

Board of Directors

P. P. Chhabria	<i>Chairman</i>
Dr. H. S. Vachha	
B. G. Deshmukh	
Atul C. Choksey	
Sanjay K. Asher	
P. G. Pawar	
S. B. (Ravi) Pandit	
Pradeep R. Rathi	
A. J. Engineer	
D. K. Chhabria	<i>Managing Director</i>
V. K. Chhabria	<i>Dy. Managing Director</i>
M. L. Jain	<i>Asst. Managing Director and Chief Operating Officer</i>
P. B. Parasnis	<i>Asst. Managing Director and Chief Financial Officer</i>

Company Secretary & Vice President (Legal)	R. G. D'Silva
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Bankers	Central Bank of India Bank of Baroda BNP Paribas Citibank N.A. Corporation Bank HDFC Bank Ltd. ICICI Bank Ltd. Standard Chartered Bank State Bank of India The Bank of Nova Scotia
Auditors	B. K. Khare & Co. Chartered Accountants
Solicitors	Crawford Bayley & Co.
Registered Office	26/27, Mumbai-Pune Road, Pimpri, Pune 411 018 Tel.: 020-27475963

Directors' Report

To
The Members

Your Directors are pleased to present their 40th Annual Report and Audited Accounts for the year ended 31st March, 2008.

FINANCIAL RESULTS:

	(Rs. in million)	
	2008	2007
Income	14,178.983	10,526.253
Profit Before Interest, Depreciation and Tax	1,656.939	1382.582
Less : Interest	189.287	147.987
Less : Depreciation	264.671	264.288
Profit Before Tax	1,202.981	970.307
Less : Provision for Taxation		
(a) Current Tax	341.360	280.000
(b) Deferred Tax	(33.720)	(4.623)
(c) Fringe Benefit Tax	6.100	5.000
Profit After Tax	889.241	689.930
Surplus brought forward and other adjustments	152.527	113.101
	1,041.768	803.031
APPROPRIATIONS		
Debentures Redemption Reserve	50.000	100.000
Proposed Dividend	229.409	214.115
Tax on Proposed Dividend	38.988	36.389
General Reserve	300.000	300.000
Surplus carried to Balance Sheet	423.371	152.527
	1,041.768	803.031

GOLDEN JUBILEE YEAR

Your Directors feel proud to state that the calendar year 2008 is the 50th year of glorious business presence. The manufacturing idea was conceived by the promoters and started in the year 1958 in the form of a partnership firm; albeit the business assuming corporate form sometime later. A meeting of the Board of Directors is planned to be held at appropriate time to make a special announcement with regard to Golden Jubilee Year. The Directors extend their warm greetings to the members for the Golden Jubilee Year and are grateful to them for the encouragement and support over the period of time.

DIVIDEND

Your Directors are pleased to recommend enhancement in dividend on equity shares from 70% to 75%. The amount thereof per equity share will be Rs.1.50. The total dividend outgo (including dividend tax) will be Rs.268.397 million. Dividend distribution as a percentage of the net profit is 30.2%.

OPERATIONS

Income for the year under review was Rs.14,178.983 million and net profit was Rs.889.241 million. The income was higher by 34.7% and the net profit was up by 28.9% over the previous year. Segmentally, electrical cables contributed 59.9%, communication cables contributed 19.8%, copper rods contributed 18.2% and other products contributed 2.1% to the total sale of products. The sales mix,



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when compared to the previous year, underwent a change due to increase in jelly filled telephone cable (JFTC) orders. During the year under review, the Company received orders from different customers for supply of JFTCs.

The sales of electrical cables and other communication cables were in line with the market conditions prevailing from time to time during the year. Copper prices once again experienced a great deal of volatility for most of the year. The Company had done product-price revisions to effectively deal with the volatility in copper prices. The system of Value Added Tax (VAT) has now been adopted by all the states within the Union Territory. However, there continues to be disparity in VAT rates for many of the Company's products. Added to the divergence in rates is the variability in procedures for compliance. The state governments are working towards unifying the rates and procedures for VAT. The Union Government has made known its intentions to implement a single tax regime called 'Goods and Services Tax' (GST). The governmental initiatives should promote a better compliance environment and provide an impetus for business by organized sector companies like your Company.

The Company witnessed good growth in profit for the year on account of increase in business activity coupled with cost management measures undertaken.

PROJECTS

The Company had undertaken initiatives to manufacture new products and expand production base for the existing products in due consideration of the emerging market needs.

Compact Fluorescent Lamps (CFLs) Project

CFLs have been branded 'Finoglow' by your Company. Finoglow is an energy saving lamp, can save energy consumption upto 80% as against an equivalent incandescent lamp. Finoglow is available in different color temperatures, wattages and sizes. Finoglow has a high color rendering index essential for true color lighting. Finoglow is available in retrofit and non-retrofit versions. The manufacturing facility went on stream during September, 2007. Keeping in mind the high future CFL demand, your Company has taken steps to expand the present CFL capacity by almost three times.

The business of CFL should get a big boost with the Government of India considering to ban conventional GLS lamps and promote CFL in support of the efforts to control global warming. Keeping in mind the high future CFL demand, your Company has decided to expand the CFL capacity from 10 million units to 30 million units per year at an additional expenditure of Rs. 300 million. Your Company has intentions to further expand capacity to 100 million CFLs over medium term at a new location in the state of Gujarat or Andhra Pradesh.

High Voltage Power Cables Project

This project was undertaken to manufacture insulated, underground usage power cables upto 66 KV rating. The manufacturing facility has been set up at Urse near Pune. The plant has started trial runs during March, 2008.

High voltage power cables are required at power generation station and in power transmission segment in lower quantum; however, major requirements come from power distribution segment for upgrading the existing network by replacing overhead transmission wires and underground power cables to cater to the ever growing demand for power caused by continuing urbanization process.

Uttarakhand Project

This project was conceived to expand the manufacturing base for light duty electrical cables for use in construction industry, electrical panel wiring and consumer electrical goods. This plant is fast nearing completion and expected to go on stream in May 2008. This Greenfield manufacturing facility would be capitalized in the books in the next financial year.

The Uttarakhand manufacturing facility will enjoy fiscal incentives by way of excise duty exemption and income tax benefit in the defined manner for the defined period. The commissioning of this facility will enhance competitiveness of the Company; besides staying close to the current and potential customers in business-booming northern and eastern regions of the country.

Electrical Switches Project

Branded as 'Finoswitch', the Company manufactures electrical switches of superior quality and aesthetics. Finoswitch is meant for controlling the flow of power. Finoswitch is safe, durable and tested to last over sixty thousand clicks. They are launched in two ranges; premium range for niche market and classic range for mass market. Premium range has a unique fluorescent stripe that glows in dark and acts as a guide. The intermediate manufacturing facility at Urse is fully operational. The Company has intentions to shift manufacturing operations to Uttarakhand state at the present location and manufacture electrical switches on full scale basis.

The products manufactured / to be manufactured at the above plants have / will have the same assurance of Finolex quality and safety standards. The products will ride on the high brand equity enjoyed by your Company and are sold/will be sold through the existing country wide distribution network.

Urse Expansion

Your Company manufactures a variety of electrical and communication cables at its plants located at Urse near Pune. The Company has undertaken expansion of capacity of compounding plant and of various copper cable capacity at Urse at an estimated capital expenditure of about Rs. 400 million. The expansion in capacity is targeted to be completed in the financial year 2008-09, in a phased manner.

Finolex J-Power Systems Private Limited

On 13th December, 2007, the Company entered into a joint venture agreement with J-Power Systems Corporation of Japan to offer complete turnkey solutions in extra high voltage (EHV) cable systems in India and abroad. The joint venture will be equipped with state-of-the-art production facility such as vertical continuous vulcanizing (VCV) tower to produce high voltage cross linked polyethylene (XLPE) insulated power cables. Since such cables are installed in the trunk lines of high voltage power transmission grids in the urban areas, extreme quality and reliability are required.

The joint venture has been named "Finolex J-Power Systems Private Limited" and will manufacture and sale high voltage power cables upto 500KV capacity. The joint venture company shall also offer complete services of turnkey installation and connectorization of the complete circuit along with the manufacture and supply of power cables and accessories (jointing kits).

J-Power Systems Corporation is a Japanese cable manufacturer specialized in high voltage power cables and systems, established in 2001 as an equally owned joint venture between Hitachi Cable Limited and Sumitomo Electric Industries Limited, the global leaders in the field of extra high voltage cable technology. Your Company will hold 49% of the share capital of the joint venture company and the balance 51% will be held by the joint venture partner. However, the management control will be with your Company.

The joint venture is a significant development for the Company. With it, the Company completes its electric cable product range from the lowest voltage grade of 48 volts in auto cable to the highest voltage of 500,000 volts in power cable segment. Your Company is the only company in India with this unique distinction.

NEW PRODUCTS

Looking at the customer requirements, your Company adds new variety of cables to its product range. Accordingly during the year under review, the Company's Marketing team successfully launched various state-of-the-art cables designed and developed by the in-house R&D team. As part of its future plans, your Company is studying the market potential for manufacture of Aluminium Conductor Steel Reinforced (ACSR Conductor) and Enamelled Wires with a view to develop products to meet requirements of niche markets.

EXPORTS

In January 2008 your Company was awarded the prestigious trophy by Engineering Export Promotion Council for Star Performer as medium enterprise in the product group of miscellaneous electrical machinery and apparatus (including electrical distribution and control apparatus) for outstanding contribution to engineering exports during the year 2005-06.

The Company's sustained efforts to improve its earnings from its business in the international markets have started yielding results. FOB value of exports for the year was Rs. 779.118 million as against Rs. 672.532 million for the previous year. The Company exports a variety of cables. With the manufacturing background for years, access to and availability of best breed technology and conformity with international standards the Company has been offering customized cable solutions to its international customers. The Company has initiated the process of establishing its maiden branch office in DUBAI.

FINANCE

Your Company has been accorded P1+ rating, the highest rating for a Rs. 2.5 billion (enhanced from Rs. 2 billion) short term debt program. The Company holds AA+ / Stable rating for its Rs. 500 million long term non convertible debentures outstanding. The Company has also obtained a similar rating for another Rs. 500 million long term non convertible debentures to be issued at an appropriate time in future. All the debt ratings have been given by CRISIL. The Company follows a balanced policy to manage liquidity and borrowing. The Company has been able to meet its financial commitments in a timely manner. The Company has been able to contain its interest cost despite rising interest rates.

SUPERBRAND STATUS

It is a matter of great pride that the Company has been selected as the 'Superbrand' in the exclusive and elite Superbrand Category. The Business Superbrand status was for the calendar years 2004, 2005 and 2006. The Company moved forward and was awarded the Consumer Superbrand status as well for the calendar years 2006 and 2007. New 'Superbrand' status for the year 2008-09 is under issuance to the Company. The Company is the only Indian cable company to have achieved this distinction.

SIX SIGMA

Your Company has committed itself to Six Sigma initiative. The Six Sigma initiative is progressing satisfactorily. The training phase of the first group of participants is over and pilot projects undertaken by them are under financial evaluation. Six Sigma will help the Company identify, focus on and solve business challenges before it in a disciplined manner. Six Sigma demands hardwork and commitment of resources. Six Sigma is a continuous improvement process.

FIXED DEPOSITS

The Company had stopped accepting fixed deposits since 28th April, 2003. As on 31st March, 2008, the unclaimed deposits were Rs. 40,000 and interest accrued thereon till due date. The reminders sent by the Company in the past to the deposit holders at their known



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address were not helpful in liquidating the unclaimed deposits. Under the provisions of the Companies Act, 1956, unclaimed deposits of Rs. 71,000 and interest accrued thereon of Rs 3722 have been transferred on 25th March 2008 to the Investor Education and Protection Fund (IEPF) established by the Central Government. If the deposits of Rs. 40,000 continue to remain unclaimed, they will also be transferred to the IEPF Account of the Central Government on the due dates.

EMPLOYEES

Human resource management has assumed immense importance in the present days. The economy is growing at unprecedented rates and on a continuous basis; hence demand for trained and talented human capital has gone up. Towards human resource retention and development, the Company follows pragmatic methods. The human skill development part is taken care of through training programs. The training programs are designed in a systematic manner after identifying an individual's training needs. Cutting across the organizational hierarchy, training sessions are held for promoting team spirit and for addressing training needs. The motivation part is taken care of through empowerment and ensuring healthy working environment. The dual remuneration system: assured as well as performance related: promotes talent within the Company. The Company endeavours to ensure that its different functions are adequately manned.

Industrial relations continued to be cordial during the year.

The Company had 1,316 permanent employees on its roll as on 31st March, 2008.

CORPORATE GOVERNANCE

The statement of Management Discussion and Analysis is annexed hereto and forms a part of this Report.

CORPORATE SOCIAL RESPONSIBILITY

The Company has decided to sponsor setting up of a rural residential school under the Government of Andhra Pradesh State's landmark initiative to provide quality education to semi urban and rural students of the State in collaboration with the corporate world. The Government has handed over about 43 acres against the 50 acres of land agreed to be provided free of cost for setting up the school. Your Company shall set-up the school infrastructure such as school building, library, games facilities, hostels, staff quarters, etc. This school will be affiliated to Central Board of Secondary Education, New Delhi. 25% of the school running cost will be borne by the Company whereas, Government will bear 50% of such cost and the balance 25% will be met through collection of fees. This school will be managed by the Board of Governors to be constituted.

As the members are aware, the Company has been contributing to Finolex Academy of Management & Technology which runs a full fledged engineering college since 1994 at Ratnagiri which is affiliated to Mumbai University, Mumbai. The Academy also offers Masters Degree in Computer Applications. International Institute of Information Technology or I²IT as it is known is also patronized by the Company. I²IT offers post graduate MS and MBA courses with various specializations in Advanced Information Technology.

Your Company has adopted ITI Lonavala, Pune under the Government of India scheme for public private partnership for revamping of industrial training in India by converting Industrial Training Institutes (ITIs) into centres of excellence. All Industry Partners have to enter into a Memorandum of Agreement (MoA) in a common form under the said scheme and the Company has entered into such MoA with President of India and the Government of Maharashtra for revamping ITI Lonavala, Pune as a centre of excellence. The Company's associate company, Finolex Industries Limited has adopted ITI, Ratnagiri under the said scheme. Besides, the Company also extends financial assistance to worthy social causes.

The Company discharges its duties as a responsible corporate citizen. The Company accords highest importance to legal compliances and contributes to the exchequer handsomely. All of its plants are environment compliant and hold ISO 14001 (Environment Management System) certification. The Company has adopted a Code of Conduct. Honesty and integrity are the corner stones on which the human capital is built within the Company. The Company promotes an environment of trust and confidence while functioning.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that;

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2008 and of the Profit and Loss Account for the year ended 31st March, 2008;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Information on conservation of energy, technology absorption, foreign exchange earning and outgo required to be given pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto and forms part of this Report.

PARTICULARS OF EMPLOYEES

Information as required under the provisions of Section 217(2A) of the Companies Act, 1956 (the Act) and the rules framed there under forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the shareholders, excluding the statement of particulars of employees under Section 217(2A) of the Act. Any shareholder desirous of obtaining a copy of the said statement may write to the Company Secretary & Vice President (Legal) at the Registered Office of the Company.

LISTING OF SECURITIES

The Company's equity shares are listed on the two premier stock exchanges of the country namely Bombay Stock Exchange Limited and National Stock Exchange of India Limited, amongst other stock exchanges. The Company has issued Global Depository Receipts which are listed on the Luxembourg Stock Exchange. The Company's non-convertible debentures are listed on wholesale debt market segment of the National Stock Exchange of India Limited.

DIRECTORS

In February 2008, Dr. N.A. Kalyani resigned from the Board of Directors of the Company for health reasons. The Board of Directors places on record its deep appreciation of the valuable services and contribution rendered by Dr. Kalyani since his appointment on the Board of Directors in October 1998 as senior member of the Board. With his resignation, he relinquished his membership of the Audit Committee of the Board of Directors.

Mr. P P Chhabria and Mr.V K Chhabria, Wholtime Directors of the Company will be completing their term of appointment on 30th June 2008. The Board of Directors has approved their reappointment for a period of five years. The terms and conditions of their reappointment are being put up to the members for approval. Accordingly, suitable resolutions which appear in the notice of the ensuing Annual General meeting have been proposed for consideration.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Sanjay K. Asher, Mr. Pratap G. Pawar and Mr. B.G. Deshmukh retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Mr. Adi J Engineer was co-opted as an Additional Director on 23rd October 2007. He is B.E. (Civil), FIE and AIIA and is a technocrat with immense experience in the Energy sector. He had been responsible and successful in setting up diverse projects during his long and successful career with various multinational and other companies. He was earlier the Managing Director of Tata Power Limited and continues as a Director on its Board of Directors. He is also a Director on the Boards of several companies. Mr.Engineer's appointment is to be confirmed by the members at the ensuing Annual General Meeting. The Board of Directors feel that the presence of Mr.Adi J Engineer as a Director of the Company will greatly benefit the Company. Accordingly, the Board of Directors recommends his appointment as a Director of the Company.

AUDITORS

M/s B.K. Khare & Company, Chartered Accountants, Auditors of the Company, hold office until conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

ACKNOWLEDGEMENT

Your Directors are grateful to the channel partners, dealers and customers of the Company for their growing patronage for the Company's products. Your Directors thankfully acknowledge the support received from other business associates of the Company. Your Directors compliment the central and state governments, statutory authorities, local bodies, banks and financial institutions for their cooperation and support to the Company's business operations. The employees are assets of the Company and your Directors appreciate their contribution for the progress and growth of the Company. Your Directors are grateful to the members for extending their complete support in conduct of the affairs of the Company.

For and on behalf of the Board of Directors

Pune
Dated : 28th April, 2008

P.P. Chhabria
Chairman



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Annexure to Directors' Report

COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 :

A. Conservation of Energy :

- a) Energy Conservation measures :
 - i) Commissioning of new 4MW heavy fuel oil engine to stop use of high energy consuming diesel engines.
 - ii) Providing thermal insulation on the chilled water tanks and pipelines to minimize radiation loss.
 - iii) Installed HT power factor compensation for Goa Electricity Department power, resulting in energy conservation.
 - iv) Luminous push button provided at work centres and installed limit switches where necessary.
 - v) Energy Efficient Metal Halide light fittings provided in aisle ways in place of 250 W HPML lamps.
 - vi) Auto control ON-OFF provided to street lights.
 - vii) Installation of energy efficient light fittings in place of conventional tube lights.
 - viii) Improved preventive maintenance of machines to reduce energy loss.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :
Various proposals / measures for reducing energy consumption are under consideration.
- c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:
Impact has not been separately measured.
- d) Total energy consumption and energy consumption per unit of production as per Form A in respect of industries specified in the schedule thereto:
Not applicable.

B. Technology Absorption :

Efforts made in technology absorption as per Form B are as follows :

Form for disclosure of particulars with respect to Absorption, Research and Development (R&D)

- 1. Specific areas in which the Company is pursuing R & D efforts :
 - (a) Following new cables have been designed, developed and successfully launched in the market :
 - (i) Co-axial cable using CCS conductor.
 - (ii) RG214 Co-axial cables.
 - (iii) Figure 8 cables.
- 2. Benefits derived as a result of the above R&D :
The aforesaid newly developed products have been introduced in the market and give significant benefits in terms of quality, better performance of the end-user application and import substitution.
- 3. Future plan of action:
 - To develop RF cables
 - To develop CAT7 LAN cables with higher bandwidth.
 - To develop cross-linkable HFFR cables for high temperature working.
 - To develop low water peak optic fibres.
 - To develop cost effective FTTH Cables.
 - To develop ZHFR building wires.

4. Expenditure on R & D

(a) Capital	}	The development work is carried on
(b) Recurring	}	by the concerned departments on
(c) Total	}	an ongoing basis. The expenses
(d) Total R & D expenditure as a percentage of total turnover	}	and the costs of assets are grouped under the respective heads.

Technology Absorption, Adaptation and Innovation :

1. Efforts in brief, made towards technology absorption, adaptation and innovation :
 - (a) Power Modules for heating control were indigenised for substantial savings.
 - (b) Overall temperature control of the manufacturing process was improved by using specially designed PID controllers in-house.
 - (c) Imported equipment PLC programs were suitably modified for minimum product damage during power interruptions for reducing in process scrap.
 - (d) Continuous efforts are going on for further developing, improving and upgrading all types of cables.
2. Benefits derived as a result of the efforts e.g. product improvement, cost reduction, product development, import substitution etc. :
 Several tangible and intangible benefits from new technology are derived such as cost reduction, productivity, development of new products, import substitution and better customer services. Development and manufacture of new products with enhanced features will extend the product range of the Company, enabling it to cater to different customer needs.
3. Imported technology (imported during the last 5 years reckoned from the beginning of the financial year) :
 - a) Technology Imported : Nil
 - b) Year of Import : Not applicable
 - c) Has technology been fully absorbed ? : Not applicable
 - d) If not fully absorbed, areas where this has not taken place, reasons therefor, and future plans of action : Not applicable

C. Foreign Exchange Earnings and Outgo :

Exports have shown good growth in the year. The geographical spread of exports has now widened to the countries in the developed part of the world. With the manufacturing background for years, access to and availability of best breed technology and conformity with international standards, the Company has been offering customized cable solutions to its international customers. The Company continues to remain focused on export activity and is confident of achieving an impressive export turnover in due course of time. The Company has initiated the process of establishing its maiden branch office in DUBAI.

- i) Earnings by way of Exports : Rs. 779.118 million
- ii) Outgo by way of Imports : Rs. 1,565.970 million

For and on behalf of the Board of Directors

Pune
Dated : 28th April, 2008

P.P. Chhabria
Chairman



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Management Discussion and Analysis

1. BUSINESS OF THE COMPANY:

The Company currently operates in two main business segments, Electrical Cables and Communication Cables. The Company has recently added High Voltage Power Cables to its range of Electrical Cables. The Company manufactures Continuous Cast Copper Rods (CCC rods), essentially for captive consumption; however a part of the production of CCC rods is sold. The Company has expanded its product range which includes Electrical Switches and Compact Fluorescent Lamps (CFLs) manufactured by it. The Company also manufactures PVC Sheets for various applications like roofing, signage and interiors.

1.1 Main Segments:

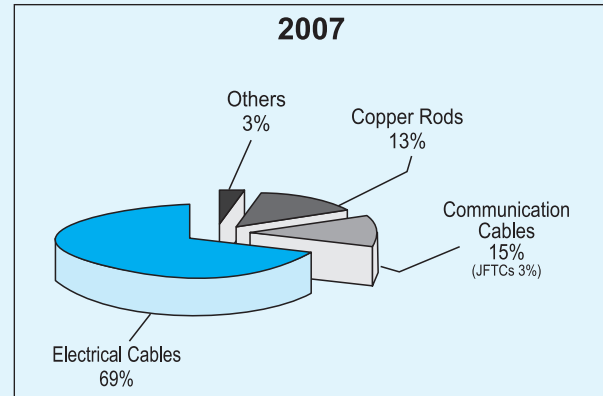
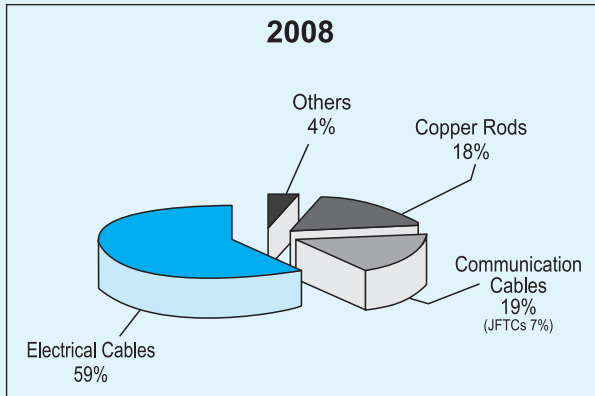
The Company is the leading domestic manufacturer of electrical and communication cables with a wide product range. The Company thus offers a 'Total Cable Solution'. The broad segmentation of the products manufactured by the Company is as follows:

Group	Products Covered	Application
Electrical Cables	1100 V PVC insulated cables	Electrification of residential, commercial and industrial establishments, electrical panel wiring and consumer electrical goods.
	Motor winding PVC insulated cables and 3 core flat cables	Submersible pumps and electrical motors.
	Automotive/battery cables	Wiring harness for automobile industry and battery cables for various applications
	UPS cables	For providing power from the UPS to the computer/appliances in the networking environment.
	Heavy duty, underground, low voltage, power and control cables	Connection to the user point from main supply of power.
	Heavy duty, underground, high voltage, power cables	Intra-city power distribution network
Communication Cables	Jelly filled telephone cables (JFTCs)	Telephone line connections to exchanges and users.
	Local area network (LAN) cables	Indoor and outdoor networking, voice and data transmission, broadband usage.
	PE insulated telephone cables (Switchboard cables)	Telephone instrument connections to EPABX.
	Coaxial cables	Cable TV network solutions.
	Optic fibre	Principal raw material for optic fibre cables.
	Optic fibre cables	For use in networks requiring high speed transfer of large bandwidth due to voice, image and data transmission.
	V-SAT cables	For connecting V-SAT dish to base station.
Copper Rods	CCC rods of 8 mm diameter	Raw material for manufacture of copper based cables.
Electrical Switches	Premium & classic switches, sockets, regulators, etc.	Domestic lighting, hotels, shops, offices, corridors.
Compact Fluorescent Lamps (CFLs)	Retrofit & non-retrofit lamps	Domestic lighting, hotels, shops, offices, corridors.
PVC Sheets	PVC corrugated sheets, foam sheets and rigid sheets	Industrial roofing, wall cladding, signage boards, partition boards, exhibition display boards and false roofing.

The Company's product application range is thus for electrical usage, transmission of voice, data and images (contents) for domestic, commercial and industrial applications to electrical products, touching every person in his daily life.

1.2 Revenue Break up :

Segment-wise revenue breakup for the last two years is as follows:



2. REVIEW OF OPERATIONS:

- Production of metal based electrical and communication cables during the year under review was at 2,640 TCKM (thousand core kilometers) (previous year : 1,565 TCKM). Production of optic fibre cables during the year was 38,265 cable kilometers (previous year : 20,547 cable kilometers). The sale value of electrical cables increased by 15% and the sale of communication cables was higher by 73% (due to better JFTC business) over the earlier year.
- The sale of CCC rods (net of interdivisional transfers) was at Rs. 2,869.468 million.
- Exports were higher at Rs. 779.118 million as against Rs. 672.532 million of the earlier year.
- The income from operations (including excise duty) was higher at Rs. 15,928.978 million for the year under review as compared to Rs. 11,859.227 million for the earlier year.
- Profit after tax was higher at Rs. 889.241 million against Rs. 689.930 million for the earlier year.
- The Company commissioned its high voltage power cables plant at Urse near Pune and thus added high voltage power cables upto 66 KV rating to its range of electrical cables. The Company signed a joint venture agreement with J-Power Systems Corporation, Japan for manufacturing extra high voltage power cables between 60 KV to 500 KV range and to offer complete services of turnkey installation and connectorization with supply of jointing kits.
- The Company commissioned its CFL manufacturing facility at Urse near Pune. Keeping in mind the high future CFL demand, the Company has taken steps to raise CFL manufacturing capacity from 10 million units to 30 million units per year.
- A Greenfield manufacturing facility was conceived and set up at Roorkee, Uttarakhand to expand the manufacturing base for light duty electrical cables for use in construction industry, electrical panel wiring and consumer electrical goods. This plant is fast nearing completion and expected to go on stream in May 2008.
- A reference may please be made to the financial statements.

3. KEY STRENGTH AREAS

3.1 Leading Manufacturer

The Company is India's leading manufacturer of electrical and communication cables with a wide product range. This status not only helps the Company in terms of economies of scale, but as a market leader it is well positioned to reach out to new customers, both domestic and international.

3.2 Technical Superiority of Products

The Company lays a lot of emphasis on maintaining superiority status in terms of quality and product features through in-house research and development. The Company has defined quality assurance processes and strives for improvement in products. This product advantage is key reason why the Company has been able to carve out a niche position for itself in the market.

3.3 Extensive Distribution Network

The Company has created a strong and dependable distribution network of channel partners and dealers, spreading across the country. The distribution network also includes commission agents/dealers appointed in the overseas market. The intention is to service the customer at his doorstep. Not only has the distribution network been built, the Company undertakes a periodical review of it for upgradation and expansion. The domestic distribution network is well supported by branch offices and depots opened by the Company at a number of locations throughout the Country.