

October 16, 2007

**CARE ASSIGNS 'CGR3' RATING TO CORPORATE GOVERNANCE PRACTICES OF KEI INDUSTRIES LTD.**

CARE has assigned a '**CGR 3**' [**CGR Three**] rating to the corporate governance practices of KEI Industries Ltd. (KEI). This is on a rating scale of CGR1 to CGR6 where CGR 1 denotes the highest rating. The rating of CGR 3 implies that, in CARE's opinion, the company has adopted corporate governance practices which would provide its stakeholders **average** level of comfort on the degree of corporate governance.

*The rating reflects KEI's clear and distinctly identifiable ownership pattern, well defined organisational structure with experienced professionals at the top, delegation of powers with good clarity and purpose, adequate MIS suitable to the business of the company, good track record of debt servicing and general compliance with statutory and regulatory requirements. The rating also factors in the scope for improving the level of participation of independent directors in formulation of business goals, policies and strategies and improving oversight of the Board.*

KEI Industries Ltd (KEI) was established in 1968 as a partnership firm under the name Krishna Electrical Industries, with prime business activity of manufacturing house-wiring rubber cables. The firm was converted into public limited with the corporate name KEI Industries Ltd. (KEI) in December 1992. In 1996, KEI acquired Matchless, a company under same management, which was engaged in manufacture of stainless steel wire.

Currently, KEI manufactures and sells variety of cables namely High Tension (HT) and Low Tension (LT) power cables, control & instrumentation cables, other specialty cables, rubber insulated power, control and instrumentation cables. KEI also manufactures and sells wide range of steel wires which have various applications such as manufacturing of springs and fastenings.

KEI's current Board of Directors consists of 8 members. Two of the Directors (i.e., CMD and ED) are in Executive capacity, while six directors are non executive including four Independent Directors. The post of Chairman & Managing Director is combined into one.

The Board composition complies with the regulatory requirement with regard to the number of Independent Directors. All the Directors on the board are well qualified and eminent professionals/ experienced persons. Most of the directors have rich experience in business and have expertise in their respective fields. Apart from Mr. Anil Gupta, CMD who is the promoter director there are two other directors from promoter group viz. Mrs. Archana Gupta and Mr. Sunil Gupta.

The Board agenda papers are provided in a timely manner. KEI has three board committees namely – Audit committee, Remuneration and Compensation committee and Shareholder Grievances committee. In addition Share Allotment Committee has been constituted recently in June 2007. KEI does not have a Nomination Committee. The board and board committee meetings held during the financial year meet the statutory requirements.

KEI's shareholding structure is transparent, with major shareholders being clearly identifiable. Mr. Anil Gupta is the sole in-charge of the day-to-day affairs of the company as on date. Nevertheless, the operational management team is professionally qualified and experienced with roles and responsibilities well defined and with well laid out systems and procedures. KEI has clear organisation structure with well defined roles and responsibilities. The top management has professionals and MIS generated within the organisation is adequate for the size of the company.

Company has an appropriate web site in place [www.kei-ind.com](http://www.kei-ind.com) with provision for receiving investors' response/feedback.  
During the year FY'07, KEI recorded sales of Rs.668 crore (net operating) with PBILDT of Rs.87.4 crore and PAT of Rs.40 crore.

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