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**BOARD OF DIRECTORS**

Mr. Naveen Sawhney	Managing Director
Mr. D.K. Prashar	Joint Managing Director
Mr. Om Prakash Bhandari	Independent Director
Mr. Ajit Kumar Sahay	Independent Director
Mr. N.K. Balasubramanian	Independent Director

**KEY MANAGEMENT PERSONNEL**

Mr. V. K. Beri President (Marketing)	Mr. Dinesh Shukla President (Operations)
Mr. Varun Sawhney Vice President (Marketing, HR & IT)	Mr. Rahul Prashar Vice President
Mr. H. K. Pandita Vice President (Marketing)	Mr. Gaurav Sawhney Sr. Associate Vice President (Finance & Banking)
Mr. Amitabha De GM (Marketing)	Mr. Anil Gupta GM (Technical )
Mr. Sandeep Kumar GM (Accounts & Finance)	

**COMPANY SECRETARY & COMPLIANCE OFFICER**

Ms. Jyoti Dixit

**REGISTRAR AND SHARE TRANSFER AGENT**

Link Intime India Private 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@linkintime.co.in

**STATUTORY AUDITORS**

M/s Sharma Goel & Co  
Chartered Accountants, New Delhi

**REGISTERED OFFICE**

B-1/A-26, Mohan Cooperative Industrial Estate,  
Mathura Road, New Delhi-110044.  
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

**BANKERS & FINANCIAL INSTITUTIONS**

Canara Bank  
ICICI Bank Limited  
DBS Bank Limited  
Citi Bank NA  
State Bank of Patiala  
Rajasthan State Industrial Development &  
Industrial Corporation Ltd. (RIICO Ltd.)

**STOCK EXCHANGES**

Bombay Stock Exchange Limited  
National Stock Exchange of India Limited

**PLANT LOCATIONS**

- 1) A-525, Industrial Area Chopanki, Bhiwadi,  
Dist. Alwar (Raj) 301 019
- 2) SP-239,240 & 241,  
Industrial Area Kahrani,  
Bhiwadi Extn.,  
Dist. Alwar (Raj) 301 019

**REGIONAL OFFICES**

- (1) Mumbai      (2) Hyderabad      (3) Kolkata

### **MANAGEMENT DISCUSSION AND ANALYSIS**

Indian Economy is on a growing trend. It is expected to grow at 9% in 2011-12. GDP of India grew at 8.5% in 2010-2011 in real terms (source: <http://indiabudget.nic.in>). GDP rose 7.7% in the three months ended June 30 from a year earlier as per the latest data released by Central Statistical Office. The growth of cable and wire industry is linked to the growth of various sectors. Cords Cable which is engaged in the business of manufacturing and marketing cables and wires, is poised to march ahead as the economy progresses.

Since its inception Cords Cable Industries has diversified its business model and has shown significant presence in both the domestic and international markets, serviced mainly the institutional segments and has catered both the private and public sector clients.

Company continued to fine tune its production outputs to meet the country's changing demands. Financial Year 2010-2011 had several positive developments. Company met the growing demand for high-quality customized cables that included control, instrumentation, thermocouple cables & LV power. The Company commenced the commercial production from its new state-of-art manufacturing unit at Kaharani, District Alwar, Rajasthan. Subsequently the sales of the Company increased by 31.14% as compared to previous year.

### **INDUSTRY SCENARIO**

The Indian cable industry is highly fragmented with a large number of producers. The market for cables and wires is mainly dominated by the unorganized sector controlling about 70% of the domestic demand for wires and cables. Buoyancy in Real Estate, Power, Chemical, Hydrocarbons, Refineries etc. had spurred the demand for cable & wires over the past 2-3 years. During FY11, the Indian cable industry witnessed an overall growth of about 15%. The industry was adversely affected during FY10 with demand being sluggish during the initial half of the year post the recession of FY09 and the expansion plans which were earlier put on hold due to recessionary trends were either completed or in process of execution, leading to excess capacities in the interim. Further, volatility in key input prices such as copper & aluminium also impacted the profitability margins and is likely to remain a key concern for the industry. As economic scenario improved, the significant pile-up in executable order backlog has cleared and demand is expected to improve. Going forward, considering back-ended orders from power segment to achieve 11th Plan targets, coupled with a broader pick-up in the economics activity, the cable industry is expected to post better growth-oriented numbers.

### **OPPORTUNITIES**

The growth of cable and wire industry is dependent upon the growth of various sectors such as Power, Oil & Gas Exploration, Refineries, Metro Rail, Cement, Steel, Fertilizers, Textile, Real Estate, Airport Modernization, Industrial and Telecom.

### **POWER**

As a result of climate change there has been an increasingly greater interest from governments of various nations towards the adoption of green technologies for power generation such as solar, wind, geothermal, nuclear etc. The West is far ahead of the rest of the world in terms of the adoption of these technologies, but Asia and Middle East-which is company's focused market, expects to see a slow catch-up and change towards greater adoption of green technologies. Cords Cable has introduced cables that will serve the global focus on green technologies for power generation.

**GOVERNMENT IMPETUS IN THE POWER SECTOR**

The Government of India has set the target 'Power for all by 2011-12 to meet with the energy requirements of the entire country, by adding 78,000 MW of installed generation capacity by 2012. According to the experts, the total demand for electricity will be above 950,000 MW by 2030. India has taken all the steps needed to provide energy from renewable sources such as wind and solar power. In March 2011 the capacity of wind power in India stood at around 12,000 MW.

Estimated Capex		(Rs. in billion) FY 10 - 17
Generation		8,533
T & D		5,006
Transmission	2,821.40	
Distribution	2184.70	
Total		13,539
Consequently, Expenditure on cables		
Estimated Capex		(Rs. in billion) FY 10 - 17
Generation		256
T & D		1,251
Transmission	705	
Distribution	546	
Total		1,507

The positive trend in the power sector is most important catalysts for the cable and wire industry. Cables play a crucial part in all the three aspects of the power sector- generation, transmission and distribution. So, the trend of cable and wire industry is to a great extent dependent upon the power sector.

**STEEL SECTOR**

The Indian steel sector has witnessed a roller coaster ride of late wherein it has witnessed a significant spurt in demand due to expanding oil and gas sector, large infrastructure spending coupled with growth in housing, consumer durables and auto sectors. India became the fourth largest producer of crude steel in the world in 2010 as against the eighth position in 2003 and is expected to become the second largest producer of crude steel in the world by 2015. As per World Steel Association (WSA), India was the fourth largest producer of crude steel during

January–September 2010 producing 50.1 m tonnes (MT) crude steel during the period. Currently, with the government's increased emphasis on infrastructure, this sector is poised for significant growth over the medium to long term. As a matter of fact, India's per capita steel consumption continues to be low at 46 kg as against the global average of 198 kg. Thus, this further strengthens the belief that the potential ahead for India to raise its steel consumption is high(*source: <http://equitymaster.com>*). The increased production and the expansion plans of the steel sector will in turn boost demand for cables as it is required for setting up new facilities.

## INFRASTRUCTURE

Infrastructure is known to be the key enabler for development for an economy. To maintain India's growth, infrastructure needs to grow at a similar level. For 2011-2012, an allocation of over Rs.2,14,000 Cr has been done for this sector, which is 23.3% higher than previous year. This amounts to 48.5% of the Gross Budgetary Support to plan expenditure. Further to boost infrastructure development, tax free bonds of Rs.30,000 Cr are proposed to be issued by government undertakings (*source: <http://indiabudget.nic.in>*). The infrastructure sector is to a great extent linked with cable sector. This augurs well for the suppliers of control and instrumentation cables, special cables, power cables and other cables.

Growth in India is contingent on infrastructure investment. India has doubled its target for infrastructure spending to USD 1 million in the five years starting 2012 to narrow the gap with China - the world's fastest growing major economy. According to the experts, India spent 6.5% of its gross domestic product in 2009 on Infrastructure.

It is expected that the total infrastructure spending is estimated to be Rs. 62 trillion over the next decade, of which nearly 70% will be in the power, transportation (railways, roads), water supply & sanitation sectors. It is also expected that investments in the power sector will increase from Rs. 6.5 trillion to Rs. 13 trillion. Growth in the power sector is beneficial to the cables and wires industry.

## OTHER INDUSTRIES

The industrial cables sector has numerous niche markets, dominated by local players or specialists like Cords cable with specific know-how or historical presence, and some of the other key industries keys serviced by the Wires & Cables industry include :

- Aeronautics
- Automobiles
- Mining
- Nuclear
- Railways
- Building
- Offshore wind, wind turbines, solar energy etc.

### Conclusion :

Cables play a small but significant part in infrastructure activities. With strong investments proposed across sector such as power, reality, industrial and telecom, the cable industry in India is slated for a strong growth going forward. However, irrespective of the stage of the project, based on the sheer strength of order backlog in the infrastructure and power sector space, given an overall improvement in the funding scenario and with the overall economic scenario gaining accelerated momentum, robust growth over the next few years for the cable industry in India is expected.

## THREATS

### **Business Risk**

The company's products are used primarily by the power, infrastructure and industrial segment. Slowdown in these sectors can largely impact the demand for the company's products.

### **Raw Material Price Fluctuation:**

Excessive Price Fluctuation in Company's Basic Raw Materials- Copper, Aluminum and Steel- can have severe impact on its margins. However, the company has been successfully managing this risk through hedging on the commodity exchange and back to back booking of raw materials, on receiving sale orders.

### **Foreign Exchange Risk:**

Company is involved into both import and export. Exchange rate fluctuations may have an impact on the performance of the company. The exchange rate between the Rupee and other currencies is variable and may continue to fluctuate in the future. Such fluctuations can have a serious impact on the revenues of the company.

### **Human Resource Risk:**

In the absence of quality human resources, the company may not be able to execute its ambitious growth plans.

## FINANCIAL REVIEW

### **Results of Operations**

During the year under review, turnover of the Company grew by over 30% Y-o-Y with net sales from operations of Rs. 28961.07 Lacs, as against Rs. 22083.42 Lacs in FY'10. This growth was driven partly by expansion in production capacity, development of new products and company's entry in to newer markets & segments.

The Net Profit increased to Rs. 537.12 Lacs compared to Rs. 418.61 Lacs in FY'10, representing a growth of 28.31% compared to Previous Financial year.

(Rs. in Lacs)

Particulars	FY'11	FY'10
<b>Net Income from Operations</b>	<b>28961.07</b>	<b>22083.42</b>
<b>Total Expenditure</b>	<b>26455.84</b>	<b>20165.06</b>
(a) Consumption of Raw Material	22959.58	17217.25
(b) Manufacturing Expenses	1418.18	1290.36
(c) Staff Cost	1217.23	1006.13
(d) Administrative & Other Expenses	860.85	651.32
<b>OPBITDA</b>	<b>2505.23</b>	<b>1918.36</b>
Deprecation & Amortisation	434.19	366.89
<b>OPBIT</b>	<b>2071.04</b>	<b>1551.47</b>
Finance Charges (Net)	1409.71	1077.47
<b>OPBT</b>	<b>661.33</b>	<b>474.00</b>
Non Operating Income / Other Income	127.66	148.57
<b>PBT</b>	<b>788.99</b>	<b>622.57</b>
Current Year Tax	51.25	182.90
Deferred Tax	200.32	20.82
Wealth Tax	0.30	0.24
<b>PAT</b>	<b>537.12</b>	<b>418.61</b>

### **Segmental Overview**

The company operates under a single product segment i.e. Cables. The company mainly focuses on specialized cables which differentiates it from other cable players in the country.

## INTERNAL CONTROL SYSTEM

Cords has adequate systems in place to closely monitor and evaluate the efficacy and adequacy of internal control systems, their compliance with operating systems and accounting procedures and policies. The Internal Auditor functions independently to ensure smooth functioning of the organization.



## HUMAN RESOURCES

CORDS is committed to the welfare and career growth of its employees. The Company has adequate system to reward and recognize the employee contribution towards the growth of the company. The Company makes continuous endeavor to enhance the skill and competence of its human resources. Senior management keeps constant personal touch and a friendly human approach in dealing with its colleagues. During the year industrial relations continues to be cordial.

**Commencement of Commercial Production of New Unit:** The Company commissioned its new ultra-modern cable manufacturing facility at Kaharani, Rajasthan. This new facility is spread over an area of approximately 68,360 square meters. With the commissioning of this new facility, the approximate installed capacity of the company now stands at 65,000 cable k.m., i.e., an expansion of about 35,000 cable k.m. of installed capacity. The new site has, as such, got an immense potential for even future expansions to service the increasing demand of products from the company.

The phenomenal growth of over 30% in revenues registered by the company in Financial Year 2010-2011 over the previous Financial Year is partly due to the substantial increase in its production capacity owing to the successful commissioning of its new facility.

The Company has invested considerable amounts in modernization and increasing the automation level of its manufacturing process besides introducing strict cost-cutting and disciplinary measures throughout the organization.

**Positive Developments:** This year Cords Cable had several positive developments. Company recently added solar PV cables to its portfolio as well as other recently marketed products including foundation fieldbus cables, fire survival cables, low temperature cables, EPR insulated cables and specialized cables for oil and gas. In the year under review the company added over 30 new clients. It received approval from Power Grid Corporation of India for control and LV power cables that has increased its scope in the energy distribution sector in India. It received approvals and orders from Engineers India Ltd (EIL) for its foundation fieldbus cables. It successfully developed EPR insulated control and instrumentation cables as also its extreme temperature range of cables for regions with very low temperatures.

## CAUTIONARY STATEMENT

Statements made in this report in describing the Company's objectives, estimates and expectations are "Forward looking Statements" within the meaning of applicable laws and regulations. They are based on certain assumptions and expectations of future events but the Company, however, can not guarantee that these assumptions are accurate or will be materialized by the Company. Actual results may vary from those expressed or implied, depending upon the economic conditions, Government policies and /or other related factors.

**DIRECTORS' REPORT**

To,

Dear Members,

Your Directors are pleased to present the Twentieth Annual Report together with the Audited Statement of Accounts of financial year ended March 31, 2011.

**FINANCIAL RESULTS**

(Rs. in Lacs)

<b>Particulars</b>	<b>FY 2010-11</b>	<b>FY 2009-10</b>
Net Sales	28961.07	22083.42
Other Income	127.66	148.57
<b>Total Income</b>	<b>29088.73</b>	<b>22231.99</b>
<b>Profit before Depreciation &amp; Tax</b>	<b>1223.18</b>	<b>989.46</b>
Depreciation	434.19	366.89
<b>Profit before Tax</b>	<b>788.99</b>	<b>622.57</b>
Provision for Tax	251.87	203.96
<b>Profit after Tax</b>	<b>537.12</b>	<b>418.61</b>
Profit brought forward from previous year	2734.17	2491.14
Profit available for appropriations	3271.29	2909.75
<b>Appropriations:</b>		
Proposed Dividend	—	114.28
Corporate Dividend Tax	—	19.42
Transferred to General Reserve	—	41.87
Profit carried forward	3271.29	2734.18

**OPERATIONAL HIGHLIGHTS**

This year your Company had several positive developments. The Company achieved a Turnover of Rs. 28961 Lacs as compared to Rs.22083 Lacs in the previous year. The Profit before tax during the year was Rs.788.99 Lacs showing more than 26% increase as that of previous year.

Your Company recently added Solar PV Cables to its portfolio as well as other recently marketed products including foundation fieldbus cables, fire survival cables, low temperature cables, EPR insulated cables and specialized cables for oil and gas.



This performance is attributed to your company's dedicated, firm and planned approach towards tapping market potentials both local as well as international, setting up of upgraded and modernized facility at Kaharani so as to keep pace with the requirements of the market as well as maintain a team of highly dedicated professionals and task oriented executives to execute the plans in a phased manner and in the right direction.

#### **COMMENCEMENT OF COMMERCIAL PRODUCTION**

This year your Company commissioned its new ultra-modern cable manufacturing facility at Kaharani, Rajasthan. This new facility is spread over an area of approximately 68,360 square meters. With the commissioning of this new facility, the approximate installed capacity of the company now stands at 65,000 cable k.m., i.e., an expansion of about 35,000 cable k.m. of installed capacity. The new site has, as such, got an immense potential for even future expansions to service the increasing demand of products of the company.

The phenomenal growth of over 30% in revenues registered by the company in Financial Year 2010-2011 over the previous Financial Year is partly due to the substantial increase in its production capacity owing to the successful commissioning of its new facility.

#### **RATING BY CARE**

During the year under review Credit Analysis & Research Ltd. (CARE) has re-assigned "CARE BBB+" (Triple B Plus) and "PR3+" (PR Three Plus) rating to the Long Term & Short Term Bank facilities of the Company in accordance with Basel II norms. Instruments with this rating would carry moderate credit risk. CARE has assigned this rating taking into account vast experience of CCIL's promoters in the Cable Industry, long track record of operations, established position in the Control and Instrumentation cables market, comfortable order book position and moderately favorable capital structure.

#### **ISO 9001:2008**

Your company's newly commissioned cable manufacturing facility at Kaharani has recently been accredited with ISO 9001:2008 certification.

ISO 9001 certification proves that the Company's Quality Management System has been certified in line with the best practices standard and is found compliant. It provides a framework for focus on customer and product requirements, process performance and effectiveness with emphasis on continual improvement and objective measurement. It helps the Company to achieve consistency, improve internal processes, fulfill contractual obligations and gives a competitive advantage and increases customer confidence.

**AGGRESSIVE COST CUTTING INITIATIVES :**

In order to protect its projected cash-flows from the on-going upward volatility in the interest rates, your company has successfully converted an amount of Rs. 20 crore from a floating interest rate of 13.75% p.a. to a fixed rate of 10.50% p.a. (fixed @ 10.50% p.a. for the entire tenure of the loan). Now a substantial portion of your company's long term financial commitments is on fixed interest terms basis. With this initiative, going forward, your company is expected to also save on to a substantial amount of interest outflow.

**DIVIDEND**

The Board of Directors after duly considering the requirement of funds for Working Capital and stabilization of its newly commissioned ultra modern cable expansion project at Kaharani have not recommended dividend for the year under review in view to further strengthen the financial position of your Company.

**CAPITAL STRUCTURE**

During the year under review there was no change in the capital structure of the Company. The Authorised Share Capital of the Company is Rs. 12,00,00,000 (Rupees Twelve Crores) divided into 1,20,00,000 (One Crore Twenty Lacs ) Equity Shares of Rs. 10/- each. The Paid Capital of the Company is Rs.11,42,77,800/- (Rupees Eleven Crores Forty Two Lacs Seventy Seven Thousand and Eight Hundred only) divided into 1,14,27,780 (One Crore Fourteen lacs Twenty Seven Thousand Seven Hundred and Eighty) Equity Shares of Rs. 10/- each.

**UTILIZATION OF PUBLIC ISSUE PROCEEDS**

Details of utilization of Public Issue Proceeds have been submitted in Note no.16 of Schedule No. 18(c) attached to the Annual Accounts.

**CORPORATE GOVERNANCE**

A separate report on Corporate Governance forms part of the Annual Report along with the Auditor's Certificate on Compliance.

**DIRECTORS**

During the year under review, Mr. A. K. Gangopadhyay, Non Executive Director has resigned w.e.f. August 13, 2010