in particular, has emerged as a major growth propeller for your Company, with revenues in this segment almost doubling over the previous year. The slight decline in EHV revenues was attributable to the infrastructural development at the Chopanki plant, where we have added a new 400 kV production line to strengthen our client connect in this business to facilitate its future growth.

Finding new ways to strengthen retail connect

Our strategic focus on continuously strengthening the connect we have successfully built with the consumers has augmented our performance in both, the retail and the institutional segments. Our retail business got a major boost during the year from our focused initiatives to expand our dealer/distributor network, coupled with aggressive branding and marketing campaigns. This two-pronged approach not only helped strengthen our relationships with the end consumers but had a direct impact on our retail sales, which grew 12.90% over the previous year, as we continued to scale-up our brand salience, while taking proactive measures to harness the emerging opportunities across the key sectors of national growth.

We see the dealers emerging as our strongest link in this business as we move towards amplifying our consumer-centricity, especially in the rural and semi-urban areas, where our channel partners will enable us to service client requirements in a timely manner, with no fixed cost to the Company.

Powering to greater heights in institutional business

Even as we continue to move strategically towards a more consumer-oriented business approach, we have not lost focus of our B2B or institutional business, which remains a significant driver of our remarkable performance, year-on-year. Led by a strong positivity in business sentiment, this business got a major fillip during FY17, especially in the EPC segment, where we are already firmly entrenched with a large and exciting pipeline of projects.

With new projects added to our EPC portfolio during the year under review, we see immense potential for partnering India's progress through our presence in this segment, as we bring in greater efficiencies and connect more deeply with our clients. Addition of more than 300 people to handle our growing portfolio of EPC projects pan India has equipped us even better to harness our strength in turnkey execution to take on bigger projects going forward. On the radar are the EPC projects under the rural/urban electrification schemes of the government, along with metro rail and the high-potential solar & wind projects, where we see immense potential for future growth.

At the same time, we have enhanced our capabilities in the EHV segment to equip ourselves better to take on the growth opportunities opening up across the country. With our new production line at Chopanki, we are getting to cater to the demand for cables upto 400 kV, which, I am confident, will enlarge the platform for our growth multifold in the years to come.

Expanding in the global arena

I am also happy to report exemplary performance in the international markets, where we are continually building our reputation as a credible player with high-quality products

and services to meet the niche demands of clientele across industries. With revenues in export almost doubling during FY17, we are looking at a huge fillip to this segment in the coming year as our new offices move forward to augment our connect with clients in the geographies of our presence.

Though the Middle East has traditionally been our most dominant market, we are fast diversifying our global presence to de-risk the business and currently also have presence in Singapore, Australia, and many nations of West and South Africa. As we strengthen our presence in these regions and explore new opportunities for expansion in other parts of the world, I see our exports business further enhancing our ranking as a global market leader in the cables and wires business.

Road ahead

The opportunity matrix, as evident, is huge, indeed, and your Company is well prepared to grab a large chunk of the growing pie. Moving forward, we shall continue to invest in further nurturing our people power and scaling-up our manufacturing & technological prowess to empower ourselves to meet the demand that we see opening up across sectors, segments and regions.

Our diversified portfolio of products has emerged as a key strength, which we shall focus even more on expanding in the years ahead to meet the niche needs of our growing clientele. Training and empowerment of people to take on the future opportunities is also high on our agenda, as we move responsibly forward on our strategic roadmap with an increasing focus on CSR activities aimed at holistic value creation for all our stakeholders, and the community at large.

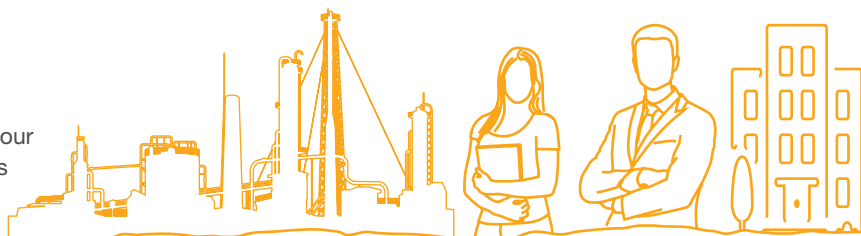
On a concluding note

On this positive note, I would like to thank all stakeholders, including our vendors, customers, bankers, financial institutions, Central and State government bodies, dealers, business associates and employees, for their continued trust and support. We are committed to enhancing the connect we have built with you over the years to continue to make our business a win-win proposition for all of us.

Sincerely,

Anil Gupta

Chairman-cum-Managing Director



A 'POWER'FUL ENTITY

At the heart of our growing connect with our clients and consumers is our ability to understand their aspirational needs, which are continuously and dynamically evolving in tandem with the transforming industrial landscape. Our strategic efforts are focused on remaining engaged and connected with consumers across segments through innovative expansions and futuristic growth plans. This has led to our emergence as one of India's leading and most 'power'ful business entities, engaged in the manufacture of a range of world-class wires and cables designed to meet diverse needs of clients across sectors, globally.

Headquartered in New Delhi (India), the Company offers an extensive range of cabling solutions. KEI manufactures and markets Extra-High Voltage (EHV), Medium Voltage (MV) and Low Voltage (LV) power cables. Serving both retail and institutional segments, KEI has emerged as a one-stop shop for products and services, with its growing presence in the Engineering, Procurement and Construction (EPC) services domain further strengthening its leadership position

As an industry and market leader in India, and a preferred supplier for private and public sector clients in many parts of the world, we are much more than just a cables and wires manufacturer and supplier. We are an end-to-end solutions provider, equipped with a product showcase that encompasses the complete range of cables and wires designed to meet the unique and niche needs of our diverse clients in Retail, Institutional (EHV + EPC) and Exports segments.

Our product showcase

Extra-High Voltage
Cables up to 220 kV
(expanded upto 400 kV)



High &
Medium
Voltage
Cables

Low-Tension
Cables

Control & Instrumentation
Cables

Speciality
Cables

Rubber
Cables

Flexible &
House Wires



Submersible
Cables



PVC/Poly-
Wrapped
Winding
Wires

Stainless
Steel Wires