

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	
A. K. Puri	
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>

M. Viswanathan	<i>Director - Finance (Chief Financial Officer)</i>
R. G. D'Silva	<i>Company Secretary & Vice President (Legal)</i>

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

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Annual Report 2008-09

Directors' Report

To

The Members

Your Directors are pleased to present their 41st Annual Report and Audited Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS:

(Rs. in million)

	2009	2008
Income	13,924.664	14,178.983
Profit Before Interest, Depreciation, Exceptional Items and Tax	1,265.820	1,883.949
Less : Interest	300.049	189.287
Less : Depreciation	387.636	264.671
Profit Before Exceptional Items and Tax	578.135	1,429.991
Less : Exceptional Items	878.953	227.010
Profit Before Tax	(300.818)	1,202.981
Less : Provision for Taxation		
(a) Current Tax	—	341.360
(b) Deferred Tax	46.393	(33.720)
(c) Fringe Benefit Tax	7.700	6.100
Profit After Tax	(354.911)	889.241
Surplus brought forward and other adjustments	423.371	152.527
	68.460	1,041.768
APPROPRIATIONS		
Debentures Redemption Reserve	—	50.000
Proposed Dividend	30.588	229.409
Tax on Proposed Dividend	5.198	38.988
General Reserve	—	300.000
Surplus carried to Balance Sheet	32.674	423.371
	68.460	1,041.768

OPERATIONS

Operations for the year have to be viewed in the context of the substantial changes that have been sweeping the global economy over the past several months. The year 2008-09 has seen the following major changes: financial crisis with credit availability substantially reduced, fall in economic activity, fall in demand and consumption levels, unprecedented volatility in prices of commodities including copper and PVC, depreciation in the value of Rupee as compared to the US Dollar, although some recovery is being seen currently.

During 2008-09 your Company was impacted by these changes as well: the third quarter saw substantial reduction in demand for electrical cables, while the fourth quarter saw some good recovery. Following the steep fall in copper prices, your Company had to judiciously reduce prices of electrical cables by about 35% in the third quarter of the year – while in the short term this affected margins, the reduction also meant lower top line growth in the second half of the year under report. There was adverse impact on margins arising from weakening of the Rupee, related to imports or materials related to foreign exchange. The unprecedented volatility in currency and interest rates resulted in a charge of Rs. 1,094.391 million on account of exchange variation and foreign exchange derivatives that your Company had entered into with the intent of risk mitigation.



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While income for the year under review was marginally lower at Rs. 13,924.664 million (previous year Rs.14,178.983 million) due to the reasons mentioned in the earlier sections coupled with the aforesaid price reduction in the second half of the year, there was a Net Loss of Rs. 354.911 million as against a Net Profit of Rs. 889.241 million in the previous year. The economic scenario globally as well as nationally thus had an adverse impact on the operations especially during the second half of the year. Also, in the second half of the year, on the one hand the steep fall in copper and PVC prices led to a situation of having to absorb cost of inventories purchased earlier at higher prices while on the other hand, demand for Electrical Cables was sluggish. Coupled with sluggish demand was one of the most severe credit crunches seen in recent times, which hampered sales efforts.

Segmentally, Electrical Cables contributed 56%, Communication Cables contributed 19%, Copper Rods contributed 19% and other products contributed 6% to the total sale of products. The sales mix, when compared to the previous year, underwent a change. In the Communication Cables segment, Optic Fibre Cables business continued to grow with little impact of the current economic downturn and the order book in this business is currently healthy. However, there were minimal orders in Jelly Filled Telephone Cable (JFTC) business.

Keeping the prevailing situation in the economy in mind, your Company adopted stringent cost management measures and additional control over inventory and receivables levels.

REVERSAL OF PREVIOUSLY IMPAIRED ASSETS OF FIBRE OPTIC DIVISION

During 2004-05 the Company had accounted for the impairment loss on the assets belonging to the Fibre Drawing and Preform Manufacturing Facilities as well as related Utilities within the "Optic Fibre" cash generating unit forming part of Communication Cable segment. Upon periodical review, and considering the changed business scenario and increased demand for Optic Fibre, both domestically and internationally, the management's opinion in respect of the assets belonging to the Fibre Drawing Facility as well as related Utilities is that, the estimated recoverable amount exceeds their carrying cost. Further future cash flows from the Fibre Drawing Facility is estimated to be positive. Accordingly, an amount of Rs. 271.298 million (Gross Rs. 362.085 million, and accumulated depreciation of Rs. 90.787 million) has been credited to Profit and Loss account with reversal of corresponding deferred tax asset of Rs. 56.810 million to Profit and Loss account. Impairment loss of Rs. 288.510 million (Gross) pertaining to Preform Manufacturing Facility has been carried forward since there has been no significant change in its status.

DIVIDEND

Considering the business situation and inadequacy of profits for the year under review, your Directors restrict their recommendation of dividend on equity shares to 10%.The amount thereof per equity share will be Rs. 0.20. The total dividend outgo (including dividend tax) will be Rs. 35.786 million. This amount will be paid out of Reserves and Surplus, more particularly out of balance standing to the credit of "Profit & Loss Account" under the head "Reserves and Surplus".

PROJECTS

As mentioned in the previous report, 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, Urse near Pune

The Company had launched its products during the previous year. Your Company's products have now found general acceptance in the market, and currently the Company is in market expansion mode.

The second line is expected to go live in the third quarter while the third line is expected to do so towards end of this current financial year. These expansions will bring the capacity available up to 30 million pieces annually. CFLs have been branded 'Finoglow' by your Company. Finoglow is an energy saving lamp, can save energy consumption up to 80% as against an equivalent incandescent lamp. Finoglow is available in different colours, 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.

With increasing awareness of the effects of global warming, most nations globally are targeting to achieve significant reduction in carbon emission. CFLs being a green product, qualify as one of the means to reach reduction goals. Additionally State Governments are extending fiscal benefits in the form of reduced VAT on CFLs (Maharashtra has recently announced a reduction in the VAT in its budget for 2009-10). These and similar measures, your Company believes, should lead to substantial growth in the CFL business in the near term.

High Voltage Power Cables Project, Urse near Pune

This project was undertaken to manufacture insulated, underground usage power cables up to 66 KV rating. The manufacturing facility has been set up at Urse near Pune. After successful trial runs, the plant started commercial production in July 2008. The Company

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thereafter started the formalities of obtaining product approvals for these cables from various authorities including Central Power Research Institute (CPRI), Bureau of Indian Standards (BIS), State Electricity Boards, Government and private bodies, power and infrastructure projects, etc. The products manufactured by the new plant were well received in the market. The plant's contribution towards production of such cables would be available for full year from the current financial year onwards.

The major requirements for High voltage power cables come from power distribution segment for upgrading the existing network by replacing overhead transmission wires and underground power cables for catering to the ever growing demand for electrical power caused by continuing urbanization process. High voltage power cables are also required at power generation station and in power transmission segment though in a lower quantum.

Urse Expansion Project

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

Uttarakhand Project, Roorkee

This project was conceived to expand the manufacturing base for high growth light duty electrical cables which find various applications in construction industry, electrical panel wiring and consumer electrical goods. After carrying out trial production for some time for ensuring that the products manufactured consistently meet the desired parameters, the plant started commercial production in October 2008. This green-field manufacturing facility was capitalized in the books in the financial year under review and has increased Electrical cable capacity by an additional 648 TCKM per year.

This facility will not only enhance the competitiveness of the Company in the Electrical cable segment but will also provide the advantages of being in close proximity to the current and potential customers in the business-booming northern and eastern regions. Additionally, this manufacturing facility will enjoy fiscal incentives by way of excise duty exemption for 10 years and income tax benefit provided by the Government to promote quick industrialization and all round growth in the Country.

Electrical Switches Project

The Company manufactures electrical switches of superior quality and aesthetics and the same are branded as 'Finoswitch'. Finoswitch is meant for controlling the flow of power and is safe, durable and tested to last for over sixty thousand clicks. They are launched in two ranges; premium range to address the niche market and classic range meant for the mass market. Premium range has a unique fluorescent stripe that glows in dark to act as a guide to the users. The intermediate manufacturing facility at Urse is fully operational.

During the year under review, the product range has been expanded to address the requirements of hotel and leisure businesses. There has been a thrust on expanding the distribution network. Further expansion of capacity is envisaged to take place in 2009-10 at your Company's new manufacturing facility in Uttarkhand to take advantage of fiscal benefits.

Finolex J-Power Systems Private Limited, Shirval near Pune

In the previous year your Company had announced the setting up of a joint venture together with J-Power Systems Corporation of Japan to offer complete turnkey solutions in extra high voltage (EHV) cable systems in India and abroad. The project cost is estimated to be Rs. 1,760 million with an equity participation from the promoters of Rs. 780 million. The present subscribed and paid up capital of the joint venture company is Rs. 400 million of which the Company holds 49% and the balance 51% is held by the joint venture partner namely: J-Power Systems Corporation, Japan. Land acquisition for the venture has been completed. Financial arrangements for the project funding have also been finalized with the banks. The banks have shown confidence in the promoters as well as the project. Supplier identification for all major equipment has been finalized and orders placed with relevant suppliers. Civil work on the project has since commenced. The project is targeted to be completed by end 2010. The joint venture will manufacture and sell high voltage power cables up to 500 KV 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 and was established 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.



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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 state-of-art cables such as Halogard cables based on Halogen Free Flame Retardant (HFFR) insulation, Co-axial cables using Copper Clad Steel (CCS) conductor and Figure 8 cables that were designed and developed by the in-house R&D team. In its continuous efforts to identify and address the needs of niche markets, your Company has assessed the market potential for manufacture of Aluminium Conductor Steel Reinforced (ACSR Conductor) and Enamelled Wires and is in process of identifying a suitable party who possesses the requisite technology to enable developing new products to meet the requirements of such markets.

EXPORTS

For the second time, in March 2009, your Company has been awarded the prestigious trophy by Engineering Export Promotion Council (EEPC) 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 2006-07. In the previous year the Company had been awarded this prestigious award for outstanding contribution to engineering exports during the year 2005-06.

The Company is strongly focused in strengthening efforts to improve earnings from its business in the international markets. FOB value of exports for the year was marginally lower at Rs. 776.227 million as against Rs. 779.118 million for the previous year. A variety of cables are exported and the Company is continuously striving to increase its bouquet of products that cater to the export markets. With its key strengths of strong and diversified manufacturing background of last few decades, access to and availability of best breed technology and its products conforming to international standards the Company has been offering customized cable solutions to its international customers and is poised to take advantage of opportunities that are presented in the highly competitive export markets. As part of the efforts to rationalize costs, the Dubai branch office of the Company is in process of being closed down in the current year due to the unprecedented global recession and down turn in industry that has adversely impacted the sales of cables and wires in Dubai and areas nearby thereto which had hitherto been enjoying booming conditions. The Company is therefore making focused efforts to increase the overseas channel of distribution by judicious appointment of authorized local agencies for promoting business for the Company's products. Your Company has been aggressively pursuing new markets for increasing exports of standard products as well as new products.

FINANCE

Your Company has been accorded P1+ rating (Reaffirmed), the highest rating for a Rs. 2.5 billion short term debt program. The Company holds AA/Negative 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.

SUPERBRAND STATUS

As was reported in the previous year, the Company has been consistently selected as the 'Superbrand' in the exclusive and elite Superbrand Category. The Business Superbrand status was awarded for the years 2004-06 and thereafter the Consumer Superbrand status for 2006-07. The Company thereafter moved forward and was awarded the Business Superbrand status again for 2008-09.

Further, the Company has been selected for 'Consumer Superbrand' status again for the year 2009-10 and the same is expected to be issued to the Company in due course of time. The Company is the only Indian cable company to have achieved this enviable distinction.

SIX SIGMA

Six Sigma demands hard work, commitment of resources and is a continuous improvement process. A Six Sigma steering committee is in place for guiding the Six Sigma team, selection / approval of pilot projects and review of status of pilot projects, etc. Six Sigma will help the Company to identify, focus on and solve business challenges before it in a disciplined manner. The Six Sigma initiative is targeted to help the Company to reduce costs, reduce defects, enhance quality, improve reliability and provide on time delivery.

FIXED DEPOSITS

As reported earlier, your Company had stopped accepting fixed deposits since 28th April, 2003. As on 31st March, 2009, the unclaimed deposits were Rs. 33,000 and interest accrued thereon till due date. The reminders sent by the Company in the past to the deposit holders at their known address were not helpful in liquidating the unclaimed deposits. Under the relevant provisions of the Companies Act, 1956 unclaimed deposits and interest accrued thereon have to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government after expiry of the prescribed period of seven years. If the deposits of Rs. 33,000 continue to remain unclaimed, the same will, together with interest accrued thereon, accordingly be transferred to the IEPF Account of the Central Government on the due dates.

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EMPLOYEES

Employees are vital to the Company and human resource management has gained greater significance in the present scenario. The retention and motivation of properly qualified, trained and experienced high calibre employees presents a constant challenge. The Company endeavors to create a favorable work environment that encourages independent thinking, innovation and meritocracy. Carefully planned and structured training programs are intended to take care of development of human skill. The training programs are designed in a systematic manner after identifying an individual's training needs. The training programs cut across the organizational hierarchy and besides targeting promotion of team spirit are focused to address desired training needs. Employee motivation is taken care of through empowerment and ensuring a healthy working environment. The dual remuneration system: assured as well as performance related; goes to promote talent within the Company.

Industrial relations continued to be cordial during the year. Fresh long term Agreement, valid for three and half years, was signed with the bargainable workers at Pimpri, which is effective from 1st December, 2008.

The Company had 1,340 permanent employees on its roll as on 31st March, 2009 (previous year 1,316 permanent employees as on 31st March, 2008).

CORPORATE GOVERNANCE

The statement on Corporate Governance is annexed hereto and forms a part of this Report.

CORPORATE SOCIAL RESPONSIBILITY

The rural residential school sponsored by the Company under the Government of Andhra Pradesh's landmark initiative to provide quality education to semi urban and rural students of the State in collaboration with the corporate world is progressing satisfactorily. The land for the said school admeasuring about 43.92 acres located at Settigunta Village near to Tirupati was provided free of cost to the Company for this purpose by the Government of Andhra Pradesh.

Your Company's commitment to society continues and donations have been given to charitable trusts and other organizations working in the fields of public health care, child welfare and education. Scholarships and prizes are being awarded to outstanding students and for vocational training. Besides, the Company also extends financial assistance to worthy social causes. The Company continues to support Finolex Academy of Management & Technology which runs a full fledged engineering college since 1994 at Ratnagiri that is affiliated to Mumbai University. 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.

The Company discharges its duties as a responsible corporate citizen and accords importance to legal compliances. It also handsomely contributes to the exchequer. While all the older plants are environment compliant and hold ISO 14001 (Environment Management System) certification, your Company is preparing for its newest plant at Uttarkhand to be similarly certified. The Company has adopted a Code of Conduct. Honesty and integrity are the corner stones on which human capital is built within the Company. The Company promotes an environment of trust and confidence in its 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, 2009 and of the Profit and Loss Account for the year ended 31st March, 2009.
- 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 Rules, 1988 (Disclosure of Particulars in the Report of the Board of Directors) is annexed hereto and forms part of this Report.



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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

Pursuant to the meeting of the Board of Directors of the Company held on 31st July, 2008, Mr. P B Parasnis, erstwhile Assistant Managing Director & Chief Financial Officer of the Company ("CFO") ceased to be a Director of the Company effective from that date. The relevant Banks, Stock Exchanges and Registrar of Companies were duly intimated of the same.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Dr. H S Vachha, Mr. B G Deshmukh and Mr. Atul C Choksey retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

Mr. Ashok Kumar Puri was co-opted as an Additional Director by the Board on 16th October, 2008. He is 61 years old and holds qualifications of B.Sc. Engineering (Electrical), MBA and is the former Chairman and Managing Director of M/s Bharat Heavy Electricals Limited (BHEL). He is the Managing Director of M/s Hinduja National Power Corporation Limited and Director of M/s Hinduja Energy (India) Limited. He is a technocrat with immense experience in heavy engineering and management. Mr. Puri's appointment is to be confirmed by the Members at the ensuing Annual General Meeting. The Board of Directors is of the view that the presence of Mr. Ashok Kumar Puri 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.

In view of the sudden and substantial changes that have been sweeping the global economy over the past several months whereby the adverse effects of sudden crash in commodity prices including copper and PVC, unprecedented volatility in exchange rates, severe financial crisis, substantially reduced credit availability and fall in demand and consumption levels due to the global slow down / down turn in industry in general more particularly in the housing / realty and infrastructure sectors, for the first time in its history the Company is faced with a situation of inadequacy of profits in this financial year. As discussed and decided at the Board Meeting held on 5th May, 2009, no commission will become payable to Directors in respect of the year 2008-09. Further, in accordance with the provisions of the Act, and as decided by the Board, in respect of the whole time Directors, each of their salaries, etc have been restricted to an amount of Rs. 48 lacs for this financial year and the amount in excess thereof receivable by each of these Directors has been returned to the Company within the year and the same would become payable to each of them only upon requisite approvals of the Members in ensuing Annual General Meeting and also the prior approval of the Central Government being received in this respect. Accordingly, suitable resolutions which appear in the Notice of the ensuing Annual General Meeting have been proposed for consideration of the Members.

AUDITORS

M/s B.K. Khare & Company, Chartered Accounts, 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 co-operation and support to the Company's business operations. The employees at all levels are assets of the Company and your Directors appreciate their valuable 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 : 11th June, 2009.

P.P. Chhabria

Chairman

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) Power cables from sub-station to machines were re-routed to reduce distribution losses.
 - ii) Induction heating equipment in co-axial cable line replaced with modern technology for reducing its power consumption significantly.
 - iii) Elimination of continuous DG running by installing alternative power source with auto transfer system.
 - iv) Installation of energy efficient AC motor drive in place of DC motor drive.
 - v) Installation of lower rated pump to reduce power consumption.
 - vi) Energy Efficient Metal Halide light fittings provided in aisle ways in place of 250 W HPML lamps.
 - vii) Auto control ON-OFF provided to street lights.
 - viii) Installation of energy efficient light fittings in place of conventional tube lights.
 - ix) 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) Halogard cables based on HFFR insulation.
 - ii) Low water peak optic fibres.
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 HFFR compound.
 - To develop cross-linkable HFFR cables for high temperature working.
 - To develop RF cables
 - To develop CAT7 LAN cables with higher bandwidth
 - To develop cost effective FTTH Cables.



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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 :

- Imported snout of holding furnace modified and replaced by local make snout to prevent copper solidification in entry passage.
- Burner weldments of the shaft furnace have been modified to allow taper screens in place of parallel screens thereby eliminating jamming of screens in weldment and reduction in effort and time required to change screens.
- 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) :

- Technology Imported : Nil
- Year of Import : Not applicable
- Has technology been fully absorbed ? : Not applicable
- 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 :

The Company is strongly focused in strengthening efforts to improve earnings from its business in the international markets. A variety of cables are exported and the Company is continuously striving to increase its bouquet of products that cater to the export markets. With its key strengths of strong and diversified manufacturing background of last few decades, access to and availability of best breed technology and its products conforming to international standards the Company has been offering customized cable solutions to its international customers and is poised to take advantage of opportunities that are presented in the highly competitive export markets. Your Company has been aggressively pursuing new markets for increasing exports of standard products as well as new products.

- Earnings by way of Exports : Rs. 776.227 million
- Outgo by way of Imports : Rs. 1,404.367 million

For and on behalf of the Board of Directors

Pune
Dated : 11th June, 2009.

P.P. Chhabria
Chairman

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, microwave communications, mobile towers.
	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.
Copper Rods	V-SAT cables	For connecting V-SAT dish to base station.
	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.