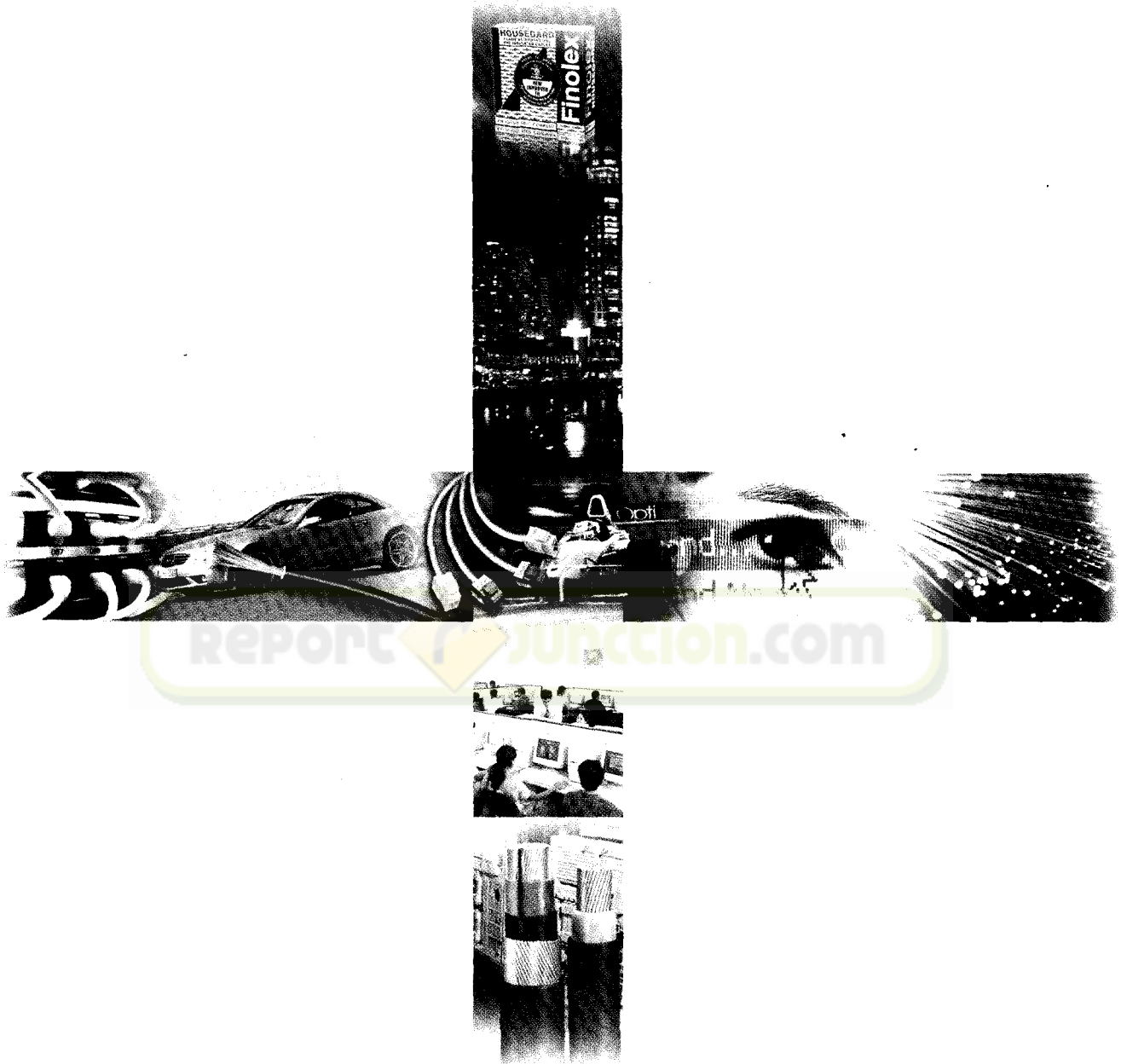


Annual Report 2004 - 2005



The positive approach

SELECTED
BUSINESS
Superbrand
2004-06

Finolex
Cables Limited
AN IS/ISO 9001 COMPANY
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The positive approach

Preempting change, a strategy clearly focused on growth and staying optimistic amidst challenges has helped Finolex Cables maintain its leadership in the industry by displaying positive growth for the financial year 2004-2005.

The markets have soared and consumers have displayed optimism throughout the year. Infrastructure being a key area of focus on the government agenda resulted in a buoyant construction and manufacturing industry, and overall increased economic activity across the country. This has meant higher volumes and growth for the cables business. We have seen business volumes thrive over the last year and are very optimistic about future trends. The prospects of Finolex, with even greater strengths and a diversified product portfolio are very exciting. Finolex takes a positive approach to change and recognizes that a time of change is also a time of opportunity – an opportunity to strengthen our relationship with our Partners and to improve the services offered to our customers and the industry.

We, at Finolex, believe that excellence is not the goal, but a never-ending journey. Thus, through the year we have upgraded our manufacturing processes, increased production capacities and have endeavoured to increase R&D spending to seek out new businesses to fulfill the consumers' needs in varied segments. It is with a vision to offer complete cable solutions to the customers that we have marched forward and seen Finolex gain business in markets unexplored earlier. It is this renewed fervour, never-say-die spirit and enthusiasm that is felt throughout the company, and is helping us present our strong financials.

By taking the positive approach, we have renewed our leadership position in the market and been able to reach out and touch many more lives with products made specially to meet every customer's and industry's need. This positive attitude gives us the inspiration to meet challenges and overcome unforeseen obstacles.

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Chairman's Message

Dear Stakeholders,

Year 2004-2005 which has just gone by, has been another satisfying year. Your Company displayed a high growth curve and performed well throughout the year. During the financial year, the prices of raw materials increased, but the Company could deal with this cost-push judiciously and maintained business momentum.

In my address to you in the last annual report, I had referred to restructuring of JFTC capacity at Urse plant to cater to the growing demand for new types of communication cables like LAN and co-axial cables, as well as light duty electrical cables. We had foreseen Government emphasizing on development of infrastructure critically needed by our country. We had anticipated Government paying special attention to agricultural development, a core sector on which the masses in India depend for their living. The recent Union Budget has fortified our beliefs. It has held out a promise, supported by due allocation of funds, for infrastructure and agricultural development. This augurs well for the Company's changing business mix. A system of Value Added Tax (VAT) has been implemented by many States with the balance to also follow. This is a step in the right direction as it will make the branded, quality products available to the customer at reasonable prices. India has been acknowledged as one of the fastest growing consumption markets. Your Company has 'Total Cable Solutions' to offer to this market and an ability to develop and deliver new cable products to meet the customer's needs.

Your Company is gaining recognition overseas for its ability to provide a diverse range of communication and electrical cables. Focus on exports continues and results should be seen in the near future.

The Company is entering into new business of manufacturing electrical switches which is a logical extension of its present business. The Company has the advantage of its well entrenched distribution network and its brand 'Finolex' to establish a firm market share.

It is a matter of great pride to all of us that Finolex has been selected as the 'Superbrand' in the exclusive and elite Superbrand category. Finolex - a brand that inspires trust, belonging, identification and nostalgia. A brand goes beyond mere utility and strikes a chord deep within the consumer to become one with him.

The Board of Directors has recommended merger of Finolex Wire Products Limited and Finolex Finance Limited, the subsidiary companies, with your Company. The merger will beneficially address the post-VAT issues and provide an operating leverage.

Your Company's endeavour, is to keep creating higher and higher value for itself which shall translate in increased benefits for its stakeholders. I'm sure, the stakeholders will gain by the emerging business profile of the Company.

I take this opportunity to express my heartfelt gratitude towards the members of Finolex Family for extending unstinted co-operation and support in creating a strong and vibrant Finolex.

With warm regards,

P.P. Chhabria



Opportunity for growth.

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New avenues of business.

The dynamic scenario in the new age world is rife with opportunities and Finolex has been quick to seize them. From automobiles to telecommunications, Finolex Cables has provided its customers, cables designed for strength, power, reliability and safety. The unprecedented growth of the automobiles industry and ancillary units in India is an area tapped by Finolex Cables. For example, new-age cars built for speed, power and efficiency in compact and smaller designs have also meant that the cables and harnesses have been made more compact and efficient. Built to international specifications, and Euro III standards, **Finolex auto cables** have been supplied to OEMs and have been well accepted for their superior performance.

Over the past few years, even though the JFTC cables business declined, the pioneering spirit and an endeavour to win have seen Finolex seek out new areas and new markets in the field of communications. In fact, this year, the communication cables segment registered a growth of over 90%. Products that have been added to our portfolio last year, like 25-pair and 50-pair Cat 5 LAN cables, aerial coaxial cables for networking applications and optic fibre cables for broadband applications have already been star performers in communication cables segment.

Finolex has launched Cat 6+ UTP LAN Cables in its 'Optinet' range which is a 500 Mhz cable having higher bandwidth, headroom and speed, and in conjunction with our Cat 6 passive components, gives an unbeatable end-to-end channel performance. Finolex has also launched a 50 Ohm impedance coaxial cable used in the Antenna wires in CDMA networks, which now has extensive

application, keeping in mind the increasing tele-density of the mobile networks.

Finolex has also developed an Anti Rodent cable. The in-house formulation in the jacket imparts a unique smell and bitter taste which protects the cables from any rodent attacks.

With the government giving top priority to infrastructure development and allowing foreign direct investment in the construction sector, coupled with easy housing finance on concession based terms and tax benefits, it is no wonder that the construction industry is growing rapidly. Finolex is already present with a wide range of cables to meet every need of the customers.

Finolex cables have been exported to several countries across South East Asia, the Middle East and in the Asia Pacific region. Finolex endeavours to focus on breaking new ground in newer international markets, and be able to achieve a sizeable export turnover in due course.

In keeping with the Finolex philosophy of providing a complete wiring solution, a wide and attractive range of **modular switches** are being manufactured and will be launched shortly. Made from high quality engineering plastic, the modular design switches with durable plates and tough insides have high impact strength and are easy to clean. Moreover, they are designed for robust electrical installations in residential, commercial and industrial applications. These switches have unique features in that, they are attractive to look at and are fluorescent - that makes it easy to switch on in the dark. The switches are retro-fittable which makes them user friendly.



Visions for a better world.

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From brand to Superbrand

The pioneering spirit with which the company was founded almost five decades ago has led Finolex to become the world-renowned company that it is today. Commitment to quality, honesty and transparency in its operations and its ability to give back to society has made Finolex a highly successful company.

"There are brands and then there are brands". At the pinnacle of the brand pyramid lie a few Superbrands. Brands which inspire trust, belonging, identification, nostalgia. Brands which go beyond mere utility and strike a chord deep within the consumer to become one with him. Finolex has been selected and decorated as a 'Superbrand', an accolade which is an unqualified tribute to its brand name.

With an eye on quality of the end product, Finolex strategically worked towards backward integration and began manufacturing PVC and copper rods to make cables of international quality

standards. With all the manufacturing plants achieving the ISO 9001 accreditation, Finolex has now increased its manufacturing capacity for Electrical and Communication Cables.

Besides this, streamlined processes, simpler ways of working through e-connectivity and frequent sales follow-up have helped us maximize our business potential. We have upgraded our functionality in the SAP software and have strengthened our back-end infrastructure. This has translated to better communications and easier access for stock and inventory with our 1500 channel partners / 15000 dealers across the country. This means they can easily fulfill their customer's requirements with ease and efficiency.

Being a responsible corporate citizen, Finolex has always believed in giving back to the society and has been a great contributor to the field of education. The International Institute of

Information Technology (I²IT), situated at the Pune Infotech Park at Hinjawadi, Pune and the Finolex Academy of Management and Technology (FAMT), established at Ratnagiri, bear testimony to this contribution.

I²IT delivers internationally acclaimed post graduate level courses in the field of IT and Management. It offers Master's programmes that are high-end, unique and multi-dimensional. I²IT is considered as one of the top IT and Management schools in India. FAMT is affiliated to the University of Mumbai for its degree courses in engineering and has received AICTE recognition. It provides high quality education in the field of engineering and computers. It also offers a post graduate course in Computer Applications (MCA).



Find... Ctrl+F

Report  Junction **Future**



FUTURE

Attitude for success - an open mind

The hallmark of a market leader lies not only in gaining profits by garnering substantial market share and overtaking the competition, but also in empowering people and showing them the path of progress through self-sufficiency and independence.

Training and upgrading of skills is a continuous process undertaken at Finolex Cables. The company conducts seminars and conferences not only for its employees across 17 offices across India, but also seeks to empower its Channel Partners and business associates through conferences, workshops and training programmes held throughout the year.

This openness reinforced with our determination to listen to the customer and a flair to learn is what has enabled Finolex to witness growth, change and expansion in the past year, leading it to higher profits and new horizons within India and in international markets. Importantly, Finolex ensures its employees are equipped with the skills

and capabilities to compete with the best in the global marketplace, with a dynamic leadership team in place to guide them.

We believe, we have the right people to position ourselves for growth. Finding, retaining and growing talent is the primary focus of the HR team at Finolex. We do this by offering employees training, flexibility and compensation that are in line with the best in the industry. We believe that some of the most creative and talented Cable Solutions minds reside here in Finolex, and this continues to give a distinct competitive advantage over our competitors.

With a strong and vibrant Finolex, we approach the future with enthusiasm and optimism. As change becomes a manageable challenge, it takes on exciting potential for the future.. At Finolex, we have the talent and creativity to deal with the challenges that we face.

