

Leadership since
1958
Finolex Cables

Finolex
Cables Limited

ANNUAL REPORT 2014

CABLE PERFORMANCE



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Chairman's Message



Dear Shareholders,

This is my first communication to you as Chairman of the Company. I am indeed privileged and honored to occupy this position - a position that was so admirably held by Shri P. P. Chhabria before I stepped into this role.

I would be remiss in my duties if I did not thank Shri P. P. Chhabria for his invaluable leadership and guidance in bringing the Company to its present status. He has been the guiding force behind the Company's growth as well as the strong values that we have all imbibed over the years. It shall be my endeavor to develop on the very strong foundation and take the Company to its desired goals.

The year that concluded saw us building on the promise that our Company is; while the markets remained subdued, we focused on two things — one was to maintain our market position and the second was to improve profitability. We did this by continuously executing cost innovations, improving operational efficiencies and enhancing technical competencies. These efforts have resulted in Your Company achieving record profits in the year under review.

General sentiments regarding the economic prospects have become quite positive in the recent month or so; the belief is that the Country will soon return to its path and potential of high growth — this augurs very well for Your Company. With the additions that have been built to the capacities in the last couple of years, Your Company will be able to quickly react to any potential improvements in the economic demand.

I look forward to your continued support, guidance and encouragement, which I am sure will help us take the Company forward towards its destiny in the coming years.

With best wishes,

Deepak Chhabria
Executive Chairman

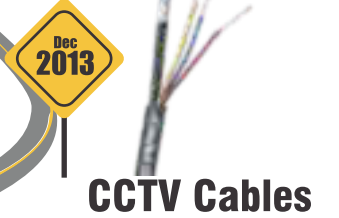
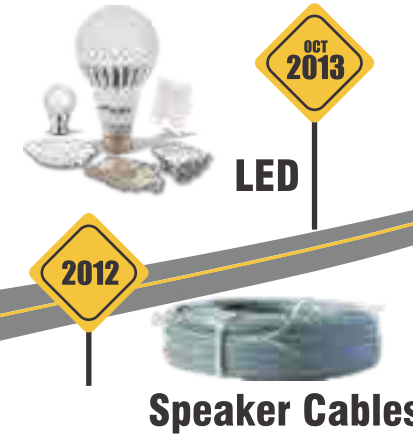
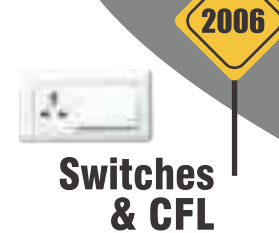
A Potent & Powered Product Portfolio

A modest journey that began in 1958 has spanned a course of 6 eventful decades. The essence of Finolex Cables' success lies in its quest to evolve into an electrical products company from a wire and cables company. Finolex Cables aspires to be a game-changer in this space.

The electrical expedition began with the likes of auto cables, electrical wires and cables and JFTC. It gradually evolved to include in its fold high-voltage power cables, communication cables, industrial cables, co-axial cables for the entertainment industry, lighting products and much more. The range has been expanded to include products like fibre-optic cables, Switches, CFL, tubelights, speaker cables, LED lights, CCTV cable, travelling cables for lift and elevator industry, hybrid power and telecom cables and others. The company would be launching switch gear products soon.

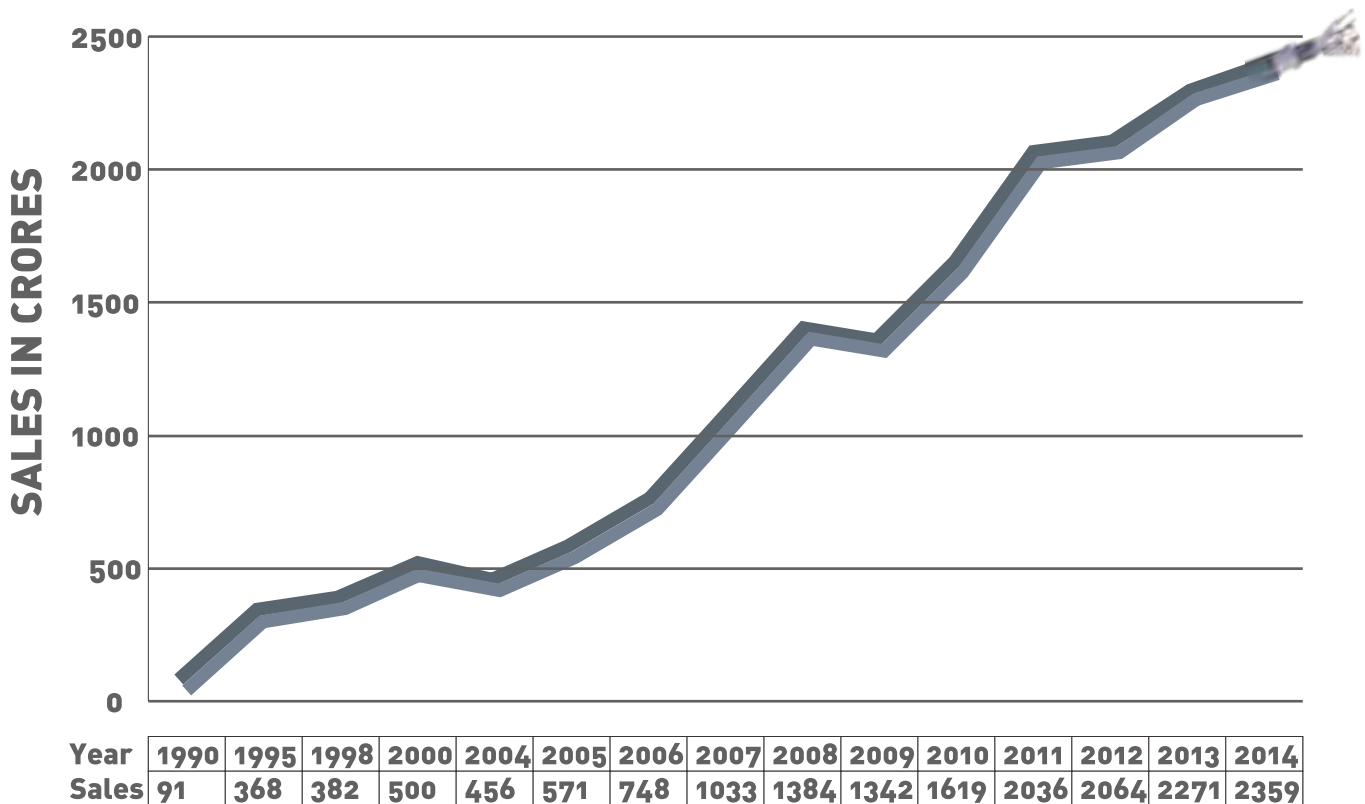
Over the years Finolex Cables has embraced technology and innovation resulting in a broad spectrum of offerings.

Augmentation of the product basket demands the support of superior logistics. Finolex Cables' visionary attitude and its incessant focus on research, operational efficiency and ERP carves new in-roads into the era where thinking of electrical goods will be synonymous with thinking of Finolex as a brand.



1958 FINOLEX
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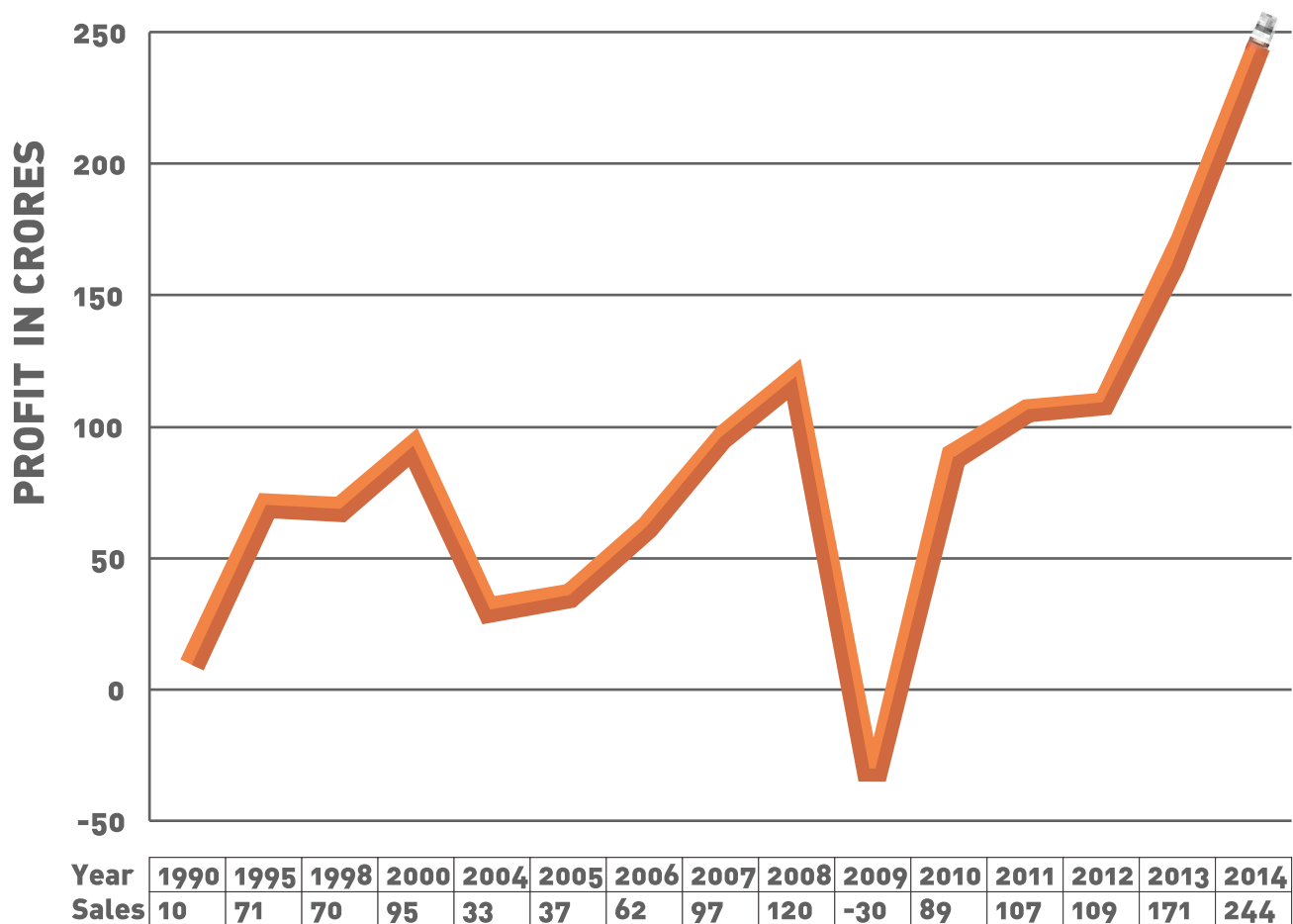
Sales & Profit: A Promising Trajectory



India has advanced enormously as an economy in terms of technology and manpower skill. Its emerging position as a manufacturing hub speaks volumes about our capacity to innovate with quality cables at an international level and at competitive prices. Finolex Cables has always believed in outdoing itself and raising the bar.

Modernization of plants, use of upgraded machinery and know-how, enhancement of our capacities, maintenance of a dependable distribution network of channel partners and dealers and most importantly adherence to integrated processes and quality control has not only garnered customer satisfaction but has also elevated our profits.

This transition phase holds a number of promises, the prominent one being that of Finolex Cables' ambition to touch a turnover of Rs. 5,000 crore in the next three years. The company believes that product diversification is as vital as revenue growth.

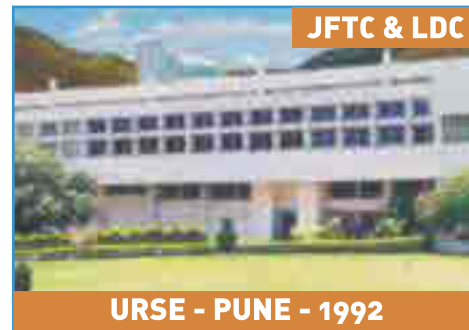


Finolex Cables has posted a 60 per cent increase in the net revenue from Rs. 1418 crore in March 2008, the year when the global financial crisis hit to Rs. 2,407 crore in March 2014. Its profit before tax also rose from Rs. 120 crore to Rs. 244 crore at this time.

During this period the company invested in additional capacities, entered new product segments, reduced debt, focused on working capital management as well as productivity improvements.

If earnings and cost-reduction go hand-in-hand, profits grow enormously. Backward integration and allied business activity like setting up a 5.5 megawatt solar power plant at the Urse facility is a perfect example.

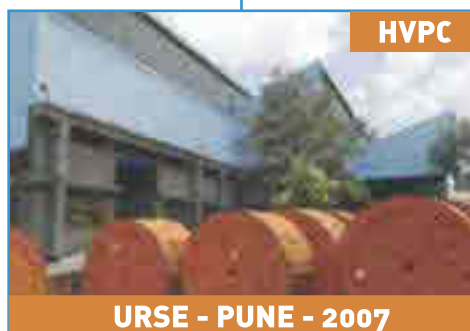
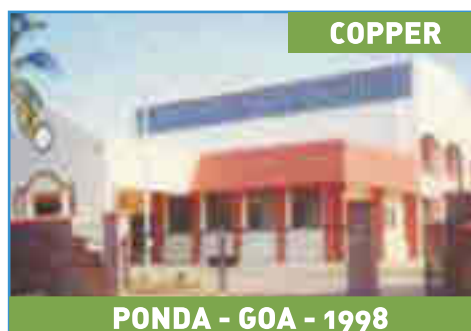
Capacity equals Capability



When manufacturing organisations make key decisions regarding manufacturing facilities the important aspect that comes to mind is capacity.

Undeniable benefits are associated with larger capacities. Finolex Cables recognizes this and therefore boasts of large scale capacities and state-of-the-art manufacturing facilities spread across Pune, Goa and Roorkee. To adapt to the flexibility of the supply chain, the company develops and implements evolving logistics strategies. The network of Finolex Cables consists of 4,000 distributors, 30,000 dealers and depots at 19 locations and effective SAP system connecting them all.

The installed capacity of the LDC segment for the year 2014-15 across facilities at Pimpri, Urse, Goa and Roorkee is 25,00,000, for JFTC it is 22,000 and for OFC it is 96,000 cable kms per year.



The company has designated different factories for specific products which then are stored at 19 warehouses across the country.

The company had recently expanded the Roorkee plant and doubled its capacity by the year 2013-14. This follows a doubling of capacity at the Urse plant for medium voltage power cables using latest technology from Troester, Germany. This latest technology allows the company to offer near zero discharge cable to the customers.

The company expanded its fibre capacity from 1 million to 2 million fibre kms per year and its fibre-optic cable capacity from 6000 to 8000 kms per month. Further expansion is underway and it will take its capacity to 10,000 cable kms per month by Q2- 2014-15.

Board of Directors

<i>D. K. Chhabria</i>	<i>Executive Chairman</i>
<i>P. P. Chhabria</i>	
<i>Dr. H. S. Vachha</i>	
<i>Atul C. Choksey</i>	
<i>Sanjay K. Asher</i>	
<i>P. G. Pawar</i>	
<i>S. B. (Ravi) Pandit</i>	
<i>Pradeep R. Rathi</i>	
<i>Adi J. Engineer</i>	
<i>Dr. V. G. Pai</i>	
<i>M. Viswanathan</i>	<i>Executive Director & Chief Financial Officer</i>

<i>R. G. D'Silva</i>	<i>Company Secretary & Vice President (Legal)</i>
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<i>Bankers</i>	<i>Central Bank of India</i>
	<i>Corporation Bank</i>
	<i>HDFC Bank Ltd.</i>
	<i>ICICI Bank Ltd.</i>
	<i>State Bank of India</i>
	<i>The Bank of Nova Scotia</i>
<i>Auditors</i>	<i>B. K. Khare & Co. Chartered Accountants</i>
<i>Cost Auditors</i>	<i>Joshi Apte & Associates Cost Accountants</i>
<i>Solicitors</i>	<i>Crawford Bayley & Co.</i>
<i>Registered Office</i>	<i>26/27, Mumbai-Pune Road, Pimpri, Pune 411 018 Tel.: 020-27506200 / 27475963</i>

46th

Annual Report 2013-14

Directors' Report

To

The Members

Your Directors are pleased to present their 46th Annual Report and Audited Accounts for the year ended 31st March, 2014.

FINANCIAL RESULTS:

(Rs. in million)

	2014	2013
Income	24,073.9	22,948.5
Profit Before Interest, Depreciation, Exceptional Items and Tax	2,954.6	2,529.1
Less : Interest	134.0	124.6
Less : Depreciation	484.3	466.3
Profit Before Exceptional Items and Tax	2,336.3	1,938.2
Less : Exceptional Items (Loss) / Gain	103.8	(230.1)
Profit Before Tax	2,440.1	1,708.1
Less : Provision for Taxation		
(a) Current Tax	578.3	333.9
(b) Deferred Tax	(49.5)	18.6
(c) MAT Credit	(166.5)	(108.1)
(d) Taxes of Earlier Year	1.0	11.0
Profit After Tax	2,076.8	1,452.7

BACKGROUND

Economic growth over the past couple of years has been muted - much will depend on the new government in terms of raising optimism with their approach to various policy issues. Growth estimates have been pruned from the earlier levels of 9% to between 5-6%. Investments which drove growth until 2008/9 have slowed down sharply. Domestic savings have declined while government deficits have ballooned. Inflation has been ruling high for well over two years now leading to a period of relatively high interest rates and its negative impact on the economy; the reigning in of the current account deficit has been one of the few positives for the year.

The depreciation in currency has resulted in an improvement in our competitiveness and should help improve exports in the coming months while at the same time compel industry to look for greater indigenization and import substitution. It is expected that inflation would moderate over the remaining part of 2014 and would pave way for some monetary easing. Recent clearance by the government of several projects that were held up for various reasons over the past couple of years also holds out hope for an improvement in business sentiments that could result in a turnaround to the investment cycles. However, there is a general expectation that the ongoing general elections will bring about a stable government and along with that there are renewed hopes of a strong and improved economic situation.

OPERATIONS

In terms of revenue, the year under review saw only a marginal growth over the previous year. Overall sales grew by 4% in value terms when compared to 2012-13. In volume terms the growth was higher. Higher volumes were achieved in Communication Cable and Copper segments as well as in the Lighting Business. Star performances came in from product offerings to the following customer sectors – agriculture in the Electrical Cables segment and Coaxial and Optic Fibre Cables in the Communication Cable segment. During the year under review both the Auto and Infrastructure (Power) sectors were under strain.

In terms of outlook for the upcoming year, sales of Optical Fiber Cables looks promising with the government firmly committed to achieving the targets set under the National Optic Fiber Network program as also the Defence Network. Similarly with the government clearing several major infrastructure projects recently, and more states opting for the Financial Restructuring Program, it is expected that the Power Sector would attract investments in cabling in the not too distant future.