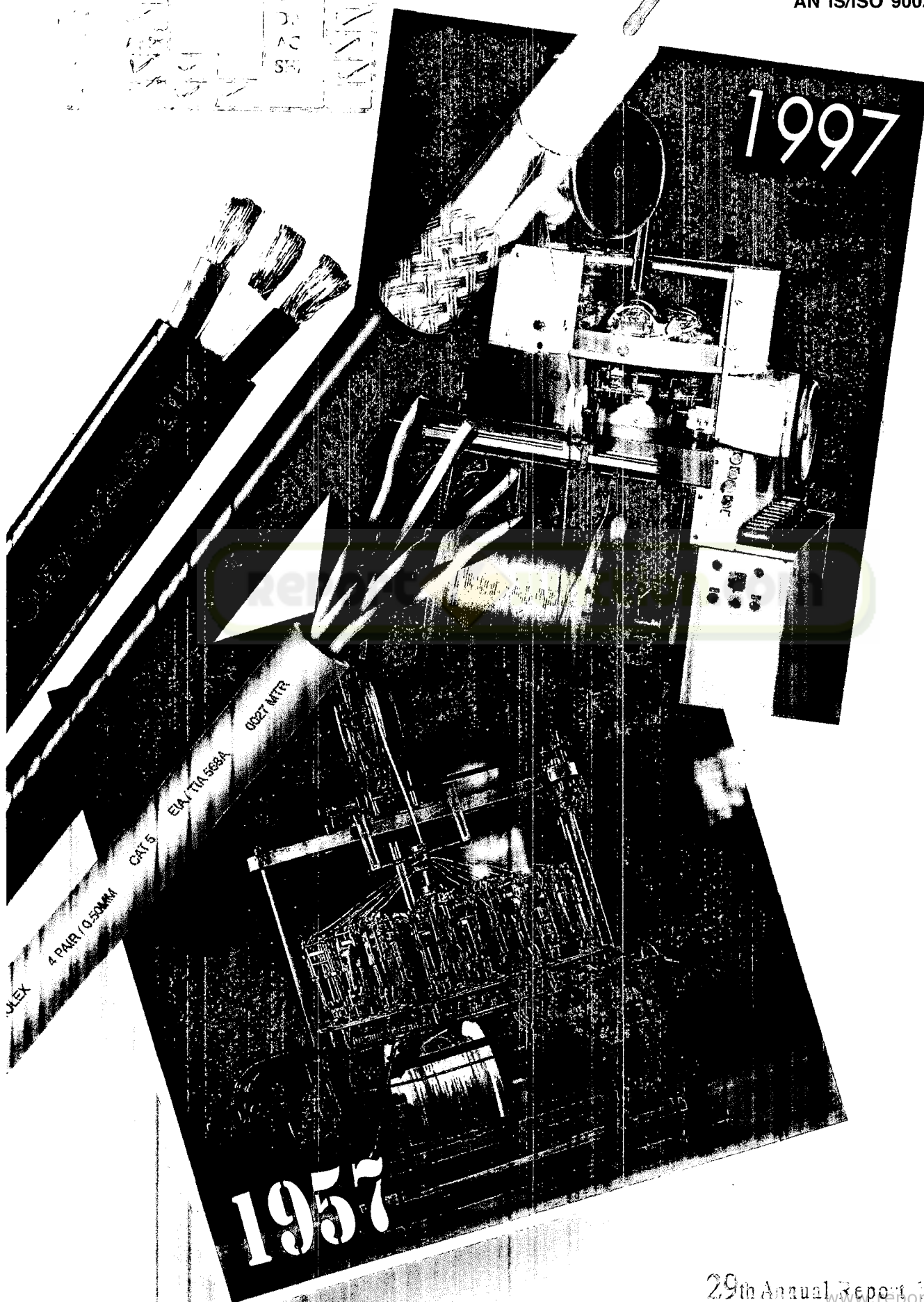




**Finolex**  
**Cables Limited**  
AN IS/ISO 9002 COMPANY





## THE PRODUCT RANGE







**Finolex**  
**Cables Limited**

— OUR VISION —

*To maintain Leadership*  
by being the Largest and  
the most Diversified  
Cable Company in India,  
through Total Quality,  
Latest Technology and  
the Best Customer Service.



## *Over the four decades-*

On a rainy day in July, 1945, a young lad of 15 landed in Pune from Karachi in search of a livelihood and within six months set up a small shop selling electrical cables. He was soon joined by his brothers and together the retail business became quite successful. A sizeable order in the mid-50s, from the Defence Department for wire harnesses for trucks and tanks, bolstered their confidence and the brothers decided to manufacture cables, themselves.

Starting as a small scale industrial unit in 1957, they manufactured PVC insulated cables for the automobile industry. Finolex brand was born from "Fine" & "Flexibles" and "O" with an electric arc across it - signifying the electrical cable business the company was in. The company graduated into a medium scale industry, within a span of five years. Their relentless search for growth and doughty perseverance saw them through some difficult times and in 1972 the enterprise turned into a limited company.

Since then, there has been no looking back and following a public offering in July 1983, the company embarked on a continuous process of expansion and modernisation which enabled it to become the most diversified largest cable manufacturer in the country. The company now boasts of two state-of-the-art plants, one at Pimpri - manufacturing Light Duty Cables and Power Cables and the other at Urse manufacturing Jelly Filled Telephone Cables. A joint venture with AT&T (now Lucent Technologies) for Optic Fibre Cables is already in production at Urse. The joint venture in Goa with Essex Group Inc. of USA to produce copper rods is expected to be commissioned later this year. Another joint venture for PVC flat foam sheets and corrugated sheets is also in production at Urse.

Finolex Cables range includes "Flamegard" (FRLS) electrical wires that were introduced this year, Co-axial Cables for cable TV applications and Local Area Network Cables for high speed data transmission. Finolex's business strategy is to expand further its existing production base and strengthen its marketing network. Plans are on hand for a third unit, in Goa to produce speciality cables and high voltage power cables.

Professionally managed, with continuous updating of technology and strict quality controls, Finolex Cables Limited strives for maximum customer satisfaction. Over the years, it has attained a significant position on the industrial map of India.



## *Board of Directors*

P.P. Chhabria	Chairman
R.T. Doshi	
Hemraj C. Asher	
R.K. Gupte	
B.J. Rathi	
R.B. Pradhan	
G.V. Kapadia	
V.K. Chhabria	
B.G. Deshmukh	
H.S. Vachiha	Nominee of I.C.I.C.I. Ltd.
G.S. Talauliker	Managing Director
D.K. Chhabria	Deputy Managing Director
R.G. D'Silva	Company Secretary

### Bankers

Central Bank of India  
 ANZ Grindlays Bank  
 Banque Nationale de Paris  
 Barclays Bank Plc.  
 Citibank N.A.  
 Corporation Bank  
 HDFC Bank Ltd.  
 The Bank of Nova Scotia  
 The Saraswat Co-operative Bank Ltd.

### Auditors

B.K. Khare & Company  
 Chartered Accountants

### Solicitors

Crawford Bayley & Co.

### Regd. Office

26/27, Mumbai-Pune Road,  
 Pimpri, Pune 411 018



**Notes :**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The explanatory statement setting out the material facts concerning the special business mentioned at Item No. 7 of the Notice as required under Section 173 of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will be closed from Wednesday, 20th August, 1997 to Friday, 5th September, 1997 (both days inclusive).
4. Dividend, if declared at the Meeting, will be paid to those members whose names appear in the Register of Members of the Company on 5th September, 1997.
5. *The members are requested to :*
  - (a) intimate to the Company changes, if any, in their registered address at an early date.
  - (b) quote ledger folio numbers in all their correspondence.
  - (c) approach the Company for consolidation of folios, if shareholdings are under multiple folios.
  - (d) direct all correspondence to the Company's Registered Office at Pimpri, Pune for attendance of the Secretarial Department.
  - (e) get the shares transferred in joint names, if they are held in single name to avoid inconvenience.
  - (f) bring their copy of the Annual Report and the Attendance Slip duly filled in with them at the Annual General Meeting.
  - (g) members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Company Secretary, so as to reach at least seven days before the date of the Meeting, so that the information required may be made available at the Meeting, to the best extent possible.
6. Pursuant to Section 205A of the Companies Act, 1956 all unclaimed/unpaid dividends upto the financial year ended 31st March, 1993 have been transferred to the General Revenue account of the Central Government. Shareholders who have not encashed the dividend warrant for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, 2nd Floor, Hakoba Compound, Dattaram Marg, Kalachowkie, Mumbai-400 033.

7. In order to provide protection against fraudulent encashment of dividend warrants, the Company has from time to time been advising the shareholders to provide Bank account details so as to print the same on the dividend warrants. Though several shareholders have provided the required details, a large number of them are yet to furnish the required information. Such members are once again requested to furnish their Bank account number with the name of the Bank/Branch and its address, quoting folio number, latest by 20th August, 1997. Members will appreciate that the Company will not be responsible for any loss arising out of fraudulently encashed dividend warrants.

**EXPLANATORY STATEMENT IN RESPECT OF ITEM NO. 7 OF THE NOTICE PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

**Item 7 :**

Article 121 of the Articles of Association of the Company, inter alia, provides for payment of remuneration by way of commission to a Director, who is neither in the whole time employment nor a Managing Director of the Company, if the Company by a Special Resolution authorises such payment.

Section 309 of the Companies Act, 1956 ("the Act") provides inter alia, that a Director, who is neither in the wholetime employment of a company nor a Managing Director may be paid remuneration by way of commission not exceeding one percent of the net profits of the Company, if the Company has a Managing or wholetime Director, provided such payment is authorised by a special resolution passed in that behalf. Section 309(7) of the Act further provides inter alia that such resolution shall remain in force for a period not exceeding five years at a time.

Having regard to the time and attention devoted by the Directors to the affairs of your Company, the Board of Directors of your Company ("the Board") recommends remunerating the non whole time Directors also of your Company by payment of commission as mentioned in this Resolution.

Since this resolution relates to the payment of remuneration to non whole time Directors, each of the Directors (who is neither in the wholetime employment nor is the Managing Director of your Company) is interested and concerned in this resolution.

By Order of the Board of Directors

**H.G. D'SILVA**  
Company Secretary

Pune,  
Dated : 20th June, 1997



**Finolex**  
**Cables Limited**

**Regd. Office :**  
26/27, Mumbai-Pune Road,  
Pimpri, Pune 411 018

## NOTICE

Notice is hereby given that the Twentyninth Annual General Meeting of Members of Finolex Cables Limited will be held at Manchan Hall, Opp. Hotel Panchshil, C-32, Near MIDC Office, Chinchwad, Pune 411 019, on Friday, 5th September, 1997 at 11.00 am to transact the following business :

### **ORDINARY BUSINESS**

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st March, 1997 and the Profit & Loss Account for the year ended on that date and the reports of the Directors and Auditors.
2. To declare a dividend.
3. To appoint a Director in place of Mr. B.J. Rath, who retires by rotation, and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. R.T. Doshi, who retires by rotation at the meeting, but though eligible, does not offer himself for re-appointment.
5. To appoint a Director in place of Maj. Gen. R.K. Gupte, PVSM (Retd.) who retires by rotation at the meeting, but though eligible, does not offer himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and, in this connection, to pass, with or without modifications, the following resolution as an Ordinary Resolution, provided that in the event of the provisions of Section 224A of the Companies Act, 1956 becoming applicable to the Company on the date of holding of this meeting the same will be proposed as a Special Resolution :

"RESOLVED THAT M/s. B.K. Khare & Co., Chartered Accountants be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting and that the Board of Directors of the Company be and is hereby authorised to fix their remuneration."

### **SPECIAL BUSINESS**

7. To consider, and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to the provisions of Article 121 and other applicable provisions, if any, of the Articles of Association of the Company and Sections 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and subject to approval of the Central Government, if required, approval of the Company be and is hereby accorded for the payment, to Directors and Alternate Directors (who are neither in the wholtime employment nor Managing Directors of the Company) of remuneration, in addition to sitting fees for each meeting of the Board, or a committee thereof, by way of commission, not exceeding one percent of the net profit of the Company or Rupees five lacs, whichever is less, as may be determined by the Board of Directors of the Company ("the Board") in each financial year, calculated in accordance with the provisions of the Act, such commission being divisible amongst the Directors and Alternate Directors as aforesaid, in such proportion as Chairman of the Board may determine or, failing such determination, equally amongst them;

AND RESOLVED FURTHER THAT this resolution shall be effective for a period of five years from the accounting year commencing from 1st April, 1996."

By Order of the Board of Directors

**R.G. D'SILVA**  
Company Secretary

Pune,  
Dated : 20th June, 1997



## TWENTY-NINTH ANNUAL REPORT 1996-97

### Directors' Report

To the Members,

Your Directors have pleasure in presenting their Twenty-Ninth Annual Report and Audited Accounts for the year ended 31st March, 1997.

#### FINANCIAL RESULTS

	(Rs. in Million)	
	1997	1996
Turnover (inclusive of excise)	4805.67	5140.51
Profit before Tax, Interest and Depreciation	1069.24	1171.41
Less : Interest	213.56	220.99
Less : Depreciation	151.92	124.69
Profit before Tax	703.76	825.73
Less : Provision for Taxation	220.00	274.70
Profit after Tax	483.76	551.03
Surplus carried from previous year and other adjustments	23.06	19.92
	506.82	570.95
<b>Appropriations</b>		
Debenture Redemption Reserve	38.40	22.10
Proposed Dividend	99.29	99.29
Tax on proposed dividend	9.93	—
General Reserve	350.00	440.00
Surplus carried to Balance Sheet	9.20	9.56
	506.82	570.95

#### OPERATIONS

During the year under review your Company's turnover and profits recorded a marginal decline due to inordinate delay in the orders of the DoT for the year as also due to billing on the supplies to the DoT at 95 percent of the prices pending finalisation. Copper prices during the year displayed a bearish trend and were on an average lower by almost 15 percent than those prevailing in the previous year, which also had an adverse impact. Turnover declined by 6.5 percent and Profit after tax by 12.2 percent. Depreciation charge for the year was higher at Rs. 152 million as against Rs. 125 million for the previous year. Your Company has had to provide Rs. 9.93 million towards additional tax on the proposed dividend for the year. The decline in the turnover though marginal, was, for the first time since the Company listed its shares on the Stock Exchanges.

Earnings per share were lower at Rs. 26.8 for the year as against Rs. 30.5 for the previous year and the book value of the share stood at Rs. 269 at the end of the year as against Rs. 248 for the previous year. Company's reserves

stood at a healthy Rs. 4662 million on a paid up equity capital of Rs. 180.53 million.

Production of Jelly Filled Telephone Cables during the year went down marginally from 3.5 MCKM to 3.06 MCKM and the plant could be run to its maximum capacity only during the four months of the year due to delays in receipt of orders. The production of Light Duty Cables went up from 245.3 TCKM to 264.6 TCKM while that of Power Cables had a slight set back recording a decline of 0.04 TCKM due to sluggish demand. Trial production of LAN and Co-Axial Cables was successfully accomplished and market testing is under way.

For the first time in India, Company launched Flame Retardant Low Smoke [FRLS] Electrical Wires branded as Flamegard and insulated with a specially formulated and manufactured in-house PVC compound. FRLS electrical wires offer strong advantage over ordinary PVC insulated wires in terms of critical oxygen index, acid gas generation, smoke density, temperature index and self extinguishing properties.

#### EXPORTS

Although international markets continue to be competitive, your Company's exports increased by 27 percent from Rs.41 million to Rs.52 million. The performance would have been better but for the nationwide transporters' strike in March 1997 as a result of which exports worth Rs.4 million had to be held back. A substantial portion of the exports represents repeat orders, which indicates that your Company's products are well accepted by its customers in the international markets. Your company has been aggressively pursuing new markets for the standard products as well as new products.

#### CURRENT YEAR'S PROSPECTS AND FUTURE OUTLOOK

Your Company is in the process of reducing its relative dependence on Government orders by diversifying into production of LAN and Co-Axial Cables and increasing the production and sales of Light Duty Cables which are mainly supplied to the open market and to OE manufacturers. For Automobile Cables, there has been encouraging response from some of the prestigious harness manufacturers for the new brands of foreign automobiles; initial orders have been received. Production of Power Cables is also being increased to cater to the emerging demand from private power producers. The response from the market for all these products is encouraging. An indication of the impact of this strategy was seen during the year under review when the proportion of Jelly Filled Telephone Cables sales in our total sales of cables declined by 8 percent from 61 percent



# Finolex

## Cables Limited

to 53 percent.

Your Company's capacity to produce Jelly Filled Telephone Cables however continues to be one of the highest in the industry and we believe that the demand for Jelly Filled Telephone Cables will continue to grow amidst keen competition among the suppliers. The new DoT tender has come through and orders are expected to be finalised very shortly. These orders are expected to provide adequate plant load for the remaining months of the current year. Endeavours are being made to secure maximum share of supplies of Jelly Filled Telephone Cables to the private telecom operators who are expected to be operational shortly.

Although, the growth in the industrial sector during the first few months of the current year has not been significant, it is hoped that with the lowering of interest rates by Financial Institutions and Banks, availability of adequate funds and increasing access to External Commercial Borrowing, the economy would turn round and the demand for industrial and consumer goods would pick up.

Your Company relies progressively, more on diversification, quality control, customer service, operational efficiency, effective cost control, automation and economies at all levels by introducing appropriate systems and day to day monitoring controls.

### CONTRIBUTION TO THE EXCHEQUER

Company's contribution to the exchequer during the year under review was Rs. 1787 million.

### DIVIDEND

Your Directors are pleased to recommend an equity dividend of Rs. 5.50 per share, which will be tax-free in the hands of the shareholders, absorbing a sum of Rs. 99.29 million (previous year Rs.5.50 per share absorbing Rs. 99.29 million).

### FINANCE

During the year your Company completed repayment of the loan of Rs. 30 million obtained from ICICI for modernisation and raised Rs. 630 million by Private Placement Non-Convertible Debentures (Rs. 130 million "G" Series and Rs. 500 million "H" Series).

Company's outstandings against deferred sales of Jelly Filled Telephone Cables to DoT were Rs. 2621 million as at the end of the year under review, as against Rs. 1316 million as at the end of the previous year. Instalments are being received regularly in terms of the relative contracts.

Your Company continues to be rated P1+, the highest rating

to be accorded by CRISIL in respect of its Commercial Paper Programme and AA for the purpose of issuing additional Non-Convertible Debentures.

### FIXED DEPOSITS

Your Company has been accepting deposits from public and shareholders. Total amount of such Fixed Deposits as on date is Rs. 19.03 million. There are 332 deposits amounting to Rs. 3,163,000 lying unclaimed with Company, as on 31st March, 1997 of which 266 deposits amounting to Rs. 2,570,000 have since been renewed/repaid.

### INDUSTRIAL RELATIONS

Industrial relations continued to be cordial during the period.

### SOCIAL COMMITMENTS

Your Company's commitment to society continues and donations have been given to Charitable Trusts and other organisations in the field of public health care, child welfare, and for schools and colleges. Scholarships and prizes for outstanding students and for vocational training are also being awarded.

### JOINT VENTURE COMPANIES

#### *AT&T Finolex Fibre Optic Cables Limited*

The Joint Venture between Lucent Technologies Inc., (formerly AT&T) of USA and your Company went into production in January, 1997. The plant has an initial production capacity of 10,000 cable Kms. and the Company has received approval from Department of Telecommunication (DoT) for 6, 12 and 24 fibre dielectric cables. An educational order of the value of Rs.2.20 million from DoT was also successfully executed. Company is making efforts to secure orders from various private Telecom Operators as also from the Export markets.

#### *Finolex Essex Industries Limited*

Your Company's Joint Venture with Essex Group Inc. of USA for manufacturing Continuous Cast Copper Rods and related downstream copper wire products is almost nearing completion in Goa and is expected to go into commercial production in October, 1997.

#### *Finoram Sheets Limited*

The Joint Venture with Palthrough went into commercial production in January, 1997. The initial market response has been encouraging and the Company's sales of its Corrugated and Plain PVC Sheets for roofing and other applications to the extent of about 70 percent were accounted for by exports to Hong Kong, Singapore, Malaysia, Thailand, Australia and USA.