

Annual Report 2007-08

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CORDS

Cords Cable Industries Limited



Cords Cable Industries Limited

Regd Office : B1/ A-26 Mohan Cooperative Industrial Estate, Mathura Road, New Delhi-110044

ATTENDANCE SLIP

(To be surrendered at the time of entry to the Venue)

Date : September 30, 2008

Time : 3.00 P.M.

Venue : The Little Theatre Group, Copernicus Marg, New Delhi 110001

Regd. Folio No
(If shares are not dematerialized)

DP ID
Client ID
(If shares are dematerialized)

Name of the Shareholder.....

Name of the Proxy

Number of shares.....

I hereby record my presence at the 17 th Annual General Meeting of the Company to be held on September 30, 2008 at 3.00 p.m at The Little Theatre Group, Copernicus Marg, New Delhi 110001.

Member's /Proxy Signature



Cords Cable Industries Limited

Regd Office : B1/ A-26 Mohan Cooperative Industrial Estate, Mathura Road, New Delhi-110044

PROXY FORM

I/We R/o.....

being member/s of the Company, do hereby appoint Shri/Smt.....

R/o.....or failing him/ her, Shri/ Smt.....

..... R/o.....

as my /our proxy to vote for me /us on my/our behalf at the 17 th Annual General Meeting of Cords Cable Industries Limited, to be held on September 30, 2008 at 3.00 p.m at The Little Theatre Group, Copernicus Marg, New Delhi 110001 and at any adjournment thereof.

Signed this _____ day of _____ 2008.

Signature

Please affix
Rs 1/-
Revenue
Stamp

Note: The Proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time of the aforesaid meeting.

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BOARD OF DIRECTORS

Mr. Naveen Sawhney
Mr. Rakesh Malhotra
Mr. D.K.Prashar
Mr. Om Prakash Bhandari
Mr. Amit Kumar Gangopadhyay
Mr. N.K.Balasubramanian

Managing Director
Joint Managing Director
Joint Managing Director
Non -Executive Director
Non -Executive Director
Non -Executive Director

CHIEF FINANCIAL OFFICER

Mr. D.V Gupta

COMPANY SECRETARY

Ms Jyoti Dixit

REGISTRAR AND SHARE TRANSFER AGENT

Intime Spectrum Registry Limited
A-40, 2nd Floor, Naraina Industrial Area, Phase II,
Near Batra Banquet Hall, New Delhi-110028
Tel No - +91-011-41410592, 93, 94
Fax No- +91-011-41410591
Email-delhi@intimespectrum.com

BANKERS

Canara Bank
ICICI Bank Limited

STATUARY AUDITORS

M/s Sharma Goel & Co
Chartered Accountants
New Delhi

STOCK EXCHANGES

Bombay Stock Exchange Limited
National Stock Exchange of India Limited

REGISTERED OFFICE

B-1/A-26, Mohan Cooperative Industrial Estate,
Mathura Road, New Delhi- 110 044
Tel No- +91-011-40551200
Fax No-+91-011-26951196
Email ID-
- For Investor - ipo@cordscable.com
- For Others - ccil@cordscable.com
Website - www.cordscable.com

PLANT LOCATIONS

Existing Plant-
A-525, Industrial Area Chopanki, Bhiwadi,
Disst. Alwar (Raj) 301 019

Proposed Plant
Sp-2-876 & 877, Industrial Area Patheredi,
Disst. Alwar (Raj) 301 019

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NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the Members of Cords Cable Industries Limited will be held on Tuesday, September 30, 2008 at 3.00 p.m at The Little Theatre Group, Copernicus Marg , New Delhi 110001 to transact the following business:

Ordinary Business:

- 1 To receive, consider and adopt the Audited Balance Sheet as at March 31, 2008, the Profit and Loss Account for the year ended on that date with the Reports of the Board of Directors and the Auditors thereon.
- 2 To declare Dividend for the Financial Year 2007-2008 on Equity Shares.
- 3 To appoint a Director in place of Mr. Om Prakash Bhandari, who retires by rotation and being eligible offers himself for re-appointment.
- 4 To appoint a Director in place of Mr. Amit Kumar Gangopadhyay, who retires by rotation and being eligible offers himself for re-appointment.
- 5 To appoint Auditors and to 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 subject to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s Sharma Goel and Co., Chartered Accountants, be and are hereby, appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company on such remuneration as shall be fixed by Board of Directors."

Special Business:

6. 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 314 (1B) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government the consent of the Company be and is hereby accorded to the appointment of Mr. Varun Sawhney (son of Mr. Naveen Sawhney, Managing Director of the Company) as Vice President with effect from October 01, 2008 in the scale of Rs. 45,000 – 15,000 – 75,000 – 20,000 – 1,15,000 plus such perquisites and allowances as are permissible under Company rules.
 RESOLVED FURTHER THAT the remuneration payable to the incumbent as aforesaid will be subject to such modification(s) as the Central Government may suggest or require which the Directors are hereby authorised to accept on behalf of the Company."
7. 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 314(1B) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government the consent of the Company be and is hereby accorded to the appointment of Mr. Rahul Prashar (son of Mr. D.K. Prashar, Joint Managing Director of the Company) as Vice President with effect from October 01, 2008 in the scale of Rs. 45,000 – 15,000 – 75,000 – 20,000 – 1,15,000 plus such perquisites and allowances as are permissible under Company rules.
 RESOLVED FURTHER THAT the remuneration payable to the incumbent as aforesaid will be subject to such modification(s) as the Central Government may suggest or require which the Directors are hereby authorised to accept on behalf 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 314(1) and other applicable provisions, if any, of the Companies Act, 1956 consent of the Company be and is hereby accorded to the appointment of Mr. Gaurav Sawhney (son of Mr. Naveen Sawhney, Managing Director of the Company) as Senior Manager- Finance in the Company w.e.f. April 01, 2008 till September 30, 2008 at a remuneration of Rs. 21,875/- with such perquisites and allowances as permissible under Company rules."



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RESOLVED FURTHER THAT pursuant to the provisions of Section 314 (1B) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government the consent of the Company be and is hereby accorded to the appointment of Mr. Gaurav Sawhney (son of Mr. Naveen Sawhney, Managing Director of the Company) as Assistant General Manager, with effect from October 01, 2008 in the scale of Rs. 37,500 – 12,500 – 62,500 – 16,500 – 95,500 plus such perquisites and allowances as are permissible under Company rules.

RESOLVED FURTHER THAT the remuneration payable to the incumbent as aforesaid will be subject to such modification(s) as the Central Government may suggest or require which the Directors are hereby authorised to accept on behalf of the Company."

By Order of the Board of Directors

New Delhi
September 01, 2008

(Jyoti Dixit)
Company Secretary

Registered Office :
B1/A-26, Mohan Cooperative Industrial Estate
Mathura Road,
New Delhi-110044.

Notes:

- 1 **A member entitled to attend and vote at Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not to be the member of the Company. The instrument appointing the proxy should however, be deposited at the Registered Office of the Company not less than forty – eight (48) hours before the commencement of the Meeting.**
- 2 Corporate Members intending to send their authorised representative to attend the Meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
- 3 An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.
- 4 As required by Clause 49 of the Listing Agreement entered with Stock Exchanges the relevant details of Mr Om Prakash Bhandari & Mr. Amit Kumar Gangopadhyaya, Directors retiring by rotation and seeking re- appointment in accordance with applicable provisions of the Article of Association of the Company are also annexed.
- 5 The Register of Members and Transfer Books of the Company will be closed from Thursday, September 25, 2008 to Tuesday, September 30, 2008, both days inclusive. If the dividend as recommended by the Board of Directors is approved at the Annual General Meeting, payment of such dividend will be made on or after October 10, 2008 as under:
 - a) To all Beneficial Owners in respect of shares held in electronic form as per the data as may be made available by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as of close of business hours on September 24, 2008;
 - b) To all Members in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on September 24, 2008.
- 6 Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
- 7 Members who hold shares in dematerialized form are requested to write their DP ID & Client ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
- 8 Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.
- 9 Members holding shares in physical form are requested to advise any change of address immediately to the Company's Registrar and Share Transfer Agent- Intime Spectrum Registry Limited. Members holding shares in electronic form must send the advice about change in address to their respective Depository Participant only and not to the Company or the Company's Registrar and Share Transfer Agent.

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Explanatory Statement in respect of Special Business pursuant to Section 173(2) of the Companies Act, 1956

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

Item No 6

Based on recommendation of Board of Directors of the Company, the Members of the Company at their meeting held on July 31, 2006 had appointed Mr. Varun Sawhney (son of Mr. Naveen Sawhney, Managing Director of the Company) as Manager - Business Development & Improvement with effect from July 01, 2006.

Mr. Varun Sawhney is B.E. in Computers from Pune University and MBA from Leeds Metropolitan University, Leeds, U.K. He is heading the Export Department and Human Resource Department of the Company.

The performance of Mr. Varun Sawhney has been reviewed by the management from time to time. The management has recommended to the Board to promote and appoint Mr. Varun Sawhney as Vice President. The matter has been taken up by the Remuneration/Selection Committee, Members whereof in majority are Independent Directors. The Selection Committee has reviewed in its meeting held on September 01, 2008 and recommended to the Board for appointment of Mr. Varun Sawhney as Vice President.

The Board considered the recommendations of the Management and Selection Committee in its meeting held on September 01, 2008 and approved his appointment, subject to prior approval of shareholders and the Central Government in the scale of Rs. 45,000 – 15,000 – 75,000 – 20,000 – 1,15,000 with such perquisites and allowances as permissible under company rules. Presently in addition to Basic Salary Mr. Varun Sawhney is entitled to following perquisites and allowances per month:

- House Rent Allowance- 40% of Basic Salary,
- Conveyance Allowance- 20% of Basic Salary
- Medical Allowance- 8.33% of Basic Salary (Maximum of one month Basic Salary),
- Bonus/Ex-gratia- 8.33% of Basic Salary (As per Company Rules)
- Provident Fund- 12% on salary as prescribed under PF Rules, presently Rs.780/-p.m.

Mr. Varun Sawhney has significantly contributed in the growth of company during his association with the company for last couple of years and in obtaining several domestic orders and export orders which include single export order obtained of USD 12 Million from Gulf Engineering, Middle East.

Board feels that the package being proposed is in line with the existing industry norms and is commensurate with his experience and qualification.

In terms of section 314 (1B) of the Companies Act, 1956 appointment of Mr. Varun Sawhney requires prior approval of Shareholders of the company by way of special resolution and further approval of Central Government.

None of Directors except Mr. Naveen Sawhney is concerned or interested in the said resolution.

Your Board commends the Special Resolution for your approval.

Item No 7

Based on recommendation of Board of Directors of the Company, the Members of the Company at their meeting held on July 31, 2006 had appointed Mr. Rahul Prashar (son of Mr. D.K. Prashar, Joint Managing Director of the Company) as Production Manager of the Company with effect from July 01, 2006.

Mr. Rahul Prashar is M.S. (Electrical) UTA, USA and B.E. in Electronics. He has been actively involved in project engineering management, final testing, in-process inspection and maintenance department.

The performance of Mr. Rahul Prashar has been reviewed by the management from time to time. The management has recommended to the Board to promote and appoint Mr. Rahul Prashar as Vice President. The matter has been taken up by the Remuneration/Selection Committee, Members whereof in majority are Independent Directors. The Selection Committee has reviewed in its meeting held on September 01, 2008 and recommended to the Board for appointment of Mr. Rahul Prashar as Vice President.

The Board considered the recommendations of the Management and Selection Committee in its meeting held on September 01, 2008 and approved his appointment, subject to prior approval of shareholders and the Central Government in the scale of



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Rs. 45,000 – 15,000 – 75,000 – 20,000 – 1,15,000 with such perquisites and allowances as permissible under company rules. Presently in addition to Basic Salary Mr. Rahul Prashar is entitled to following perquisites and allowances per month:

- House Rent Allowance- 40% of Basic Salary,
- Conveyance Allowance- 20% of Basic Salary
- Medical Allowance- 8.33% of Basic Salary (Maximum of one month Basic Salary),
- Bonus/Ex-gratia- 8.33% of Basic Salary (As per Company Rules)
- Provident Fund- 12% on salary as prescribed under PF Rules, presently Rs.780/-p.m.

Mr. Rahul Prashar has significantly contributed in the growth of company during his association with the company for last couple of years. Mr. Rahul Prashar helped the Company in ensuring that the deadlines for supply and execution of orders are met in time in addition to successfully maintaining and improving faith of customers in the quality of the products of the company. He has been instrumental in managing the increased processes consequent to the escalation of Company's operations from Rs.52 Crore in March 2006 to Rs.170 Crores in March 2008.

Board feels that the package being proposed is in line with the existing industry norms and is commensurate with his experience and qualification.

In terms of section 314 (1B) of the Companies Act, 1956 appointment of Mr. Rahul Prashar requires prior approval of Shareholders of the company by way of special resolution and further approval of Central Government.

None of Directors except Mr. D.K. Prashar is concerned or interested in the said resolution.

Your Board commends the Special Resolution for your approval.

Item No 8

The Board of Directors of the Company at its meeting held on March 08, 2008, subject to the approval of Members in General Meeting, appointed Mr. Gaurav Sawhney, son of Mr. Naveen Sawhney, Managing Director of the Company as Senior Manager-Finance with effect from April 01, 2008.

Mr. Gaurav Sawhney is B.Com(H) and is also holding Bachelors Degree in Business Economics from Syracuse University, New York.

Mr. Gaurav Sawhney is looking after the preparation & revision of detailed project reports, managing cash flows, handling budgeting & stock forecasting process of the company. In terms of section 314 (1) of the Companies Act, 1956 appointment of Mr. Gaurav Sawhney is to be approved by shareholders of the company in their meeting.

The performance of Mr. Gaurav Sawhney has been reviewed by the management. The management has recommended to the Board to promote and appoint Mr. Gaurav Sawhney as Assistant General Manager. The matter has been taken up by the Remuneration/Selection Committee, Members whereof in majority are Independent Directors. The Selection Committee has reviewed in its meeting held on September 01, 2008 and recommended to the Board for appointment of Mr. Gaurav Sawhney as Assistant General Manager.

The Board considered the recommendations of the Management and Selection Committee in its meeting held on September 01, 2008 and approved his appointment, subject to prior approval of shareholders and the Central Government in the scale of Rs. 37,500 – 12,500 – 62,500 – 16,500 – 95,500 plus such perquisites and allowances as permissible under company rules. Presently in addition to Basic Salary Mr. Gaurav Sawhney is entitled to following perquisites and allowances per month:

- House Rent Allowance- 40% of Basic Salary,
- Conveyance Allowance- 20% of Basic Salary
- Medical Allowance- 8.33% of Basic Salary (Maximum of one month Basic Salary),
- Bonus/Ex-gratia- 8.33% of Basic Salary (As per Company Rules)
- Provident Fund- 12% on salary as prescribed under PF Rules, presently Rs.780/-p.m.

Mr. Gaurav Sawhney has significantly contributed in the growth of company during his association with the company for his short tenure. As Assistant General Manager he will be responsible for arranging stock, syndication of funds required by the Company from time to time from banks, financial institutions and other sources. He will manage monthly cash flows and handle budgetary control system of the Company.

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Board feels that the package being proposed is in line with the existing industry norms and is commensurate with his experience and qualification.

In terms of section 314 (1B) of the Companies Act, 1956 appointment of Mr. Gaurav Sawhney requires prior approval of Shareholders of the company by way of special resolution and further approval of Central Government.

None of Directors except Mr. Naveen Sawhney is concerned or interested in the said resolution.

Your Board commends the Special Resolution for your approval.

By Order of the Board of Directors

New Delhi
September 01, 2008

(Jyoti Dixit)
Company Secretary

Registered Office :
B1/A-26, Mohan Cooperative Industrial Estate
Mathura Road,
New Delhi-110044.

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MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The year 2007-08 has been a watershed year for Cords Cable Industries Ltd (CCIL) as the company took several successful strides towards achieving its mission, capitalizing on the multiple opportunities that are rapidly unfolding in the Infrastructure arena.

The Indian economy is growing at a pace of over 9%. This has been possible largely on account of increasing emphasis on Infrastructure Development, which has set off in a major way in the last few years and is witnessing impressive growth across all the segments like roads, railways, irrigation, power, water supply, urban infrastructure, steel and refineries. However, in order to achieve this kind of growth on a sustainable basis, a further impetus is required to be given to the Infrastructure Development in the country. This fact is very well recognized in the approach paper prepared by the planning commission for the 11th Five-year plan period (2007-12) which clearly states the need to give high priority to the Infrastructure Development at both the urban and rural level. CCIL has identified a set of focus sectors: Power, Steel, Refinery, Cement and Exports which offer huge opportunities in days to come because of increased demand and focus from the Government.

During the year, CCIL has experienced significant growth across business. CCIL grew with expanded depth and reach in the domestic market as well as export market. The company has added 9 new export clients during the year while export contributed 7% to total sales in FY'08 compared to 4% in FY'07. CCIL is striking hard and is placed well on achieving its target to increase the share of its export sales to 25% by FY'10. Also, the company received an enthusiastic response from the capital market during the year with its Rs 416mn IPO of 3.08mn equity shares of face value of Rs 10 being oversubscribed 5 times at upper band and in the period when market crashed by almost 2000 points in 2 days.

CCIL is well poised for future growth with a well developed strategy in place, a strong reservoir of technology and a well capitalized balance sheet.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The Indian Cable Industry is highly fragmented with large number of cable producers. Many of these companies are small-scale cable producers, the smallest of which are family-run operations which use the most basic production equipments. There has been very limited consolidation amongst the major players in the industry. The tendency of cable companies to grow organically, rather than by acquisition of competitors, means that no dominant groups have emerged in the industry.

Cables are one of the basic inputs therefore they are very critical for the entire industrial sector. Whether made of copper, aluminium or other non-ferrous materials - cables and wires play decisive role in our daily lives and in almost every industry. Cables are used by Power, Steel, Cement, Refineries, Petro-Chemicals, Fertilizers and Communication Sector as well as Railways including Metro Rail.

Historically, the demand in the cable industry has been characterized by its cyclical pattern. The sector witnessed sustained market depression during the period 1998-2003 and since then the industry is on the upswing. This growth pattern is likely to go on for next few years due to various favourable factors, such as Power Sector reforms, growth in other Infrastructure Sectors, high growth rate of Indian economy etc.

The Wire and Cable Industry is de-licensed and eligible for automatic approval for Foreign Direct Investment up to 100 per cent.

Cable market is largely divided into two types of users: Industrial and Domestic. The Industrial users mainly comprise of Power, Communication, Cement, Steel, Railways & Petro-Chemicals sector. Most of their demand is addressed by the organized sector. At present the demand for household cables is largely being met by un-organized sector. However, domestic consumers' are also becoming quality conscious and there is a steady shift towards high end cables thereby benefiting the organized sector.