

Leadership since
1958
Finolex Cables

Finolex
Cables Limited

ANNUAL REPORT 2011-12

*Integration creates
symphony...*



Integration creates symphony

We integrate with an aspiration to strike a balance. A balance that yields us something that we call a 'creation'. Be it creating a melody that soothes our senses or manufacturing a product, we take pride in what we create and strive to create more in the future. We at Finolex Cables are pleased to be among those who never shy away from putting in an effort that helps to 'create'. There is a constant thirst to innovate and produce for the better. With every passing year and with every achievement we become progressively more demanding towards ourselves. We constantly try to excel in our endeavour of taking a step further in advancement and technology. We continue to come together in order to strike a balance and create products of excellence.

Integration is the quintessential factor that makes us complete the process. Integration makes us create each link in the supply chain. Integration, for instance, helps us deliver end-to-end solutions even in a simple household scenario like a switch that powers an electric lamp. Creating high quality switches which when switched on powers an electric circuit which again is of excellent conductivity because of the copper we use in the cable to finally illuminating the lamp, which in-turn is both economically efficient and ecologically responsible.

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Chairman's Message

Dear Shareholders,

The fiscal year that just concluded has seen several changes. Globally, economic recovery has been slow with many of the European economies in deep financial crisis. Economic recovery in the US also, has not been as robust as one would have expected. On the domestic scene, we have faced a year of extraordinary inflationary pressures and a currency that has been subject to very volatile movements. Over the year, the rupee has depreciated by more than 15 % and has made the current account situation worse than before, adding to the inflationary pressures already existing in the economy.

Given this background, it is heartening to note the performance of your Company during the just concluded fiscal year. The Company has grown in volume year on year. As I have mentioned in the past, its broad product portfolio will continue to

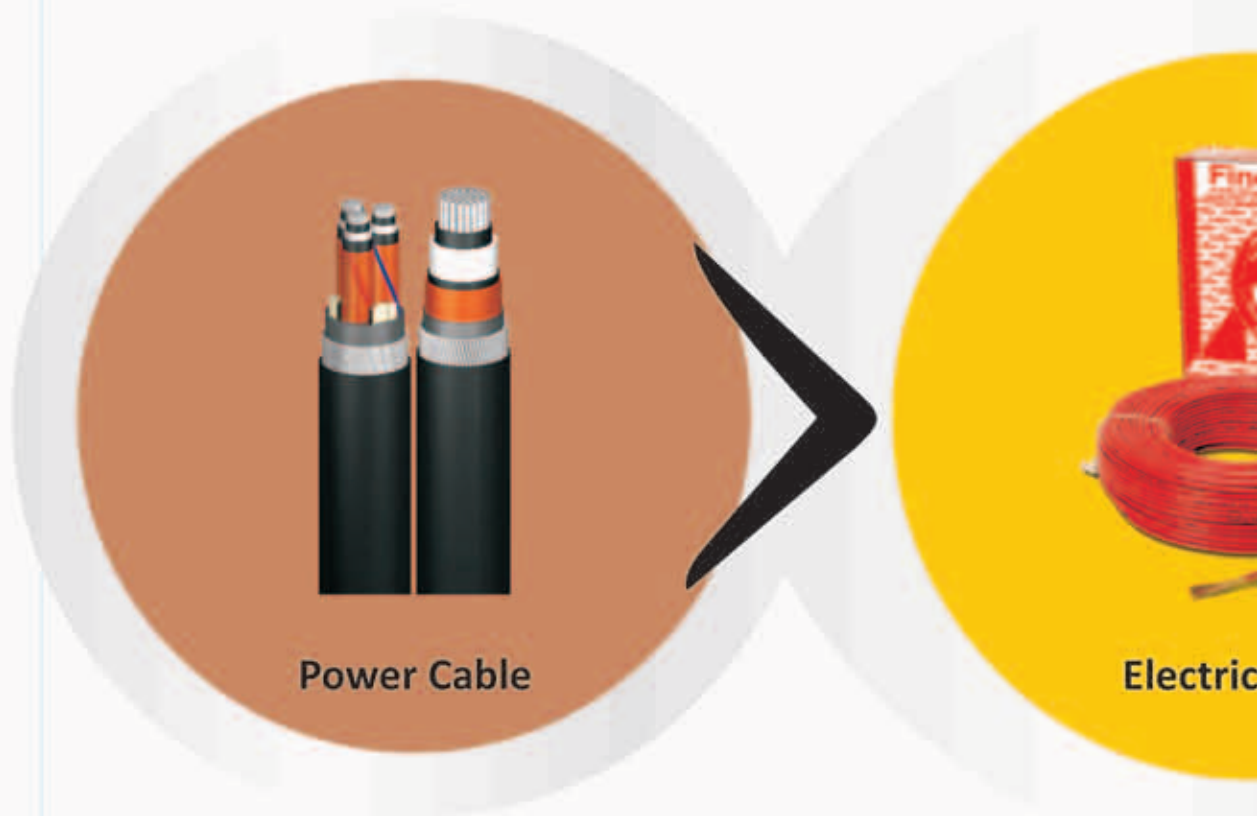
keep it in good stead, in being able to seize opportunities as they present themselves as well as in times when certain sections of the economy may not be doing too well.

During the last fiscal year, your Company has focused on distribution expansion, improving area coverage as well as customer service. Where necessary, technological upgrades have also been implemented. Focus has been on controlling costs as well as improving efficiencies. All these factors have enabled the Company to produce the results that are attached to this message.

I look forward to your continued support and encouragement which will propel the Company to greater heights.

With best wishes,

P. P. Chhabria
Chairman



Integration

We have backward and forward integration processes that help us deliver end-to-end solutions for customers completing each block in the value chain.

Integration is not just another term for us. It is the core principle that governs our business processes, helps us acquire a clear edge on our competitors and control and maintain the highest standards of quality in all of our products.

Our processes are seamlessly backward and forward integrated in a manner that helps us deliver end-to-end solutions for multiple customer needs across segments.

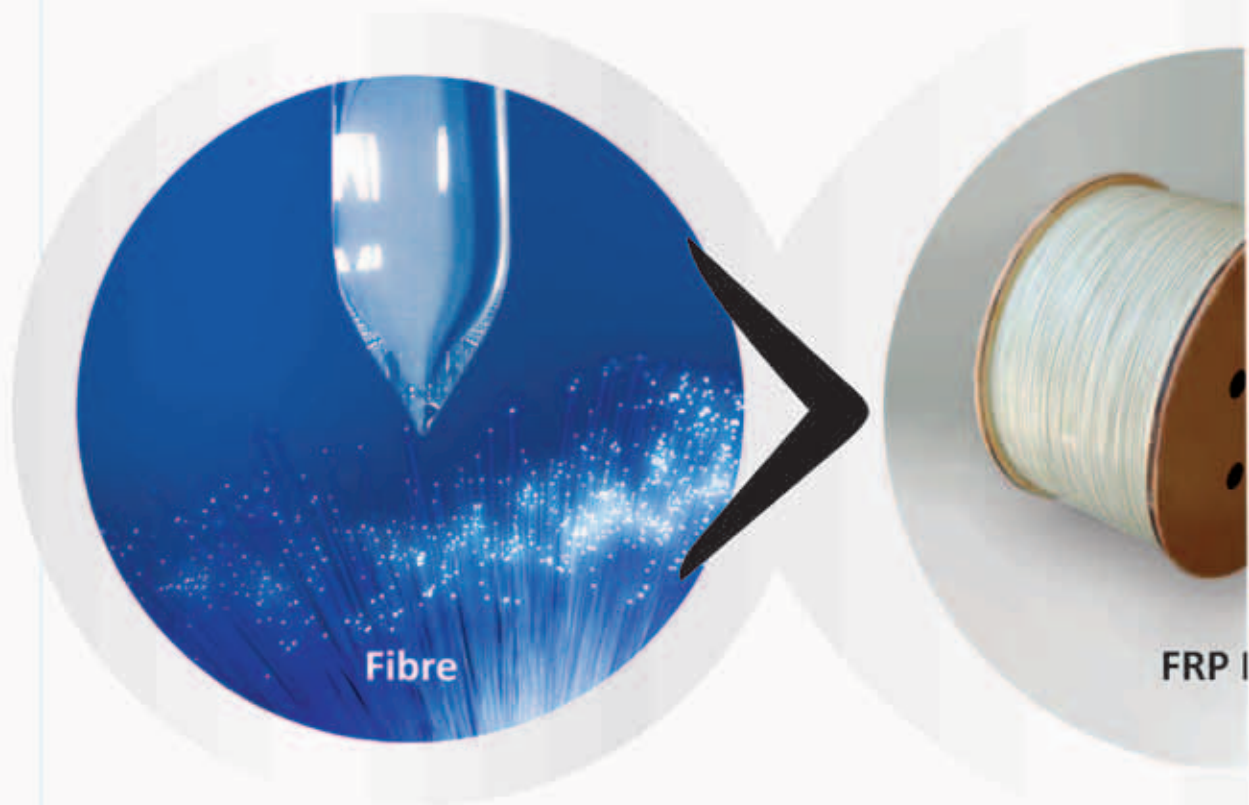
At the consumer products space, we deliver end-to-end electrical solutions that ensure a better, safer and efficient living. From Electrical wires and High-Voltage Power cables to Switches and CFLs, we have delivered quality and value to numerous Indian consumers for over five decades now. Finolex has become a brand that is recognised nationwide and is synonymous with trust and quality. Principally, it is Integration that has allowed us to stay true to our idea with delivering value



to the market. Controlling costs, managing interdependent processes efficiently, controlling production output are some of the key benefits of Integration that help us stay ahead of the rest.

One of our key areas of consideration has always been commitment towards protecting our environment and contributing towards reducing the global warming, by controlling carbon emissions and developing and upgrading products that are eco friendly. In congruence to this endeavour, we have developed Lead free electrical wires with the brand name of FINOGARD and Halogen Free electrical wires with the brand name of HALOGARD. We also manufacture wires with REACH and ROHS compliance that are tested and approved by reputed third party testing labs. This ensures the elimination of hazardous substances and provides us a greener, safer environment.

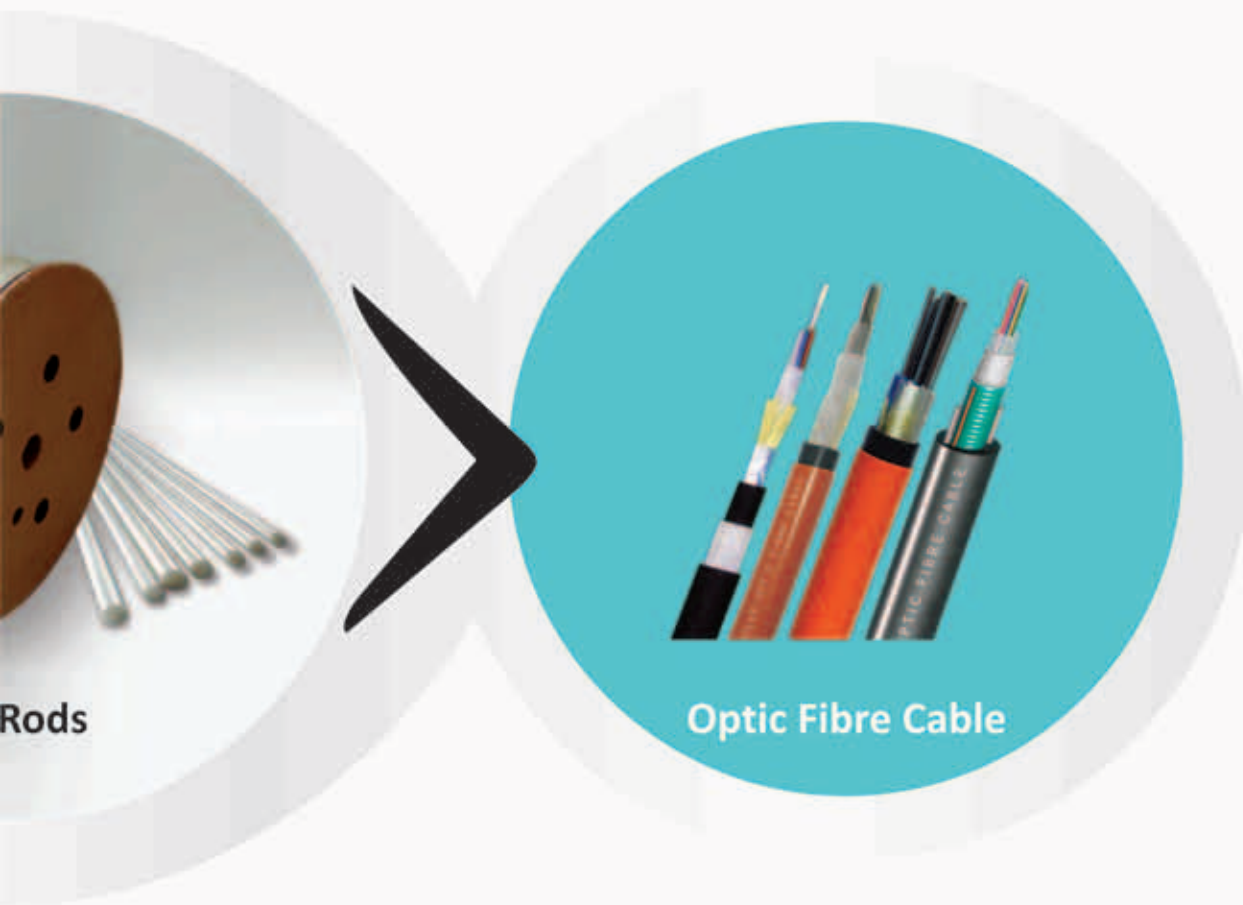
We manufacture a complete range of Retro and Non-Retrofit CFLs at our fully automated plant in Pune. The mercury content in our CFLs is very low compared to others, this helps minimize the impact of hazardous materials on the environment. We are also one of the leading manufacturers of T5 tubes in our country, thus capturing the complete spectrum.



Integration

The tremendous growth of the IT and communications industry in India is a globally recognized fact. We are making rapid advancements in the field of technology and the need for specific and specialised Fibre-optics communication solutions in the emerging data communication sectors like Telecommunications, IT / ITES, medical, Tourism, etc. is growing each day.

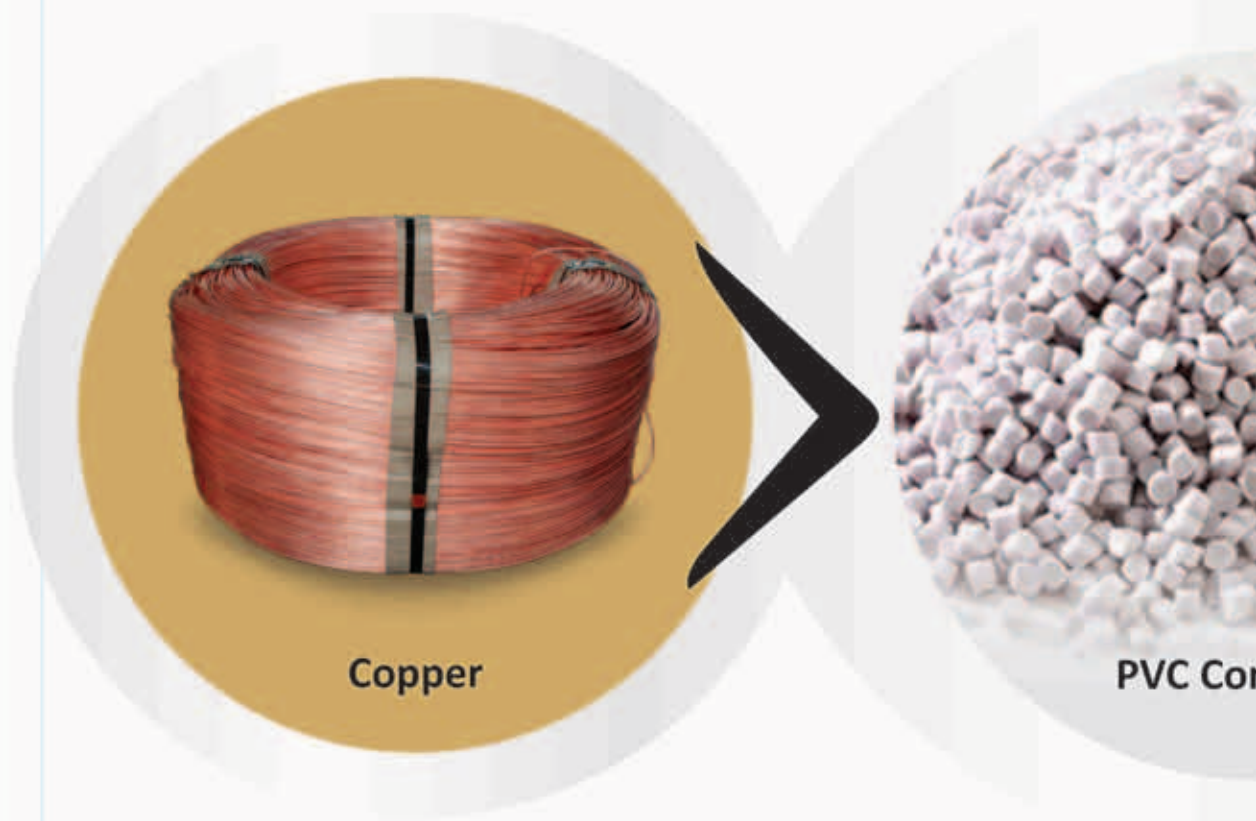
For a highly specialized and in demand product like Fibre-optic cable, integration plays a major role. We offer complete range of end-to-end terrestrial fibre optic cables for all applications in telecommunication networks. Our range of standard and custom-designed fibre optic cables deliver superior performance in data transmission and performance reliability. We offer the entire range of Optical Fibre Cables in both Uni Tube and Multi tube designs. We provide solution in configuration of Ribbon, Duct, Armoured, ADSS, Aerial Figure-8, FTTH Cables, Indoor / Outdoor Cables, Premises distribution cables, Micro duct cables, Tight Buffered Indoor single core and multiple core cables etc. We also manufacture specialty Cables like Flame Retardant Low Smoke FRLS, Low Smoke Zero Halogen (LSZH), and Top Cables. We can supply premium quality of these



cable designs with ITU-T G652A, G652B, G652C, G652D, G655, G657A or G657B fibre specifications or composite cable for long haul or access network for prime telecom applications as well as with OS1, OS2, OM1, OM2, OM3 & OM4 multimode optical fibres for networking application.

With our own state-of-the-art optical fibre manufacturing and FRP manufacturing facilities, we ensure Quality and Timely delivery of FinOptic products to our customers.

Over the years we have successfully produced Bend Insensitive optical Fibre meeting ITUT-G657A specification and we have also received approval from CACT Bangalore for the FinOptic bend insensitive fibre. This type of fibre is required for Fibre to the home (FTTH) or Fibre to the Desk (FTTD) application and we have also launched a new product "FTTH Cable". This product is well accepted in the market.



Integration

Integration is a principle that qualifies our manufacturing process across a very broad spectrum of our offerings. One of the strongest verticals in the Finolex portfolio is electrical wires and industrial cables. Here too, Integration plays a significant role in qualifying the output of the products in terms of safety and reliability.

The fate of any electrical cable is determined by two factors - the quality of the copper used in it and insulation material. We at Finolex make every possible effort to create the Best-in-Class electrical wires and we do it through integration.

At our manufacturing units, we integrate processes that ensure qualitative control over our products. Copper being a very important metal and volatile in terms of price, is the most important element that decides the conductivity and performance of electrical wires. Thus, we don't take chances and manufacture the copper at our Plant in Goa, that goes into our wires. We



ensure that the purity of the copper is top class and we have a no-compromise policy on it. Besides captive consumption we also sell Copper Rods to various customers from this Plant.

Our plants have specialized processes to manufacture copper wires from the extracted copper. A furnace with copper cathodes churn out the very best of the ductility characteristic of the metal and kilometers upon kilometers of wires are created each year.

Insulation is the other important aspect that determines flawless conduction in an electrical wire. We make our own insulation material through a process of converting PVC Resin, which we source from our group company Finolex Industries Ltd., into insulation and Jacketing compounds. The PVC sheath ensures the safety and durability of the product. We have stringent quality control processes which ensure the purity of PVC compound as well as the sheath strength.

Board of Directors

<i>P. P. Chhabria</i>	<i>Chairman</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>D. K. Chhabria</i>	<i>Managing Director</i>
<i>M. Viswanathan</i>	<i>Director Finance & 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>Bank of Baroda</i>
	<i>BNP Paribas</i>
	<i>Citibank N.A.</i>
	<i>Corporation Bank</i>
	<i>HDFC Bank Ltd.</i>
	<i>ICICI Bank Ltd.</i>
	<i>Standard Chartered Bank</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>

Directors' Report

To

The Members

Your Directors are pleased to present their 44th Annual Report and Audited Accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS:

(Rs. in million)

	2012	2011
Income	21,003.5	20,618.4
Profit Before Interest, Depreciation, Exceptional Items and Tax	2,102.0	1,983.6
Less : Interest	251.0	179.6
Less : Depreciation	394.7	387.8
Profit Before Exceptional Items and Tax	1,456.3	1,416.2
Less : Exceptional Items	363.6	344.4
Profit Before Tax	1,092.7	1,071.8
Less : Provision for Taxation		
(a) Current Tax and Prior year refund adjustment	174.3	212.8
(b) MAT Credit	(79.2)	-
(c) Deferred Tax	15.7	(8.7)
Add: Excess Provision for dividend tax written back	-	0.4
Profit After Tax	981.9	868.1

GENERAL ECONOMY

The global economy saw a lower growth rate in the year under review – for the calendar year 2012, global growth was estimated at below 3% compared to the 3.8% and 5.2% clocked in the years 2011 and 2010. While Europe continued to reel under debt pressure, the news from USA has also not been very positive. Most of the Middle East has been experiencing difficulties the past year, resulting in high oil prices – oil prices have increased almost 15% in the January/March quarter with consequential effects on inflation. Meanwhile China has moderated its growth prospects for the upcoming years.

On the domestic front, inflation has been ruling high for well over a year now – while the core inflation seems to have cooled down in the last quarter to around 6%, for most of the year inflation averaged at almost 9%. The high interest rate situation had its negative impact on the economy, with most sectors reporting negative or at best a modest growth. Additionally the high level of government's fiscal deficit at 5.9% continues to trouble the economy. Real economic growth has fallen sharply to 6.5% from the previous year's level of 8.5%. Against this backdrop the Rupee has depreciated sharply against the US Dollar – from a level of 44.50 in April 2011 to 50.88 in March 2012 – a depreciation of 14% in one year.

In its recent budget, the government expects the economy to pick up after faltering last year – GDP is expected to grow at over 7% in the coming financial year, fiscal deficit is expected to be contained to less than 5.1% of GDP and inflation is expected to be reined in at under 6.5%. However, this will depend on how some elements of the global economy play out – such as oil and commodity prices, the debt situation in Europe as well as the political situation in the Middle East. Business confidence in the rest of Asia too seems low as China moderates its own growth projections.

OPERATIONS

During 2011-12 your Company saw a very modest growth in the top line with sales registering about 2% growth in value terms. This increase was primarily in the Electrical Cables segment. In volume terms growth was visible again only in the Electrical Cables segment – with star performances from product offering to the following customer sectors – automotive, agriculture and construction. In the Communication Cables segment, however, the level of investment in capital expenditure by Telecom service providers was even lower



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than the previous year resulting in lower sales volumes of Communication Cables. As was indicated in the previous year, the Sheets Division was wound up in the year under review.

Competition, as in the past years, has been keen. Coupled with a year of modest growth and volatile price levels the pressure on margins was continuous. Hence adjustments to the selling prices were kept minimal and to levels that were appropriate.

Income for the year under review was marginally higher at Rs. 21,003.5 million (previous year Rs. 20,618.4 million) representing a growth of 2% over the previous year. Your Company has recorded a Net Profit after Tax of Rs. 981.9 million as against a Net Profit of Rs. 868.1 million in the previous year. Improved capacity utilization, better product mix allocation between the various manufacturing units, growth in sales volumes across the product lines mentioned above, tight monitoring of costs and working capital requirement all have contributed to the improvement in the financials for the year under review.

DIVIDEND

Considering the business situation, your Directors have pleasure in recommending a dividend on equity shares of 40%. The amount thereof per equity share will be Rs.0.80. The total dividend outgo will be Rs.142.2 million (including dividend tax Rs.19.8 million).

EXPANSION & CONSOLIDATION

Looking forward, the Pune manufacturing operations would be consolidated at the Urse site. This will help further improve the cost competitiveness in the Low Duty Electrical Cables offered by your Company. The upgradation of the High Voltage Cable plant has now been completed, resulting in enhanced capacity availability from 2012-13 – this will help in adding to the overall revenues of your Company.

The Roorkee facility will be expanded over the next 18 months at a cost of approximately Rs.1,000 million. This expenditure will double the current capacity at Roorkee and will further help improve profitability in view of the fiscal benefits that will accrue.

JOINT VENTURES

Finolex J-Power Systems Private Limited, Shirval near Pune

As at 31st March 2012, your Company's investment in the JV stands at Rs. 480.2 million. This includes an additional investment of Rs. 98 million made in January 2012 to finance the enhanced capital needs of the JV.

Your Directors are happy to report that the JV commenced its manufacturing operations towards the end of September 2011 and has since been able to supply electrical cables of the 66 KV range. The JV has been active in participating in tenders both locally and overseas with a view to secure business. As is common with products being offered by the JV, pre-qualification requirements are very stringent and no effort is being spared in ensuring that the JV obtains all the requisite certifications.

Corning Finolex Optical Fibre Private Limited

During the year under review, the marketing JV with Corning of USA was established and an investment of Rs. 0.5 million was made. The JV will market Optical Fibre to cable makers within India and it is expected that the JV will commence its operations in the upcoming fiscal.

NEW PRODUCTS

Your Company is continuously developing new products to expand its portfolio as well as adapt to changing needs of the market. For the year under review, your Company launched a new range of "Speaker Wires" in the Communication Cable segment. In the Lighting Division, the latest version of the T5 tube lights and fittings were launched by your Company.

EXPORTS

During the year under review (in November 2011), your Company was awarded the Special Trophy for large enterprise in the product group of Highest Exporter in Thrust Markets for Thrust Products for outstanding contribution to Engineering Exports in the year 2008-09.

Despite the depressed market situation overseas FOB value of exports for the year was Rs. 483.9 million (higher by 22% than the previous year's export value of Rs. 393.7 million).

FINANCE

Your Company's short term debt programs continue to enjoy the highest ratings from CRISIL. Since the last few years these have been accorded the P1+ rating. The Company also holds AA/Stable rating for its Rs.500 million long term non convertible debentures program

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as well as on the long term loans currently outstanding.

In March 2012, the Company repaid an External Commercial Borrowing of JPY 3.5 billion which was originally drawn in 2007. The loan was repaid in full and on time out of internal accruals and without resorting to either a roll over or substitute loans.

The Company follows a balanced policy to manage liquidity and borrowing. Despite the increase in value of operations, owing to tight controls on the working capital cycles, your Company has managed to control financial expenses to the minimum required levels. The Company has been able to meet all its financial commitments in a timely manner.

SUPERBRAND STATUS

Your Company continues to hold the “Consumer Superbrand” status since many years now. The Company is the only Indian cable company to have achieved this enviable distinction.

FIXED DEPOSITS

Your Company neither invites nor accepts deposits from the public or from its members and accordingly no deposits were held by the Company as at 31st March 2012.

EMPLOYEES

Your Company recognizes the importance of a motivated and skilled human resource. Your Company endeavors to create a challenging and favorable work environment that encourages entrepreneurial behavior, innovation and the drive towards business excellence.

Industrial relations continued to be cordial during the year.

The Company had 1,487 permanent employees on its roll as on 31st March, 2012 (previous year 1,484 permanent employees as on 31st March 2011).

CORPORATE GOVERNANCE

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

CORPORATE SOCIAL RESPONSIBILITY

The focus during the year under review continues to be the field of education. International Institute of Information Technology or I²IT as it is known is also patronized by the Company. I²IT offers BE and post graduate MS 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.

All plants are environment compliant and hold ISO14001 (Environment Management System) certification.

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 judgements 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, 2012 and of the Statement of Profit and Loss for the year ended 31st March, 2012;
- 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

Mr. B. G. Deshmukh, a long time Director on your Company's Board, expired on 7th August 2011 after period of illness. Your Directors wish to place on record his valuable contribution to the growth of the Company over his tenure of Directorship.

At its meeting held on 8th November 2011, the Board appointed Dr. Vikas G. Pai as an Additional Director on the Board. He holds office of Additional Director till conclusion of the ensuing Annual General Meeting of the Company. Further at its meeting held on 3rd May 2012, the Board has recommended his reappointment to the shareholders as a Director of the Company which is reflected in the Notice for the said meeting.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Dr. H. S. Vachha, Mr. Atul C. Choksey and Mr. S B (Ravi) Pandit retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment. The Board of Directors recommends their reappointment as Directors 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.

COST AUDITOR

The Board of Directors at its meeting held on 8th February 2011 has appointed M/s. Joshi Apte & Associates, Cost Accountants for carrying out audit of the relevant cost accounting records maintained by the Company. The Central Government has approved the appointment of the said Cost Auditors for conducting cost audit for the financial year 2011-12.

ACKNOWLEDGEMENT

Your Directors are grateful to the Central and State Governments, Statutory Authorities, Local Bodies, Banks and Financial Institutions for their cooperation and support. Your Directors warmly acknowledge the faith and confidence reposed in the Company by its channel partners, dealers, customers and construction organizations in supporting its business activities and growth. Your Directors express their gratitude to the other business associates of the Company for their unstinting support. Your Directors value the commitment of the employees towards the Company and appreciate their valuable contributions for the progress and growth of the Company. Last but not the least your Directors are thankful to the Members for extending trust and for the confidence shown.

For and on behalf of the Board of Directors

P. P. Chhabria

Chairman

Pune,

Dated : 3rd May, 2012

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) Chilled Water tanks / pipe lines were insulated to reduce power consumption.
- (ii) New FRP blades installed in place of aluminium blades to reduce energy consumption in cooling tower.
- (iii) Process water and hydraulic pumps are replaced with energy efficient/lower capacity motors to reduce losses/wastage.
- (iv) Optimization of use of heating and compressed air to reduce operation of vaporizers/compressors.
- (v) Installation of energy efficient LED / CFL lamps in factory offices and low roof areas of the shop floor.
- (vi) Energy Efficient Metal Halide light fittings provided in shop floor in place of 250W HPML lamps.
- (vii) RTPFC panels are installed in different locations of the plant for improvement of power factor and reduction of harmonics.
- (viii) Solenoid valves are installed on pneumatic lines of air wipers to reduce wastage of compressed air.
- (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:

Following new cables have been designed, developed and type approvals obtained/successfully launched in the market:

- (i) REACH RoHS Compliance – Copper multi core flexible cables.
- (ii) Indigenous development and usage of colour master batches for Industrial Cables.
- (iii) Optic Fibre Cable with 144 fibres developed with cost effective design.
- (iv) Copper clad steel products developed as alternative to pure copper cables.
- (v) RoHS compliant lead free cables for automotive use.
- (vi) TV-VCR cords developed and launched in market.

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 cost effective Mini Optical Fibre Cable.
- To develop cross-linkable HFFR cables for high temperature working.
- To develop Rubber based cables for windmill application.
- To develop CAT7 LAN cables with higher bandwidth.
- To develop cost effective FTTH Optic Fibre 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 | } | and the costs of assets are grouped |
| a percentage of total turnover | } | under the respective heads. |

Technology Absorption, Adaptation and Innovation:

1. Efforts in brief, made towards technology absorption, adaptation and innovation:

- High speed energy efficient insulating lines with most modern quick colour change facility provided for manufacture of cables as per international standards.
- Advanced machinery and raw material handling system provided for facilitating making of high quality PVC compounds.
- Combining hydraulics circuits of Coiler and Compactor and reducing the pump capacity and nozzle sizes of Descaler System to reduce operation of one 40 hp motor as well as achieve reduction in energy requirement.
- Old DCS System of the casting line has been replaced with latest technology Control – Logix PLC Unit which has improved the machine parameter control and reduced trouble-shooting downtime.
- 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 better and 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:

Your Company has improved its performance in the export market during the year under review. Focus has been brought in the developed European markets for marketing Communication Cables, namely Fibre Optic Cables. Efforts have also been made to add more customers in the Middle – East and African markets.

- Earnings by way of Exports : Rs. 489.4 million
- Outgo by way of Imports : Rs. 966.9 million

For and on behalf of the Board of Directors

P.P. Chhabria
Chairman

Pune,
Dated : 3rd May, 2012

Management Discussion and Analysis

1. BUSINESS OF THE COMPANY:

The Company operates in two main segments - Electrical Cables and Communication Cables.

To support its requirement of Copper Rods for both type of cables, the Company manufactures Continuous Cast Copper Rods (CCC rods), at its Rod Plant at Goa. A small part of this production of CCC rods is, however, sold to third party customers. The result from this operation is declared under the Copper Segment.

In addition, the Company has expanded its product range to include Electrical Switches and Compact Fluorescent Lamps (CFLs). These items, however, account for less than 5% of the Company's turnover and are hence reported as "Others" in the Segment Results.

1.1 Main Segments:

The Company is the leading domestic manufacturer of electrical and communication cables with a wide product range. The Company 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 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.
	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.
Lamps	Retrofit & non-retrofit CFL lamps as well as T5 Tube Lights and Fittings.	Domestic lighting, hotels, shops, offices, corridors.

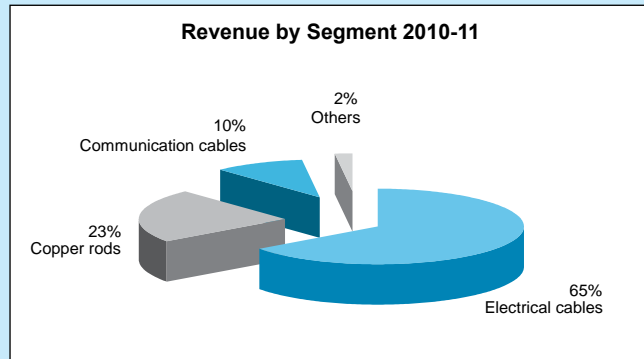
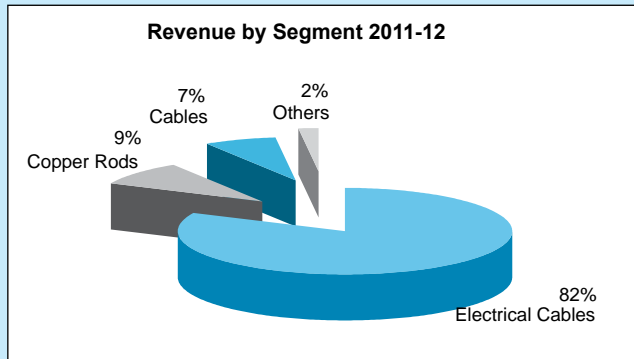


Finolex Cables Limited

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 (inclusive of Excise Duty) :

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



2. REVIEW OF OPERATIONS:

• Production:

- Electrical Cables at 45,348 MT as compared to 42,511 MT in the previous year.
- Metal based Communication cables at 4,276 MT as compared to 5,598 MT in the previous year.
- Optical Fibre Cables at 30,211 KM as compared to 37,116 KM in the previous year.
- Optic Fibre at 273,130 fibre kilometers as compared to 779,740 fibre kilometers in the previous year.

• Sales:

- Electrical Cables (including Excise Duty) at Rs.17,705 million as compared to Rs.14,074 million in the previous year.
- Communication cables (including Excise Duty) at Rs.1,420 million as compared to Rs.2,042 million in the previous year.
- Copper Rods (net of interdivisional transfers and including Excise Duty) at Rs. 2,051 million as compared to Rs.5,106 million in the previous year.
- Exports were higher at Rs. 489 million as against Rs.400 million of the earlier year.
- The income from operations (including excise duty) was Rs.21,824 million for the year under review as compared to Rs.21,864 million for the earlier year.
- The Joint Venture with J-Power Systems Corp of Japan, commenced manufacturing operations in September 2011. The venture's plant at Shirwal near Pune is geared to produce Extra High Voltage Electrical Cables in the range of 66KV to 500 KV. With equipment and technology that is state of art, the venture is now gearing itself towards obtaining the required certifications from various agencies to enable it supply Extra High Voltage Electrical Cables to power utilities in the domestic and overseas markets. The venture has begun to actively participate in the various tenders that have been floated by interested power utilities since September 2011.
- The two Optic Fibre draw towers were shut down for upgradation during the second half of the year – major modifications were carried out to these towers, which will vastly improve productivity and yields going forward. The shut down resulted in lower levels of fibre production during the year under review. Both the towers have since become operational in the financial year 2012-13.
- For more details on the operations, a reference may please be made to the financial statements.

3. KEY STRENGTHS:

- One of India's leading cable manufacturers.
- Has the widest range of cable products in both segments and is recognized as a "Total Cable Solutions" Company capable of designing cable solutions for every need.
- Acknowledged as a leader in technology with a strong emphasis on quality
- Has the widest distribution network, which is being further expanded
- Backward integrated in respect of its major materials – CCC Rods, PVC compounds, Optical Fibre and FRP rods which allow the Company a certain technical superiority over its competitor while providing a cost advantage as well.
- A strong brand image and value – for long it has been the only cable company to hold the Super Brand status; the brand has also enabled the Company to market its products in overseas markets.
- Expanded into product segments that are complementary to the electrical cable market i.e. CFLs and electrical switches – this move has brought additional market reach at minimal cost expansion.

4. GROWTH DRIVERS:

The Company's position as the market leader is due to its persistent efforts and emphasis in the following areas:

Product quality

Continuous product improvement

Introduction of new products through in-house developments

Creating customer preferences

Competitive pricing and extremely competitive cost structure

Dynamic approach to situations

Strong and dependable distribution channel spread all over the Country.

5. BUSINESS ENVIRONMENT:

The segment-wise discussion on the markets which are served by the Company is as follows:

5.1 Electrical Cables:

Electrical cables can be further categorised into light duty electrical cables, power and control cables.

- (i) Light duty electrical cables include electrical wires used extensively for electrification of industrial establishments, electrical panel wiring in industrial establishments and major equipments, consumer durable goods, automobiles, agricultural pump sets, small generator applications besides general lighting purposes.
- (ii) In power cable category, the Company has the ability to manufacture such cables within the range 1.1 kV to 66 kV. These cables are high voltage cables designed in various constructions depending upon their applications; however, always meant for underground usage. Power and control cables upto 3.3 kV rating are used for connecting user point to the main supply of power. Power cables above 3.3 kV rating are meant for use in underground application for intra-city electricity distribution network. The Company manufactures insulated power cables only. These cables meet the requirements of international standards.

Performance:

For the year under review, the electrical cables registered sales (inclusive of excise duty) of Rs. 17,705 million against Rs.14,074 million of the previous year



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Outlook:

Electrical cables are the main focus area of business for the Company. It accounted for 82% of total sales for the year under review. Growth during the year under review was driven by the improvement shown by the construction and automobile sectors. The long term out look for this sector remains positive since the economic growth for the country depends on industrial and infrastructural developments.

The Company faces two principal risks in this business – firstly competition from a large unorganized sector which produces products of inferior quality but at cheap prices and secondly a highly volatile commodity market where price movements can be very sharp. The Company has been handling the risk of the competitive forces through its organized business approach by the strength of its reach, superior quality products, safe products and maintaining high standards of service levels with its customers. The Company enjoys the advantages of economies of scale and backward integration. As and when GST is rolled out in the country, the Company believes the threat of a competitive force that relies on cheap quality and sharp practices will reduce further. As regards the risk of sharp raw material price movements, though the Company endeavors to pass on the price effect to the customers, there has always been a time lag between the price movement and the passing thereof. The Company negotiates price variation contracts with bulk buyers. The Company has been fair in dealing with its customers and accordingly enjoys customer confidence in pricing decisions.

5.2 Communication Cables:

The communication cables comprise of state of art, new generation communication cables and traditional telephone cables.

- (i) The state of art communication cables are either copper based or glass based. The copper based cables include LAN cables, coaxial cables, PE insulated switchboard cables and V-SAT cables. These cables are used for last mile connectivity. LAN cables are used in high speed networks, Coaxial cables are used to provide content input to TV receiving sets and in microwave communications and mobile towers, PE insulated switchboard cables are used to connect telephone instruments to an EPABX system and V-SAT cables find their application in V-SAT towers to connect the dish to the base station.

Optic fibre cables are glass based cables and they have the maximum bandwidth and speed. Certain cable designs are used as trunk cables in long distance networks while other designs are used in distribution, whether by telecom companies, multi-service organisations or other service providers.

Communication cables which carry, voice data or images is the backbone of an economic activity. The speed and bandwidth determine the capabilities of a communication network.

- (ii) Traditional telephone cables include JFTCs which are laid underground and are used for connecting land line telephones to exchanges. These are copper based cables. With introduction of mobile telephones in India and due to substitution by optic fibre cables, JFTC business has lost its value. Nevertheless, JFTC continues to remain a preferred option for last mile connectivity in fixed line telephones. The demand for JFTCs will continue to remain modest. The Company would continue to manufacture JFTCs especially with broadband features for public sector and private sector telecom companies and to meet the export demand. The Company has the capability to make JFTCs as per customer's needs.

Performance:

The communication cables segment (including optic fibre) recorded sales of Rs.1,420 million for the year under review against Rs.2,042 million for the earlier year. The uncertainties that have plagued the telecom sector over the past two years have had an impact on your Company's revenues from this segment. Full fledged introduction of value added service has been delayed by telecom service providers. Uncertainties over spectrum usage and licensing also acted as a dampener in this business. Consequently the level of capital expenditure by telecom service providers has been minimal. While care has been taken to improve margins by selling products with higher value addition and thereby protect profitability, your Company also focused on network service providers and PSU units to keep the revenue momentum going. BSNL after several years came out with a tender for JFTC cables, the order for a part of which your Company secured and serviced during the year. Overall this was a year of negative growth in this segment.

Outlook:

With the impetus from the Government in providing better and faster internet access to rural India, your Company believes that demand for communication products will be robust for the foreseeable future. The economic development requires inter-alia, a strong, dependable and sustainable communication network. The Company's communication cables meet with the requirement of local as well as international standards and therefore, find ready acceptance with domestic customers as well as in the exports market. The outlook here, is positive.

The risks of competition and copper price movements similar to the electrical cables business are also applicable to the business of communication cables. The varying global demand-supply equation of optic fibre and resultant price movement thereof; availability of preforms and price thereof and delay/slow-down in investment into networks by telecom companies/ service provider and other relevant entities due to global slow-down pose risk to the business of communication cables. Your Company's association with Corning Inc of USA, inventor of glass fibre, one of the world's leading glass and fibre manufacturers and having the largest market share in the world, would be beneficial in meeting technological and market based challenges.

5.3 Copper Rods:

Copper rod is the feed stock for copper based electrical and communications cables. The Company manufactures its own copper rods. The base material for producing copper rods is copper cathodes, the bulk of which are procured from local manufacturers under long term supply agreements. A smaller portion of the requirement of copper cathodes is imported as and when needed. After meeting the in-house requirement of copper rods, the balance capacity to produce copper rods is allocated for third party sale.

Performance:

During the year under review, the CCC rods division recorded a production volume of 21,288 metric tones as against 33,496 metric tones for the earlier year. The sales were Rs.9,504 million (previous year Rs.13,815 million) of which Rs.2,051 million were sales to third parties (previous year Rs.5,106 million) and balance was inter-divisional transfers. With continued uncertainties in the global business environment, commodity markets remained volatile through the year. From a high of USD 10,000 per MT, copper prices saw a low of USD 6,200 per MT during the second quarter of the fiscal, before closing the year at around USD 8,300 per MT at the London Metal Exchange. Within the domestic market, the threat of imported copper led to the domestic majors sharply dropping the premium on copper rods from earlier levels, while increasing the premium levels on copper cathode. This put severe pressure on margins related to sale of copper rods to third party – consequently your Company restricted its sale of copper rods to already committed contracts or contracts where the margin levels were acceptable. Overall, therefore, there was a reduction in the throughput at the copper rod segment.

Outlook:

The copper rod production is mainly for in-house consumption. The Company's steps to set up new plants for cables as well as to expand the cable capacity at the existing plants will boost up the captive consumption of copper rods. Further, since the joint venture with J-Power Systems Corp. of Japan has commenced its manufacturing operations, the venture's copper requirements would be met by your Company's copper rod plant. Accordingly the utilization of capacity at copper rod plant is expected to improve in coming years.

5.4 Electrical Switches and CFLs:

The manufacture and sale of these electrical products act as a logical extension of the cables business of the Company. They have the backing of Finolex name, assuring the customer of quality, safety and performance standards. These electrical and lighting products are sold through the existing well-spread distribution network of cables. Other distribution avenues are also being explored to penetrate further in the market. Products have been well accepted by the market.

On its part to contain the effects of global warming, the Government is promoting use of CFLs. Keeping in mind the expected growth in CFL demand the Company has built capacity in T3 and T4 type CFLs and has also launched the latest T5 tube lights and fittings in the market.



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5.5 Summary:

The Company's main businesses are core to development of infrastructure. As the country marches ahead towards attaining the status of being a developed nation, it is natural that the demand for the products produced and marketed by your Company would grow. With the focus being on supplying products of superior quality at a price that is attractive to the customer, backed by the distribution reach that the Company has it is but a logical conclusion that the future holds vast promise. The Company is committed to expanding its business activities in an optimal manner. The Company has resources available at its disposal to implement and realize its business goals.

6. RISK MANAGEMENT:

The Company has a Risk Management Document in place that defines the policies, lays out the strategies and methodology to decide on the risk taking ability of the organization. In line with the requirements laid down by the Reserve Bank of India in its November and December 2011 notifications, your Company has recently reviewed its Exchange Risk Management Policy and has modified the same to meet with the revised guidelines issued in this regard by the RBI.

The Company constantly reviews its exposure to various types of risk whether it be regulatory, operational, environmental, financial or political– it has in place adequate systems to ensure compliance with all regulatory and statutory matters, reviews the same on a periodic basis and takes appropriate corrective action when necessary; likewise, operationally it does not depend on a single vendor for any of its major raw material; has in place a well defined practice on the levels of inventory that need to be maintained which while ensuring customer serviceability also ensures minimal stock holdings; has in place a clearly documented practice where credit risks are analysed prior to taking exposures with customers, etc.

7. INTERNAL CONTROL SYSTEM:

In line with the size and nature of operations, the Company has designed a system of internal controls that provides for:

- Accurate recording of its transactions with checks and balances built in
- Prompt reporting
- Adherence to applicable Accounting Standards and Policies
- Compliance with applicable laws, statutes, as well as internal procedures and practices
- Safeguard of assets and their proper usage

The system further provides for policies which are documented clearly together with authorization and approval procedures. To the extent applicable these are also inbuilt into the Company's ERP system. Further, there exists a system of internal audit by two external agencies. The internal audit is conducted, based on a pre approved plan under the guidance and advice of the Audit Committee comprising of independent directors. Such audit is conducted in respect of all the locations that the Company operates out of as well as in respect of the various functions. The internal audit thus plays an important role as it conducts audit of all key business areas as per a pre drawn and approved audit plan. Reports from the internal audit team are reviewed every quarter by the Audit Committee for noting and approving corrective actions that may result from the conduct of such audits. The Audit Committee met seven times during the year under review.

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Financial summary for ten years

(Rs. In million)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
PROFIT AND LOSS										
ACCOUNT DATA										
Gross Revenue ++	5,189	5,689	6,701	8,899	12,055	16,270	15,525	17,507	22,123	22,188
Materials and manufacturing cost (including excise duty)	3,682	4,132	5,191	6,855	9,557	13,068	12,429	13,573	18,032	17,629
Employee cost	251	292	254	326	355	497	533	592	647	695
Administration & selling expenses	493	461	520	660	750	1,033	2,152	1,891	1,793	2,115
Extra ordinary Items	-	37	-	-	-	-	-	-	-	-
Depreciation	235	263	259	313	264	265	388	372	388	395
Interest and finance charges	246	178	106	128	159	204	324	187	191	261
Profit before tax	282	326	371	617	970	1,203	(301)	892	1,072	1,093
Taxation	35	30	63	113	280	314	54	315	204	111
Profit after tax	247	296	308	504	690	889	(355)	576	868	982
Dividend (including tax on dividend distribution if applicable)	104	138	157	209	251	268	36	107	124	142
BALANCE SHEET DATA										
Share capital	306	306	306	306	306	306	306	306	306	306
Reserves	4,923	5,080	4,702	5,055	5,495	6,109	5,656	6,125	6,869	7,698
Net worth	5,229	5,386	5,008	5,361	5,801	6,415	5,962	6,431	7,175	8,004
Loan Funds	2,036	1,880	1,321	2,343	2,653	2,876	2,959	2,751	2,601	1,716
Deferred Tax (Net)	285	295	184	213	208	175	221	319	310	326
Total Liabilities	7,550	7,561	6,513	7,917	8,662	9,466	9,142	9,501	10,086	10,046
Gross Block	4,596	4,777	4,126	4,753	5,807	6,773	8,022	8,313	8,563	8,846
Net Block	3,074	3,006	2,118	2,288	3,079	3,784	4,557	4,476	4,340	4,424
Investments	2,318	3,067	2,491	2,722	2,833	3,168	3,141	2,802	2,452	2,372
Net current assets	2,144	1,488	1,904	2,907	2,750	2,514	1,444	2,223	3,294	3,250
Micellaneous Expenditure (to the extent not written off or adjusted)	14	—	—	—	—	—	—	—	—	—
Total Assets	7,550	7,561	6,513	7,917	8,662	9,466	9,142	9,501	10,086	10,046
KEY RATIOS										
Growth in Revenue (%)	(23.1)	9.6	17.8	32.8	35.5	35.0	(4.6)	12.8	26.4	0.3
PAT to Revenue (%)	4.8	5.2	4.6	5.7	5.7	5.5	(2.3)	3.3	3.9	4.4
Return on Net Worth (%)	4.7	5.5	6.2	9.4	11.9	13.9	(6.0)	9.0	12.1	12.3
Earnings per Share Rupees (for face value of Rs.2/- each)	1.6	1.9	2.0	3.3	4.5	5.8	(2.3)	3.8	5.7	6.4
Asset Turns (Revenue to Total Assets)	0.7	0.8	1.0	1.0	1.4	1.7	1.7	1.8	2.2	2.2
Return on Capital Employed (%)	6.2	6.5	6.7	10.1	13.5	15.4	(0.01)	11.38	12.72	13.35
Debt to Equity Ratio	0.4	0.4	0.3	0.4	0.5	0.4	0.5	0.4	0.4	0.2
Dividend (incl. Dividend Tax) Distribution to PAT(%)	41.9	46.7	51.0	41.5	36.4	30.1	-10.1	18.6	14.3	14.5

Note : ++ Comprises Income From Operations(including excise duty) and Other Income



CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance envisages attainment of transparency, accountability and propriety in the total functioning of the Company and in the conduct of its business internally and externally, including its interactions with employees, shareholders, deposit holders, creditors, consumers and institutional and other lenders.

The Company believes that its systems and actions must be dovetailed for enhancing the performance and shareholder value in long term.

The Company has adopted certain practices to achieve good corporate governance; the salient ones being fairness and transparency in dealings, accountability for performance, effective management control by the Board, constitution of Board Committees as a part of internal control system, fair representation of professional, qualified, non-executive and independent Directors on Board, adequate and timely disclosure of financial and other information and prompt discharge of statutory obligations and duties. The Board has laid down a Code of Conduct for all Board members and senior management of the Company. The Code of Conduct has been hosted on the website (<http://www.finolex.com>) of the Company.

2. BOARD OF DIRECTORS:

2.1 Constitution of the Board:

- The Composition of the Board of Directors with reference to number of executive and non-executive Directors, meets the requirement of Code of Corporate Governance.
- Out of Eleven Directors, there are two promoter executive Directors namely Mr. P. P. Chhabria, Chairman and Mr. D. K. Chhabria, Managing Director and one non-promoter executive Director namely Mr. Mahesh Viswanathan designated as "Director - Finance and Chief Financial Officer".
- There are eight independent non-executive Directors, namely Dr. H. S. Vachha, Mr. Atul C. Choksey, Mr. Sanjay K. Asher, Mr. P. G. Pawar, Mr. S.B. (Ravi) Pandit, Mr. P. R. Rathi, Mr. A. J. Engineer and Dr. Vikas G Pai (appointed on 8th November, 2011). Mr. B. G. Deshmukh an independent non-executive Director expired during the year on 7th August, 2011.

2.2 Meetings:

Board meetings are held at least four times during the year coinciding with the presentation of each quarterly financial results. During the last Financial Year four Board Meetings were held i.e. on 3rd May, 2011, 8th August, 2011, 8th November, 2011 and 1st February 2012.

The meetings were attended as follows:

- Mr. P. P. Chhabria, Mr. D.K. Chhabria, Dr. H.S. Vachha, Mr. P.R. Rathi, Mr. A.J. Engineer and Mr. Mahesh Viswanathan attended all four meetings.
- Mr. Sanjay K. Asher and Mr. P.G. Pawar attended three meetings.
- Dr. Vikas G Pai (who was appointed as Additional Director with effect from 8th November, 2011) attended two meetings.
- Mr. Atul C. Choksey, Mr. S.B. (Ravi) Pandit and Mr. B.G. Deshmukh (expired on 7th August 2011) attended one meeting.

All Directors attended last Annual General Meeting on 8th August, 2011 except for Mr. Atul C. Choksey, Mr. S.B. (Ravi) Pandit and Dr. Vikas G Pai (who was appointed as Additional Director with effect from 8th November, 2011).

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2.3 Remuneration to Executive Directors:

(Amount Rs.)

Particulars	Chairman Mr. P.P. Chhabria	Managing Director Mr. D.K. Chhabria	Director - Finance and Chief Financial Officer Mr. Mahesh Viswanathan
Salary and Allowances	6,000,000	6,000,000	4,364,000
Contribution to Provident and Superannuation Funds	1,620,000	1,620,000	821,400
Other Perquisites	5,999,231	5,999,728	803,669
Commission / Incentive	24,000,000	24,000,000	2,500,000
Total	37,619,231	37,619,728	8,489,069

Notes:

- 1) There was no scheme of "Employee Stock Options" during the year.
- 2) The above does not include contributions to group gratuity fund as the contributions/ benefits are on group basis.
- 3) In all the cases, the service contract is for a period of five years from the date of appointment. Notice period/severance fees applicable are 180 days for Mr. P.P. Chhabria and Mr. D.K. Chhabria and 90 days in case of Mr. Mahesh Viswanathan.
- 4) Performance is evaluated by the Remuneration Committee which, inter alia, considers and recommends payment of commission/ incentive based on the performance of the Company and contemporary practices in Industry. The recommendations of the Committee are further considered by the Board and a collective decision taken without participation of interested Directors.

2.4 Remuneration to Non Executive Directors :

Name of Non-Executive Director	Sitting Fees (Rs.)	Commission (Rs.)	Total (Rs.)	Shareholding (in Nos. of shares) of Non-Executive Directors in the Company
Dr. H.S. Vachha	165,000	400,000	565,000	-
Mr. B.G. Deshmukh*	30,000	-	30,000	-
Mr. Atul C. Choksey	15,000	200,000	215,000	-
Mr. Sanjay K. Asher	225,000	200,000	425,000	12,395
Mr. P. G. Pawar	180,000	200,000	380,000	-
Mr. S.B. (Ravi) Pandit	15,000	200,000	215,000	-
Mr. P.R. Rathi	255,000	200,000	455,000	-
Mr. A.J. Engineer	60,000	200,000	260,000	-
Dr. Vikas G Pai*	30,000	200,000	230,000	14,200
Total	975,000	1,800,000	2,775,000	26,595

* For Mr. B.G. Deshmukh – upto 07th August, 2011 and for Dr. Vikas G Pai w.e.f., 8th November, 2011.

- a) Sitting fees paid to each non-executive Director are uniform @ Rs.15,000 for attending each meeting of the Board/Committee thereof. The sitting fees was approved by the Members at the Annual General Meeting held on 5th July, 2005.
- b) Commission not exceeding one percent of the net profits of the Company as per the terms of Section 309 of the Companies Act, 1956 or Rupees Thirty Lakhs, which ever is less, which is the ceiling limit approved in this regard by the shareholders at the Annual General Meeting held on 30th July 2008 is payable to non-executive Directors. The said commission, as may be determined by the Board each financial year, is payable to non executive Directors. Such commission being divisible amongst such Directors in such proportion as the Chairman of the Board may determine or, failing such determination, is shared equally amongst them.



2.5 The details of other Directorship and Committee membership :

Name	No. of Companies		Committee positions held
	Directorship in Public Companies	Other Companies	
Mr. P.P. Chhabria	3	2	2 (Chairman of two)
Dr. H.S. Vachha	5	1	5 (Chairman of four)
Mr. Atul C. Choksey	8	4	-
Mr. Sanjay K. Asher	15	23	8 (Chairman of four)
Mr. P.G. Pawar	5	13	4
Mr. D.K. Chhabria	1	2	-
Mr. S.B. (Ravi) Pandit	3	7	2 (Chairman of one)
Mr. P.R. Rathi	10	10	5 (Chairman of one)
Mr. A.J. Engineer	6	-	3 (Chairman of one)
Mr. Mahesh Viswanathan	-	1	-
Dr. Vikas G Pai*	-	-	-

* Dr. Vikas G Pai was appointed as Additional Director on the Board with effect from 8th November, 2011.

In accordance with Clause 49 of the listing agreements with the Stock Exchanges, memberships/ chairmanships of only the Audit Committee and Shareholders'/ Investors' Grievance Committees of all public limited companies (excluding those of the Company), have been considered.

2.6 Information placed before the Board of Directors :

The information placed before the Board of Directors is as follows:

- a) Annual operating plans and budgets, revisions and updates, if any.
- b) Capital budgets with revisions and updates, if any.
- c) Quarterly (including periodic) results of the Company and its operating divisions / business segments.
- d) Minutes of the meetings of Audit and other Committees of the Board.
- e) The information on recruitment and remuneration of senior officers below the Board level, including appointment or cessation of office by Chief Financial Officer and Company Secretary.
- f) Show cause, demand and prosecution notices, which are materially important.
- g) Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- h) Details of any joint venture or collaboration agreement.
- i) Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- j) Industrial relationship issues of material nature and proposed remedial actions. All significant developments in Human Resources / Industrial Relations.
- k) Transactions of material nature of buying and selling of investments, or undertaking / assets, which are not in normal course of business.
- l) Quarterly reports on foreign exchange exposure and the steps taken by the Management to manage the risks of adverse exchange rate movement, if material.
- m) Status on compliance with all regulatory, statutory and material contractual requirements.
- n) Details of delegation of authorities to executives and Powers of Attorney issued.

3. AUDIT COMMITTEE:

The Audit Committee which was formed in February 1997, presently comprises of four independent non-executive Directors, namely Dr. H.S. Vachha (Chairman of the Committee), Mr. Sanjay K. Asher, Mr. P.R. Rathi (Alternate Chairman) and Mr. P.G. Pawar.

Mr. R. G. D'Silva, Company Secretary & Vice President (Legal) acts as the Secretary to the Committee.

The brief terms of reference of the Audit Committee include-

- 1) Review of the Company's financial reporting process and financial statements,
- 2) Review of accounting and financial policies and practices,
- 3) Review of internal control and internal audit systems,
- 4) Discussion with Internal Auditors and Statutory Auditors on any significant findings and follow-up thereon,
- 5) Reviewing the Company's financial and risk management policies, including foreign exchange related risks,
- 6) To investigate any activity within its terms of reference,
- 7) To seek information from any employee,
- 8) To obtain outside legal or other professional advice,
- 9) To secure attendance of outsiders with relevant expertise, if it considers necessary,
- 10) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements is correct, sufficient and credible,
- 11) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees,
- 12) Approval of payment to statutory auditors for any other services rendered by the statutory auditors,
- 13) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956,
 - b) Changes, if any, in accounting policies and practices and reasons for the same,
 - c) Major accounting entries involving estimates based on the exercise of judgment by management,
 - d) Significant adjustments made in the financial statements arising out of audit findings,
 - e) Compliance with listing and other legal requirements relating to financial statements,
 - f) Disclosure of any related party transactions,
 - g) Qualifications, if any, in the draft audit report,
- 14) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval,
- 15) Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems,
- 16) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit,
- 17) Discussion with internal auditors any significant findings and follow up there on,
- 18) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board,
- 19) Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussions to ascertain any area of concern,



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- 20) To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors,
- 21) The Audit Committee shall mandatorily review the following information:
- Management discussion and analysis of financial condition and results of operations,
 - Statement of significant related party transactions (as defined by the Audit Committee),
 - Management letters/ letters of internal control weaknesses issued by the Statutory Auditors,
 - Internal audit reports relating to internal control weaknesses, and
 - The appointment, removal and terms of remuneration of the Chief Internal Auditor.

The Committee has met seven times during the financial year ended 31st March 2012, as against the minimum requirement of four meetings i.e. on 21st April, 2011, 3rd May, 2011, 7th August, 2011, 17th September, 2011, 8th November, 2011, 10th December, 2011 and 1st February, 2012. Dr. H.S. Vachha and Mr. P.R. Rathi attended seven meetings, Mr. Sanjay K. Asher attended six meetings and Mr. P.G. Pawar attended four meetings. The date of the meeting of the Committee held for considering finalization of accounts for the year ended 31st March, 2012 was 3rd May, 2012.

The concerned partners / representatives of the Statutory Auditors, Cost Auditors, Internal Auditors and the Executive Directors / functional heads / executives of Finance, Accounts, Secretarial, Systems departments of the Company attend Audit Committee Meetings.

The due date for filing of Cost Audit Reports for the financial year ended 31st March, 2011 was 27th September, 2011 and the Cost Audit Reports were duly filed by the Cost Auditors on 27th September, 2011. The due date for filing the Cost Audit Reports for the financial year ended 31st March, 2012 is 27th September, 2012.

4. REMUNERATION COMMITTEE:

In view of the importance given by the Company to good corporate governance and though it is a non-mandatory requirement, a Remuneration Committee was constituted by the Board of Directors at its meeting held on 21st October, 2000.

The Remuneration Committee has been set up to determine on behalf of the Board and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Executive Directors including pension rights, any compensation payment and recommendation in respect of commission, if any, payable to non-executive Directors.

The Committee presently comprises of three independent and non-executive Directors namely Mr. P.R. Rathi (Chairman) Mr. Sanjay K. Asher and Mr. P.G. Pawar.

Mr. R.G. D'Silva, Company Secretary & Vice President (Legal) acts as the Secretary to the Committee.

The Committee has met on 3rd May, 2011 and 8th November, 2011 during the financial year ended 31st March 2012. Mr. Sanjay K. Asher and Mr. P.R. Rathi attended two meetings, Mr. P.G. Pawar and Mr. B.G. Deshmukh (who was earlier Chairman of the Committee expired on 7th August, 2011) attended one meeting each.

5. SHAREHOLDERS' COMMITTEE:

The Share-Transfer-cum-Investors' Grievances Committee presently comprises of three executive Directors (namely: Mr. P.P. Chhabria, Mr. D.K. Chhabria and Mr. Mahesh Viswanathan) and three independent, non-executive Directors (namely Mr. P.G. Pawar, Mr. Sanjay K. Asher and Mr. P. R. Rathi). Mr. P.G. Pawar an independent and non-executive Director is the Chairman of the Committee.

The Board has designated Mr. R.G. D'Silva, Company Secretary & Vice President (Legal) as the Compliance Officer.

The Committee in addition to considering matters of share transfers oversees redressal of shareholders' and investors' complaints/ grievances and recommends measures to improve the level of investor services.

The Committee normally meets once in a month, as required, depending on the receipt of requests for share transfers, etc from shareholders and there were five meetings held during the year.

No Complaint was received from any shareholder during the year and no complaint was outstanding as on 31st March 2012.

6. GENERAL BODY MEETINGS:

Location and time for last three Annual General Meetings:

Year	Location	Date	Time	Whether any special resolution passed therein
2008-09	Acharya Atre Rangmandir Sant Tukaramnagar, Pimpri, Pune 411 018	26th August, 2009	11.30 a.m.	Yes
2009-10	Acharya Atre Rangmandir Sant Tukaramnagar, Pimpri, Pune 411 018	9th August, 2010	11.00 a.m.	Yes
2010-11	Acharya Atre Rangmandir Sant Tukaramnagar, Pimpri, Pune 411 018	8th August, 2011	11.00 a.m.	No

- (a) No special resolution was passed through postal ballot last year and no such resolution is proposed to be passed by postal ballot this year.

7. DISCLOSURES:

- (a) Disclosures regarding materially significant related party transactions :
For details please refer Note No. 35 of Notes forming part of the Accounts.
- (b) There were no instances of non-compliance or penalty/strictures imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authority on any matter related to capital markets, during the last three years.
- (c) The Company has complied with the mandatory requirements of corporate governance Clause 49 of the Listing Agreements with the Stock Exchanges.
- (d) The non-mandatory requirements have not been adopted as a formal policy except for Remuneration Committee as set out in item 4 above.

8. MEANS OF COMMUNICATIONS:

- (a) The quarterly results of the Company are published in leading newspapers viz, normally Hindu Business Line (all editions) and Lokmat (Pune edition) and also displayed on the corporate website (<http://www.finolex.com>). Official news / media releases, blank forms for shareholders and other information of the Company are uploaded on its said website and where relevant are also informed to the stock exchanges for taking the same on record. Management provides detailed analysis of Company's operations, which forms a part of the Annual Report.
- (b) National Stock Exchange Limited (NSE) Electronic Application Processing System (NEAPS): NEAPS is a web based application designed by NSE for corporates. In addition to being uploaded on the Company's corporate website the Shareholding Pattern and Corporate Governance Report are also filed electronically on NEAPS on a quarterly basis for information of stakeholders.
- (c) Securities and Exchange Board of India (SEBI) Complaints Redress System (SCORES): Investor complaints are processed in centralized web based complaints redressal system, which provides for centralised database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its status.
- (d) Investor Services Email ID: The Company has designated an Email Id namely Investors@finolex.com exclusively for investor servicing.

9. SHAREHOLDER INFORMATION:

The Annual report includes Financial Statements, key financial data and detailed information in the Management Discussion and Analysis and Shareholders' information sections.



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10. CODE OF CONDUCT:

The Board had laid down a code of conduct for all Board members and senior management of the Company. The Code of Conduct has been hosted on the website (<http://www.finolex.com>) of the Company.

Declaration:

All Board members and senior management personnel have affirmed compliance with the Code of Conduct of the Company in the year under report.

Place: Pune

Date: 3rd May, 2012

Sd/-

D K Chhabria
Managing Director

Auditors' Certificate on Corporate Governance

To the Members of
FINOLEX CABLES LIMITED

We have examined the compliance of conditions of corporate governance by Finolex Cables Limited (the Company) for the year ended on 31st March 2012 as stipulated in clause 49 of the Listing Agreements (as modified from time to time) entered into with the NSE of India Limited (NSE) and Bombay Stock Exchange Limited (BSE).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated we state that no investor grievance is pending for a period exceeding one month against the Company as certified by Registrar and Transfer Agents of the Company, in the above mentioned Listing Agreements.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **B. K. KHARE & CO.**
Chartered Accountants

Sd/-

SANTOSH PARAB
Partner
Membership No. 047942
Firm Registration No. 105102W

Place : Pune

Date : 3rd May, 2012

Shareholder / Debentureholder Information

Registered Office

Finolex Cables Limited, 26/27 Mumbai-Pune Road, Pimpri, Pune 411 018

Annual General Meeting

The Forty Fourth Annual General Meeting ("AGM") of the Company will be held on Tuesday, 14th August, 2012 at 12.00 noon at Acharya Atre Rangmandir, Sant Tukaramnagar, Pimpri, Pune- 411 018.

Financial Calendar (Tentative):

(a) Annual General Meeting	:	14th August, 2012
(b) Results for quarter ending 30th June, 2012	:	Second week of August, 2012
(c) Results for quarter ending 30th September, 2012	:	Second week of November, 2012
(d) Results for quarter ending 31st December, 2012	:	Second week of February, 2013
(e) Results for quarter ending 31st March, 2013	:	Last week of May, 2013

Dates of Book Closure

The Company's Transfer Books will be closed from Saturday, 28th July, 2012 to Tuesday, 14th August, 2012 (both days inclusive) for purpose of AGM and for payment of Dividend for the year ended 31st March, 2012.

Dividend Payment

The Board of Directors of the Company at its meeting held on 3rd May, 2012 recommended payment of Dividend @ 40% (i.e. Rs.0.80 per share) for the year ended 31st March, 2012. The payment of dividend is to be approved by the shareholders at the AGM and as on date is exempt from income-tax in the hands of shareholders. The aforesaid Dividend, if declared at the AGM, will be paid on or before 12th September, 2012 to those members whose names appear in the Register of Members as on the date of AGM. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership as per the details to be received from the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose, the same being as of close of their respective hours of business on the date immediately preceding the aforesaid Book Closure period (i.e., as of Friday, 27th July, 2012).

Stock Exchange Listing

The Company's shares are presently listed on the Stock Exchanges at Ahmedabad, Bangalore, Chennai, Cochin, Delhi, Kolkata, Mumbai and Pune and also on the National Stock Exchange and OTC Stock Exchange. The Company's Global Depository Receipts (GDRs) are listed on the Luxembourg Stock Exchange.

Stock Code	Code/ Trading Symbol	ISIN
Trading Symbol Bombay Stock Exchange	500144	
Trading Symbol National Stock Exchange	FINCABLES-EQ	INE235A01022

Payment of Listing Fees

Annual Listing Fee for the year 2012-13 as applicable has been paid to the said Stock Exchanges and Annual Maintenance Fees for the calendar year 2012 has been paid by the Company to the Luxembourg Stock Exchange in respect of the GDRs listed thereon.



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Stock Market Data

The monthly high and low quotations and volume of shares traded at National Stock Exchange Limited (NSE) and Bombay Stock Exchange Limited (BSE) are as follows:

(Source: NSE and BSE Websites)

Period	NSE			BSE		
	High (Rs.)	Low (Rs.)	Volume Shares traded (Nos.)	High (Rs.)	Low (Rs.)	Volume Shares traded (Nos.)
April 11	57.25	47.20	2,742,962	57.20	47.20	1,409,838
May 11	53.00	46.30	1,249,116	53.00	45.00	670,094
June 11	49.85	44.60	1,899,395	49.95	44.00	1,014,430
July 11	55.00	41.65	753,488	54.00	43.00	457,917
August 11	47.10	36.05	1,256,759	50.00	36.35	779,118
September 11	42.00	33.00	683,865	41.95	37.00	405,199
October 11	39.80	35.80	643,612	39.95	35.70	356,868
November 11	38.70	28.10	1,169,204	38.65	28.65	675,031
December 11	34.00	22.75	2,549,832	33.40	21.00	1,695,681
January 12	37.60	29.10	1,956,875	37.45	30.20	851,859
February 12	37.50	32.10	1,700,175	38.00	32.10	774,769
March 12	36.20	29.10	959,304	38.00	29.15	502,754
Total			17,564,587			9,593,558

Shareholding Pattern as on 31st March, 2012

Category	No. of shares held	Percentage Shareholding
A Promoters Shareholding		
1. Promoters*		
- Indian Promoters	54,528,470	35.65
- Foreign Promoters	NIL	NIL
2. Persons acting in Concert	NIL	NIL
Sub Total	54,528,470	35.65
B. Non-Promoters Shareholding		
3. Institutional Investors		
a. Mutual Funds and UTI	6,549,576	4.28
b. Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions / Non-Government Institutions)	11,454,025	7.49
c. FIs	1,399,737	0.92
Sub Total	19,403,338	12.69
4. Others		
a. Private Corporate Bodies**	25,631,596	16.76
b. Indian Public	46,408,487	30.34
c. NRIs/ OCBs	881,029	0.58
d. Any others (Custodian for GDRs)	6,086,425	3.98
Sub Total	79,007,537	51.66
Grand Total	152,939,345	100.00

* The promoters have confirmed to the Board of Directors that they have not pledged with any party / bank any of their shares held in the Company as at 31st March 2012.

** Includes 22,187,075 shares (14.51%) held by Associate Company- Finolex Industries Limited.

Distribution by Size of Shareholding as on 31st March, 2012

No. of Equity Shares held	No. of shareholders	% of Shareholders	No. of Shares	% of Shareholding
1-5000	50,821	98.18	24,807,494	16.22
5001-10000	517	1.00	3,804,440	2.49
10001 & above	426	0.82	124,327,411	81.29
Grand Total	51,764	100.00	152,939,345	100.00

Registrar and Transfer Agents

The Company has taken requisite steps and centralized at a single point its share registry works for equity shares held in physical as well as electronic form with **M/s. Sharepro Services (India) Pvt. Ltd., 3, Chintamani Apartments, Lane No.13, Off. V.G. Kale Path, 824/D, Bhandarkar Road, Pune – 411 004** who are holding Registrars to an issue and Share Transfer Agent Category I Registration No. INR000001476 issued by Securities and Exchange Board of India ("SEBI").

Share Transfer System

Share Transfer requests received in physical form are registered within 30 days from date of receipt and Demat requests are normally confirmed within an average of 15 days from the date of receipt.

Statistics of shareholders - 2010- 2012

<u>31st March</u>	<u>No. of shareholders</u>
2010	44,077
2011	50,335
2012	51,764

Corporate Benefits to Investors

- a) Bonus Issues of Fully Paid-up Equity Shares:

Year	Ratio
1999	1:1
1994	1:1
1992	1:1
1988	4:5

- b) Dividend declared during previous 10 years:

Financial Year	Date of Declaration	Face Value of Equity Shares (Rs.)	Dividend Rate	
			Percentage (%)	Amount (Rs. per share)
2010-11	8th August, 2011	2*	35	0.70*
2009-10	9th August, 2010	2*	30	0.60*
2008-09	26th August, 2009	2*	10	0.20*
2007-08	30th July, 2008	2*	75	1.50*
2006-07	29th June, 2007	2*	70	1.40*
2005-06	27th June, 2006	10	60	6.00
2004-05	5th July, 2005	10	45	4.50
2003-04	18th June, 2004	10	40	4.00
2002-03	12th June, 2003	10	30	3.00
2001-02	31st July, 2002	10	75	7.50

* In the year 2006-07, the Company had sub-divided each Equity Share of Rs.10/- face value into 5 (Five) Equity Shares of Rs.2/- each with effect from 16th January, 2007.



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Dematerialisation of Shares

The Company's equity shares are included in the list of companies whose scrips have been mandated by SEBI for settlement only in dematerialized form by all institutions and all investors. The Company had signed agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) to offer depository services to its shareholders. As on 31st March, 2012, 97.87% (i.e. NSDL: 92.21% and CDSL: 5.66%) of the equity share capital of the Company has been dematerialized.

Outstanding GDRs/ DRs/ Warrants, etc.

There are no outstanding GDRs/ DRs/ Warrants or any convertible instruments as on 31st March, 2012.

Plant Locations:

Pimpri (Electrical Cables)

26/27, Mumbai-Pune Road
Pimpri, Pune - 411 018
Telephone: (020) 27475963 / 27506200
Facsimile : (020) 27472239/ 27472224
Email: sv_joshi@finolex.com

Optic Fibre Division

Urse
Taluka Maval
Dist - Pune - 410 506
Telephone: (02114) 237003/4/5/6/7
Facsimile: (02114) 237006
Email:sunil@finolex.com

Switches Division

Gat No. 344 Village Urse,
Taluka Maval
Dist- Pune - 410 506
Telephone: (02114) 237021-2-3
Facsimile: (02114) 237006
Email: MV_Rangwani@finolex.com

Goa (Electrical & Communication Cables)

Plot No. 117/L118
Verna Industrial Estate
Verna Salcette
South Goa, GOA
Telephone: (0832) 2782002/3/4
Facsimile: (0832) 2783909
Email:ratnakar_barve@finolex.com

Goa (CCC Rod)

Plot No. S263/2
Panjim-Belgaum Road
Usgaon-Tisk, Ponda
Goa - 403406
Telephone: (0832) 2344376/8/9
Facsimile: (0832) 2344140
Email:knarayanan@finolex.com

Urse (Electrical & Communication Cables)

Taluka Maval
Dist - Pune - 410 506
Telephone: (02114) 237026/27
Facsimile: (02114) 237025
Email:PM_Deshpande@finolex.com

Lighting Division (CFL)

Plot No. 399, Village Urse
Taluka Maval
Dist - Pune - 410 506
Telephone: (02114) 237021, 237024
Facsimile: (02114) 237025
Email:SV_Deshpande@finolex.com

HVPC Urse, Pune

Gat No. 343, Village Urse
Taluka Maval
Dist-Pune-410 506
Telephone: (02114) 237001-5
Facsimile: (02114) 237025
Email:amit_bakhle@finolex.com

Goa (Communication Cables)

Plot No. L123/9A,
Verna Industrial Estate, Verna Salcette,
South Goa, Goa
Telephone: (0832) 2782002/3/4
Facsimile: (0832) 2783909
Email:ratnakar_barve@finolex.com

Roorkee

Plot Nos. K-1& K-2 AIS Industrial Estate
Latherdeva Hoon, Manglaur, Roorkee
Taluka Haridwar,
Uttarakhand - 247667
Telephone: (01332) 224069
Telefax: (01332) 224068
Email: pravin_ahire@finolex.com

Investor Correspondence:

The Company's Share Department provides assistance to shareholders under the overall supervision of Mr. R G D'Silva, Company Secretary & Vice President (Legal).

Any query relating to shares and requests for transactions including transfers, transmissions, nomination facilities, issue of duplicate share certificates, change of address pertaining to physical shares and non-receipt of dividends/Annual Reports, as also regarding dematerialization of shares may please be taken up with the Company or its Share Transfer Agent:

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(A) Company:

Secretarial Department
Finolex Cables Limited
26/27 Mumbai – Pune Road, Pimpri, Pune 411 018
Telephone: (020) 2750 6230 / 2750 6279
Board: (020) 2750 6200 / 2747 5963
Facsimile: (020) 2747 2239
Email: Investors@finolex.com

Contact Persons:

Mr. R G D'Silva - Company Secretary & Vice President (Legal)
Mr. Mahadev H Yeske – Deputy Manager - Secretarial
Mr. Gitesh V Karandikar – Assistant Manager – Secretarial

(B) Share Transfer Agent:

M/s. Sharepro Services (India) Pvt. Ltd.
3, Chintamani Apartments, Lane No.13,
Off. V.G. Kale Path,
24/D, Bhandarkar Road,
Pune – 411 004
Telephone: (020) 2566 2855
Facsimile: (020) 2566 2855
Email: sharepropune@vsnl.net

Contact Person:

Mr. Milind Saraf - Manager

Shareholder information On-line:

The Balance Sheet information is a part of the Company's World Wide home page <http://www.finolex.com>. Users can obtain information on Company products and services, Company background, Management, Financial and Shareholders' information and other major developments.

Nomination facility:

Individual shareholders can avail of the facility of nomination. The nominee shall be person in whom all rights of transfer and/or amount payable in respect of the shares shall vest in the event of the death of concerned shareholder(s). A minor can also be a nominee provided the name of the guardian is given in the Nomination Form. The facility of nomination is not available to non-individual shareholders such as bodies corporate, financial institutions, Kartas of Hindu Undivided Families (HUFs) and holders of Power of Attorney. In case of any assistance, please contact the Secretarial Department at the above Registered Office of the Company.

Members Contact Email Address:

The Government in its concern for the environment has, as part of its green initiative, vide Circular No. 17/2011 dated 21st April, 2011 issued by the Ministry of Corporate Affairs, permitted Companies to serve requisite documents through electronic mode on their shareholders. Members are requested to support this worthy cause and inform the Company their personal email addresses and changes, if any, therein from time to time in the format provided at Page No. 75 of this Annual Report as also under Investors' Section (Blank Forms) of the Company's website <http://www.finolex.com>. This will also facilitate expeditious communication.

ECS Facility / Bank Mandate / Details:

In order to provide protection against fraudulent encashment of dividend warrants:

- Shareholders holding shares in physical form are requested to furnish their Bank account number with the name of the Bank/Branch, its address (with 9 digit MICR Code) and quoting their folio number, etc so that the Bank account details are available for payment of dividend by ECS / can be printed on the dividend warrants.
- Shareholders holding shares in dematerialized form may please immediately inform changes, if any, in their Bank account details (with 9 digit MICR Code) to their **Depository Participant (DP)** to enable the correct Bank account details to be made available to the Company by the DP for ECS / printing on the dividend warrants.

In any case, shareholders will appreciate that the Company will not be responsible for any loss arising out of fraudulently encashed dividend warrants, if any.

Debt Securities

Non Convertible Debentures (NCDs) issued by the Company are listed on the Wholesale Debt Market (WDM) Segment of National Stock Exchange of India Limited (NSE).

Description	9.10% Rated, Listed, Taxable, Secured, Redeemable, Non- Convertible Debentures of Rs.500,000,000/- ("M" Series)
Number of Debentures	500
Issue Price	Rs. 1,000,000 (Rupees One Million Only)
Date of Allotment	24th August, 2010
Date of Maturity	24th August, 2015
ISIN	INE235A07029
Security	First pari-passu charge on the immovable properties of JFTC Goa Division and premises situated at Ahmedabad and Hyderabad.
Name and Address of Debenture Trustee	Axis Trustee Services Limited (SEBI Registration No. IND000000494) Axis House, 02nd Floor, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai – 400 025. Phone No. (022) 2425 2525 / 4325 2525



Auditors' Report

To the Members of Finolex Cables Limited.

We have audited the attached Balance Sheet of Finolex Cables Limited as at 31st March 2012, and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report as follows:

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India, in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;
 - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the Directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as Director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, read together with the Company's Accounting Policies and the Notes thereto give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as on 31st March, 2012
 - ii) in the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date; and
 - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For B. K. Khare & Co.
Chartered Accountants

Santosh Parab
Partner

Place : Pune
Dated : 3rd May, 2012

Membership No. 047942
Firm Registration No.105102W

Annexure to the Auditors' Report

Referred to in paragraph 1 of our Report of even date:

- i.
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The Company is still in the process of completing the reconciliation of Physical Inventory of Fixed Assets with book records.
 - c) During the year, Company has not disposed off any substantial/major part of fixed assets.
- ii.
 - a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of account.
- iii.
 - a) According to the information and explanations given to us and on the basis of our examination Company has granted a loan to the following party covered in the Register maintained under Section 301 of the Companies Act, 1956;

Name of the Party	Relationship	Maximum Amount (Rs. Million)	Outstanding as on 31/3/2012 (Rs. Million)
Finolex Infrastructure Ltd.	Associate Company	51.6	51.6

- b) According to the information and explanations given to us, and as represented by the Company, the rate of interest and other terms and conditions of loan granted to the above party are not prima facie prejudicial to the interest of the Company.
 - c) According to the information and explanations given to us, Company has been regular in receipt of interest to whom the loan is granted.
 - d) According to the information and explanations given to us, there is no overdue amount of loan granted from the parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to the purchase of inventory and fixed assets, and with regard to the sale of goods. During the course of our audit, no continuing failure to correct major weakness has been noticed in the internal controls.
 - v. In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956,
 - a) Based on audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements have been entered in the register required to be maintained under Section 301.
 - b) According to the information and explanations given to us and excluding certain transactions of purchase of goods and material of special nature for which alternate quotations are not available, in our opinion, the contracts or arrangements have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
 - vi. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public and therefore, the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and Rules there under are not applicable to the Company.



Finolex

Cables Limited

- vii. In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company relating to the manufacture of cables, conductors and compact florescent lamps pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
- ix. a) According to the records of the Company and information and explanations given to us, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and other statutory dues with the appropriate authorities during the year.
- b) According to the records of the Company and information and explanations given to us, dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and cess which have not been deposited on account of disputes and the forum where dispute is pending as under:

Name of Statute	Nature of Dues	Amount (Rs.in Million)	Period to which amount relates	Forum where dispute is pending
Sales Tax Act	Sales Tax demand	0.08	F.Y.1999-00	Appellate Tribunal
	Sales Tax demand	4.60	F.Y.1991-92	High Court
	Sales Tax demand	21.83	F.Y.1992-93	Appellate Tribunal
	Sales Tax demand	24.36	F.Y.1993-94	Dy. Commissioner (Appeals)
	Sales Tax demand	0.56	F.Y.2001-02	Dy. Commissioner (Appeals)
	Sales Tax demand	4.95	F.Y.2002-03	Jt. Commissioner (Appeals)
	Sales Tax demand	2.20	F.Y.2002-03	Asst.Comm (Appeals)
	Sales Tax demand	2.61	F.Y.2003-04	Jt. Commissioner (Appeals)
	Sales Tax demand	3.16	F.Y.2003-04	Dy. Commissioner
	Sales Tax demand	12.24	F.Y.2003-04	Appellate Tribunal
	Sales Tax demand	6.56	F.Y.2004-05	Dy. Commissioner
	Sales Tax demand	11.46	F.Y.2004-05	Asst.Comm (Appeals)
	Sales Tax demand	31.18	F.Y.2005-06	Asst.Comm (Appeals)
	Sales Tax demand	345.55	F.Y.2006-07	Asst.Comm (Appeals)
	Sales Tax demand	68.38	F.Y.2007-08	Asst.Comm (Appeals)
	Sales Tax demand	59.29	F.Y.2008-09	Asst.Comm (Appeals) (being filed)

- x. The Company does not have accumulated losses as at the end of the year and the Company has not incurred cash losses during current and the immediately preceding financial year.
- xi. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
- xii. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies are not applicable to the Company.
- xiv. (a) Based on the records examined by us and according to the information and explanations given to us, we are of the opinion that the Company is maintaining proper record of the transactions and contracts of dealing in shares and securities and that timely entries have been made in these records.

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- (b) Based on our audit procedures and to the best of our knowledge and belief and according to the information and explanation given to us, the shares and securities have been held by the Company in its own name.
- xv.** According to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from banks and financial institutions.
- xvi.** To the best of our knowledge and belief and according to the information and explanation given to us, proceeds from term loans availed/debentures issued by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained.
- xvii.** According to the Cash Flow Statement and records examined by us and according to the information and explanations given to us, on overall basis, funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.
- xviii.** The Company has not made any preferential allotment to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956, during the year and the question of whether the price at which the shares have been issued is prejudicial to the interest of the Company does not arise.
- xix.** According to the information and explanations given to us and the records examined by us, security or charge has been created in respect of the debentures issued.
- xx.** The Company has not raised money by any public issues during the year and hence the question of disclosure and verification of end use of such money does not arise.
- xxi.** To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the Company was noticed or reported during the year.

For B. K. Khare & Co.
Chartered Accountants

Santosh Parab
Partner

Membership No. 047942
Firm Registration No.105102W

Place : Pune
Dated : 3rd May, 2012



Finolex

Cables Limited

Balance Sheet

as at 31st March, 2012

(Rs. in million)

	Notes	2012	2011
EQUITY AND LIABILITIES			
Shareholders' Funds :			
Share Capital	1	305.9	305.9
Reserves & Surplus	2	7,698.4	6,868.9
		8,004.3	7,174.8
Non - Current Liabilities			
Long - term borrowings	3	1,162.2	970.4
Other long - term liabilities	4	343.9	529.9
Long - term provisions	5	2.7	6.1
Deferred tax credit (Net)	31	326.1	310.4
		1,834.9	1,816.8
Current Liabilities			
Short - term borrowings	6	383.2	291.9
Trade payables	7	563.8	306.9
Other current liabilities	7	1,189.9	2,443.4
Short - term provisions	5	187.1	162.4
		2,324.0	3,204.6
		12,163.2	12,196.2
ASSETS			
Non - Current Assets			
Fixed Assets :			
Tangible assets	8	4,291.9	4,032.9
Intangible assets	8	0.4	0.4
Capital Work-In-Progress	8	120.2	187.6
		2,188.8	2,090.3
Non - Current Investments			
Deferred tax assets (Net)	9	—	—
Long -term loans and advances	10	40.2	142.9
Other non - current assets	11	—	—
		6,641.5	6,454.1
Current Assets :			
Current investments	12	183.3	361.2
Inventories	13	2,811.4	2,808.4
Trade receivables	14	1,140.9	1,302.4
Cash & Bank Balances	15	490.0	212.9
Short - term loans and advances	10	896.1	1,051.6
Other current assets	11	—	5.6
		5,521.7	5,742.1
		12,163.2	12,196.2
Notes	27 to 47		

As per our report of even date

For B. K. KHARE & COMPANY
Chartered Accountants

SANTOSH PARAB
Partner
Membership No. 47942
Firm Registration No. 105102W

R.G.D'SILVA
Company Secretary &
Vice President (Legal)

P. P. Chhabria
Chairman
Dr. H. S. Vachha
S. K. Asher
P. R. Rathi
P. G. Pawar
A. J. Engineer
Dr. V. G. Pai

D. K. Chhabria
Managing Director
M. Viswanathan
Director-Finance &
Chief Financial Officer

Pune: 3rd May, 2012

Pune: 3rd May, 2012

Statement of Profit and Loss for the year ended 31st March, 2012

(Rs. in million)

Continuing operations	Notes	2012	2011
INCOME			
Revenue from operations (Gross)	16	21,824.3	21,863.6
Less : Excise Duty		1,184.8	1,506.1
Revenue from operations (Net)		20,639.5	20,357.5
Other Income	17	364.0	260.9
Total Revenue		21,003.5	20,618.4
EXPENSES			
Cost of materials consumed	18	15,533.6	16,365.9
Purchase of traded goods	19	24.0	23.8
(Increase) / Decrease in inventories of finished goods and work in progress & traded goods	20	126.9	(640.6)
Employee benefit expense	21	694.8	647.4
Other Expenses	22	2,512.5	2,226.7
Finance Costs	23	260.7	191.2
Depreciation & amortization expenses	24	394.7	387.8
Total Expenses		19,547.2	19,202.2
Profit before exceptional and extraordinary items and tax		1,456.3	1,416.2
Exceptional items	25	(363.6)	(344.4)
Profit before extraordinary items and tax		1,092.7	1,071.8
Extraordinary items		-	-
Profit Before Tax		1,092.7	1,071.8
Less : Tax expenses			
- Current Tax (includes prior year's refund Rs. 21.9 million)		174.3	212.8
- Deferred Tax (Net)		15.7	(8.7)
- MAT credit entitlement		(79.2)	-
Add : Excess Provision for dividend tax written back		-	0.4
Profit / (Loss) for the year		981.9	868.1
Earnings Per Equity Share [Nominal value of share Rs.2 each, (Previous year Rs.2 each)]			
Basic & Diluted on the basis of profit from continuing business (Rs)	26	6.4	5.7
Basic & Diluted on the basis of total profit for the year (Rs)	26	6.4	5.7
No. of Shares used in computing Earnings per Share (Basic and Diluted)		152,939,345	152,939,345
Notes	27 to 47		

As per our report of even date

For B. K. KHARE & COMPANY
Chartered Accountants

SANTOSH PARAB
Partner
Membership No. 47942
Firm Registration No. 105102W

R.G.D'SILVA
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Managing Director
M. Viswanathan
Director-Finance &
Chief Financial Officer

Pune: 3rd May, 2012

Pune: 3rd May, 2012



Cash Flow for the year ended 31st March, 2012

	(Rs. in million)	
	2012	2011
A. Cash Flow from Operating Activities		
Net profit Before Tax	1,092.7	1,071.8
Adjustments for :		
Depreciation (Net)	394.7	387.8
Provision for Short Term Compensated Absences	6.9	4.1
Income from Investments	-	(0.1)
Dividend Income	(125.2)	(135.6)
Interest Income	(88.6)	(22.4)
Loss / (Profit) on : Sale of Fixed Assets	(29.0)	0.3
Loss / (Profit) on : Sale of Investments	(42.2)	(22.1)
Loss / (Profit) on : Forex Transactions	403.5	342.8
Interest Cost	248.4	174.1
Diminution / (increase) in value of Investments	0.6	2.5
	769.1	731.4
Operating Profit before Working Capital Changes	1,861.8	1,803.2
Adjustments for Working Capital Changes :		
Trade and Other Receivable	(267.8)	(654.6)
Inventories	(3.0)	(598.9)
Trade Payable	423.5	118.8
	152.7	(1,134.7)
Cash generated from Operations	2,014.5	668.5
Tax refund / (Paid)	48.9	(330.1)
Net Cash Flow from Operating Activities	2,063.4	338.4
B. Cash Flow from Investing Activities		
Income from Investments	-	0.1
Dividend Income	125.2	135.6
Interest Income	88.6	22.4
Inflow from / (Additions to) Investments	42.8	1.4
Investment in Associate and Joint Venture company	(98.5)	(114.9)
Diminution / (increase) in value of Investments	(0.6)	(2.5)
Purchase of fixed assets/ Capital Expenditure (Net)	(461.4)	(292.0)
Net Cash Flow from Investing Activities	(303.9)	(249.9)
C. Cash Flow from Financing Activities		
Repayment of External Commercial Borrowings	(1,275.1)	(3.0)
Long Term Loans from Banks	300.0	-
Short Term Acceptances movement	91.0	(107.5)
(Loss) / Profit on : Forex Transactions	(403.5)	(342.8)
Dividend & dividend tax paid	(123.6)	(106.7)
Interest Cost	(248.4)	(174.1)
Net Cash Flow from Financing Activities	(1,659.6)	(734.1)
Total (A) + (B) + (C)	99.9	(645.6)

Cash Flow for the year ended 31st March, 2012

	(Rs. in million)	
	2012	2011
D. Increase / (Decrease) in Cash and Cash Equivalents		
Cash and Cash Equivalents		
Opening Balance	557.6	1,203.2
Closing Balance	657.5	557.6
Net Increase / (Decrease) in Cash and Cash Equivalents	99.9	(645.6)

Notes :

- 1) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 on Cash Flow Statement issued by ICAI.
- 2) Previous year figures have been regrouped wherever necessary to conform to current years classification.

As per our report of even date

For B. K. KHARE & COMPANY
Chartered Accountants

SANTOSH PARAB
Partner
Membership No. 47942
Firm Registration No. 105102W

R.G.D'SILVA
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D. K. Chhabria
Managing Director
M. Viswanathan
Director-Finance &
Chief Financial Officer

Pune: 3rd May, 2012

Pune: 3rd May, 2012



Notes forming part of the Balance Sheet

(Rs. in million)

	2012	2011
Note 1 - Share Capital		
Authorised		
235,000,000 (Previous year 235,000,000) Equity Shares of Rs. 2/- each	470.0	470.0
15,000,000 (Previous year 15,000,000) Unclassified Shares of Rs. 2/- each	30.0	30.0
	500.0	500.0
Issued & Subscribed		
152,939,345 Equity Shares of Rs. 2/- each fully paid. (Of the above, 146,065,520 Equity Shares are issued as fully paid up bonus shares by capitalisation of Reserves)	305.9	305.9
	305.9	305.9

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	2012		2011	
	No.	Rs. million	No.	Rs. million
At the beginning of the period	152,939,345	305.9	152,939,345	305.9
Issued during the period - Bonus issue	-	-	-	-
Issued during the period - ESOP	-	-	-	-
Outstanding at the end of the period	152,939,345	305.9	152,939,345	305.9

b. Terms / rights attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs. 2 per share. Each holder of Equity Shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2012, the amount of per share dividend recognised as distributions to the equity shareholders is Re. 0.80 (Previous year Re. 0.70)

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding/ultimate holding company and/or their subsidiaries/associates

There are no shares held by holding/ultimate holding company and/or their subsidiaries/associates.

d. Details of shareholders holding more than 5% shares in the Company

	2012		2011	
	No.	Rs. million	No.	Rs. million
Finolex Industries Limited	22,187,075	44.4	22,187,075	44.4
Life Insurance Corporation of India	11,019,680	22.0	11,019,680	22.0
Magnum Machines Private Limited	-	-	17,026,160	34.1
Coated Fabrics Private Limited	-	-	9,590,500	19.2
Orbit Electricals Private Limited	46,643,120	93.3	9,058,201	18.1

e. Terms of securities issued with conversion option into equity / preference shares

There are no securities issued with conversion option into equity/preference shares.

Notes forming part of the Balance Sheet

	(Rs. in million)	
	2012	2011
Note 2 : Reserves & Surplus		
Capital Reserve		
As per last Balance Sheet	84.1	84.1
	84.1	84.1
Share Capital Buyback Reserve		
As per last Balance Sheet	55.2	55.2
	55.2	55.2
Securities Premium Reserve		
As per last Balance Sheet	1,091.0	1,091.0
	1,091.0	1,091.0
Debenture Redemption Reserve		
As per last Balance Sheet	250.0	250.0
Add : Amount Transferred from Surplus	–	250.0
	250.0	500.0
Less : Transferred to General Reserve	–	250.0
Closing Balance	250.0	250.0
General Reserve		
As per last Balance Sheet	4,593.4	4,243.4
Add: Transferred from Debenture Redemption Reserve	–	250.0
Add : Amount Transferred from Surplus	100.0	100.0
Less: Transitional effect of Exchange Fluctuation (Refer Note No. 30)	10.2	–
Closing Balance	4,683.2	4,593.4
Surplus Opening		
As per last Balance Sheet	795.2	401.6
Profit for the year	981.9	868.1
Less: Appropriations		
Proposed final Equity dividend (amount per share Re. 0.80 Previous year Re. 0.70)	(122.4)	(107.1)
Tax on proposed Equity dividend	(19.8)	(17.4)
Transfer to Debenture Redemption Reserve	–	(250.0)
Transfer to General Reserve	(100.0)	(100.0)
Total Appropriations	(242.2)	(474.5)
Surplus Closing Balance	1,534.9	795.2
Total Reserves and Surplus	7,698.4	6,868.9



Notes forming part of the Balance Sheet

(Rs. in million)

	Non Current		Current	
	2012	2011	2012	2011
Note 3 - Long Term Borrowings				
Bonds / Debentures				
9.10% 'M' Series Non Convertible Debentures (Secured) 500 Debentures of Rs.1,000,000 each	500.0	500.0		
Term Loans				
Indian Rupee Loan from bank (Secured)	300.0			
Foreign Currency loan from banks (Secured)	339.1	446.0	169.6	1,337.9
	639.1	446.0	169.6	1,337.9
Other Loans and Advances				
Deferred Sales Tax loan (Unsecured)	23.1	24.4	1.3	0.4
Total Long Term Borrowings	1,162.2	970.4	170.9	1,338.3
Amount shown under Other Current Liabilities (Note 7)			(170.9)	(1,338.3)
			0.0	0.0

Notes:

Particulars	Redemption condition	Tenor	Amount (Rs. in Million)	Repayment schedule
a) External Commercial Borrowing	At par	5 years	508.7	3 equal installments on 6th Jan 2013, 6th Jan 2014 and 6th Jan 2015
b) Debenture–M Series	At par	5 years	500.0	Lumpsum on 24th August, 2015
c) Deferred Sales Tax Loan			24.4	Repayable in installments, last such installment being on 26th April 2020
d) Rupee Term Loan from Bank	At par	6 years	300.0	3 equal installments on 31st Dec 2015, 31st Dec 2016, 31st Dec 2017

Security

a) External Commercial Borrowing	Hypothecation of movable fixed assets located at CFL, HVPC plant.
b) Debentures–M Series	First pari-passu charge on the immovable properties of JFTC Goa Division and premises situated at Ahmedabad and Hyderabad.
c) Rupee Term Loans from Bank	Second / Subservient charge on the block of assets of the plant at Roorkee.

The company does not have any continuing defaults in repayment of loans and interest as on the reporting date.

Note 4 : Other long - term liabilities

	2012	2011
Others:		
Other Payable	1.8	–
Derivative Contracts	342.1	529.9
	343.9	529.9

Note 5 : Provisions

	Long - Term		Short - Term	
	2012	2011	2012	2011
Provision for Employee benefits				
Provision for Gratuity	2.7	6.1	–	–
Provision for Leave benefits	–	–	44.9	37.9
	2.7	6.1	44.9	37.9
Other Provisions				
Proposed equity dividend	–	–	122.4	107.1
Tax on proposed equity dividend	–	–	19.8	17.4
	0.0	0.0	142.2	124.5
	2.7	6.1	187.1	162.4

Notes forming part of the Balance Sheet

	(Rs. in million)	
	2012	2011
Note 6 - Short - term borrowings		
Loans payable on demand		
From Banks:		
Cash Credit (Secured)	-	-
Packing credit (Secured)	203.5	156.1
Acceptances (Unsecured)	179.7	135.8
	383.2	291.9

Cash Credit and Packing credit from bank is secured by hypothecation of inventories and book debts. The cash credit is repayable on demand. Packing Credit and Acceptances are generally repayable within 180 days.

Note 7 : Other Current Liabilities

Trade payables (refer note 32 for details of dues to micro and small enterprises)

Other Liabilities

Trade payables (refer note 32 for details of dues to micro and small enterprises)	563.8	306.9
Other Liabilities		
Current maturities of long - term borrowing (Refer Note 3)	170.9	1,338.2
Other payables net of counter claims	934.6	1,033.2
Interest free Deposits from Distributors	8.6	10.1
Interest free Deposits from Customers / Others	66.5	53.7
Interest accrued but not due on borrowings	1.0	0.7
Unpaid Dividend *	8.3	7.5
	1,189.9	2,443.4
	1,753.7	2,750.3

*The figure does not include any amount due and outstanding to be credited to Investor Education & Protection Fund.



Finolex

Cables Limited

Notes forming part of the Balance Sheet

Note No. 8 - Fixed Assets

(Rs. in million)

Description	Gross Block				Depreciation			Net Block			
	Year	Balance as at 01.04.2011	Additions #	Deductions/ Adjustments	Gross Block as at 31.03.2012	Balance as at 01.04.2011	For the year	Deductions	Total Depreciation 31.03.2012	Balance as at 31.03.2012	Balance as at 31.03.2011
Tangible Assets											
Land	Cy	108.2	0.1	1.5	106.8	0.0	0.0	0.0	0.0	106.8	108.2
	Py	108.2	0.0	0.0	108.2	0.0	0.0	0.0	0.0	108.2	108.2
Lease Hold Land	Cy	161.0	0.0	0.0	161.0	7.6	1.6	0.0	9.2	151.8	153.4
	Py	161.0	0.0	0.0	161.0	6.0	1.6	0.0	7.6	153.4	155.0
Buildings	Cy	1,817.0	243.2	52.5	2,007.7	403.6	56.2	24.1	435.7	1,572.0	1,413.4
	Py	1,789.7	27.4	0.1	1,817.0	348.7	54.9	0.0	403.6	1,413.4	1,440.9
Plant & Machinery ## / **	Cy	5,692.6	443.6	170.6	5,965.6	3,443.2	319.7	150.8	3,612.1	2,353.5	2,249.4
	Py	5,505.2	187.5	0.1	5,692.6	3,128.2	315.2	0.2	3,443.2	2,249.4	2,377.0
Furniture, Fittings	Cy	116.8	0.5	0.0	117.3	83.4	4.4	0.0	87.8	29.5	33.4
	Py	112.4	4.4	0.0	116.8	79.0	4.4	0.0	83.4	33.4	33.4
Office Equipment	Cy	58.3	1.6	0.0	59.9	27.7	2.3	0.0	30.0	29.9	30.6
	Py	47.0	11.3	0.0	58.3	25.7	2.0	0.0	27.7	30.6	21.3
Computers, Peripherals	Cy	95.1	1.6	0.3	96.4	77.4	4.3	0.3	81.4	15.0	17.7
	Py	92.4	2.7	0.0	95.1	73.1	4.3	0.0	77.4	17.7	19.3
Vehicles	Cy	47.8	10.2	0.0	58.0	26.0	4.4	0.0	30.4	27.6	21.8
	Py	49.2	0.0	1.4	47.8	23.1	3.8	0.9	26.0	21.8	26.1
Dies & Moulds	Cy	20.0	4.1	11.4	12.7	15.6	1.8	10.5	6.9	5.8	4.4
	Py	19.3	0.7	0.0	20.0	14.0	1.6	0.0	15.6	4.4	5.3
Exchange Flutuation	Cy	11.9	0.0	11.9	0.0	11.3	0.0	11.3	0.0	0.0	0.6
	Py	11.9	0.0	0.0	11.9	11.3	0.0	0.0	11.3	0.6	0.6
Tangible Gross Total	Cy	8,128.7	704.9	248.2	8,585.4	4,095.8	394.7	197.0	4,293.5	4,291.9	4,032.9
	Py	7,896.3	234.0	1.6	8,128.7	3,709.1	387.8	1.1	4,095.8	4,032.9	4,187.1
Intangible Assets											
Software & Others	Cy	128.3	0.0	0.0	128.3	127.9	0.0	0.0	127.9	0.4	0.4
	Py	128.3	0.0	0.0	128.3	127.9	0.0	0.0	127.9	0.4	0.4
Capital Work In Progress	Cy	187.6	118.7	186.1	120.2	0.0	0.0	0.0	0.0	120.2	187.6
	Py	237.8	69.6	119.8	187.6	0.0	0.0	0.0	0.0	187.6	237.8

** Additions are net of Capital Subsidy of Rs.Nil (Previous year Rs.3.0 million) received from Government of Uttaranchal at Roorkee plant.

Includes exchange difference on foreign exchange loan & Borrowings cost capitalized during the year : Land Rs. 0.1 million (Previous year Rs Nil), Buildings Rs.38.4 million (Previous year Rs. -11.9 million), Plant & Machinery Rs.79.0 million (Previous year Rs.-27.7 million), Office equipment Rs. 0.1 million (Previous year Rs.-0.1 million), Computer peripherals Rs. 0.2 million (Previous year Rs. -0.1 million), Capital Work - in - progress Rs. Nil (Previous year Rs. -1.9 million).

Includes assets of Rs. 67.6 million (net of Impairment Loss) pertaining to Optic Fibre division on which depreciation has not been charged since the said assets are not put to use.

Notes forming part of the Balance Sheet

		(Rs. in million)	
		2012	2011
Note 9 - Non - Current Investments			
Investment in Quoted Equity Instruments (At cost).			
30,500	Equity Shares of Rs. 2 each fully paid in Bharat Forge Limited (Previous Year 30,500)	0.5	0.5
40,192,597	Equity Shares of Rs. 10 each fully paid in Finolex Industries Limited (Previous Year 40,192,597)	1,518.5	1,518.5
358,500	Equity Shares of Rs. 10 each fully paid in IndusInd Bank Limited (Previous Year 358,500)	3.6	3.6
Aggregate Market Value of Quoted Investments Rs. 2,136.4 million (Previous Year Rs.3,605.9 million)		1,522.6	1,522.6
Investment in Unquoted Equity Instruments			
6,100,000	Equity Shares of Rs. 10 each fully paid in I2IT Pvt. Limited (Previous Year 6,100,000)	61.0	61.0
1,000,000	Equity Shares of Rs. 10 each fully paid in Finolex Plasson Industries Limited (Previous Year 1,000,000)	10.0	10.0
3,350	Equity Shares of Rs. 10 each fully paid in Promain Limited (Previous Year 3,350)	0.1	0.1
967,700	Equity Shares of Rs. 10 each fully paid in SICOM Limited (Previous Year 967,700)	77.8	77.8
1,000	Equity Shares of Rs. 10 each fully paid in The Saraswat Co-op Bank Limited (Previous Year 1,000)	0.0	0.0
3,661,833	Equity Shares of Rs.10 each fully paid in Finolex Infrastructure Limited (Previous Year 3,661,833)	36.6	36.6
		185.5	185.5
Investments in Joint Venture Company			
48,020,000	Equity Shares of Rs.10 each fully paid in Finolex J-Power Systems Private Limited (Previous Year 38,220,000)	480.2	382.2
50,000	Equity Shares of Rs.10 each fully paid in Corning Finolex Optical Fibre Private Limited (Previous Year Nil)	0.5	-
		480.7	382.2
		2,188.8	2,090.3
Aggregate amount of Quoted Investments		1,522.6	1,522.6
Aggregate amount of Unquoted Investments		666.2	567.7
Aggregate provision for diminution in value of Investment		0.0	0.0



Notes forming part of the Balance Sheet

Note 10 : Loans & Advances

(Rs. in million)

	Non Current		Current	
	2012	2011	2012	2011
Capital Advances				
Unsecured, considered good	12.6	118.6	-	-
Doubtful	0.4	0.5	-	-
	13.0	119.1	-	-
Less: Provision for doubtful Capital advance	0.4	0.5	-	-
(A)	12.6	118.6	0.0	0.0
Security Deposits				
Unsecured, considered good	25.1	24.3	-	-
(B)	25.1	24.3	0.0	0.0
Loans and advances to Related Parties (Note 35)				
Unsecured, considered good	2.5	-	54.6	47.6
(C)	2.5	0.0	54.6	47.6
Advances Recoverable in Cash or in kind				
Secured, Considered Good	-	-	4.8	9.8
Unsecured, considered good	-	-	276.2	281.4
Doubtful	-	-	8.7	11.2
	0.0	0.0	289.7	302.4
Less: Provision for doubtful advances	-	-	8.7	11.2
(D)	0.0	0.0	281.0	291.2
Other Loans and Advances				
Advance Income-tax (Net of Provision for taxation)	-	-	545.8	689.9
Balances with Customs and Excise	-	-	14.7	22.9
(E)	0.0	0.0	560.5	712.8
Total (A+B+C+D+E)	40.2	142.9	896.1	1,051.6
Loan and Advances due by directors or other officers etc.				
Loan and Advances to Related Parties include				
Rent Deposit	2.5	-	3.0	8.0

Note 11 : Other Assets

	Non Current		Current	
	2012	2011	2012	2011
Unamortised expenditure				
Unamortised premium on forward contract	-	-	-	5.6
Total	0.0	0.0	0.0	5.6

Notes forming part of the Balance Sheet

		(Rs. in million)	
		2012	2011
Note 12 : Current Investments			
(Valued at lower of cost and fair value)			
Investment in Quoted Equity Instruments			
168,750	Equity Shares of Rs.5 each fully paid in BF Utilities Limited (Previous Year 168,750)	0.8	0.8
168,750	Equity Shares of Rs.5 each fully paid in BF Investment Limited (Previous Year 168,750)	0.0	0.0
100	Equity Shares of Rs.10 each fully paid in Birla Ericsson Optical Limited (Previous Year 100)	0.0	0.0
100	Equity Shares of Rs. 10 each fully paid in Delton Cables Limited (Previous Year 100)	0.0	0.0
57	Equity Shares of Re. 1 each fully paid in Dish TV India Limited (Previous Year 57)	0.0	0.0
4,421	Equity Shares of Rs. 10 each fully paid in ICICI Bank Limited (Previous Year 4,421)	0.6	0.6
200,000	Equity Shares of Rs. 10 each fully paid in Kirloskar Ferrous Limited (Previous Year 200,000)	4.6	4.6
100,000	Equity Warrants in Kirloskar Ferrous Limited (Previous Year 100,000)	0.0	0.0
100	Equity Shares of Rs. 10 each fully paid in Nicco Corporation (Previous Year 100)	0.0	0.0
525	Equity Shares of Rs. 10 each fully paid in KEC International Limited (Previous Year 525)	0.1	0.1
500	Equity Shares of Rs. 10 each fully paid in Sterlite Technologies Limited (Previous Year 500)	0.0	0.0
100	Equity Shares of Rs. 10 each fully paid in Uniflex Cables Limited (Previous Year 100)	0.0	0.0
100	Equity Shares of Rs. 10 each fully paid in Usha Martin Education & Solutions Limited (Previous Year 100)	0.0	0.0
500	Equity Shares of Re. 1 each fully paid in Usha Martin Limited (Previous Year 500)	0.0	0.0
100	Equity Shares of Rs. 10 each fully paid in Vindhya Telelinks Limited (Previous Year 100)	0.0	0.0
50	Equity Shares of Rs. 10 each fully paid in Wire & Wireless India Limited (Previous Year 50)	0.0	0.0
218	Equity Shares of Rs. 10 each fully paid in ZEE Entertainment Enterprises Limited (Previous Year 100)	0.0	0.0
45	Equity Shares of Rs. 10 each fully paid in ZEE News Limited (Previous Year 45)	0.0	0.0
27	Equity Shares of Rs. 10 each fully paid in ZEE Learn Limited (Previous Year 27)	0.0	0.0
		6.1	6.1
Investments in Quoted Mutual Funds			
-	Units of Rs 10 each of Birla Sun Life Cash Plus-Institutional Premium-Growth (Previous Year 695,189)	-	10.9
-	Units of Rs 10 each of Birla Sun Life Savings Fund Institutional-Growth (Previous Year 1,131,112)	-	21.0
-	Units of Rs 10 each of Birla Sun Life Cash Manager-Institutional Premium-Growth (Previous Year 1,530,831)	-	25.0
-	Units of Rs 10 each of BNP Overnight-Institutional Premium-Growth (Previous Year 2,326,091)	-	35.0
-	Units of Rs 10 each of DSP Blackrock Liquidity Fund-Institutional Plan-Growth (Previous Year 7,416)	-	10.3
-	Units of Rs. 10 each of Fidelity Cash Fund-Institutional Growth (Previous Year 884,069)	-	11.8
-	Units of Rs. 10 each of HDFC Liquid Fund Premium Plus Plan- Growth (Previous Year 315,975)	-	6.2
33,918	Units of Rs. 1,000 each of IDBI Liquid Fund -Growth (Previous Year Nil)	39.0	-
-	Units of Rs. 10 each of IDFC Cash Fund -Super Institutional Plan C - Growth (Previous Year 3,357,282)	-	40.0
-	Units of Rs.10 each of JM Agri & Infra Fund - Dividend (Previous Year 1,000,000)	-	2.4
179,967	Units of Rs.10 each of JM Basic Fund - Growth (Previous Year Nil)	2.2	-



Notes forming part of the Balance Sheet

	(Rs. in million)	
	2012	2011
Notes - 12 Current Investments (Contd.)		
25,764 Units of Rs.10 each of L&T Liquid Institutional Plus-Cumulative (Previous Year 1,307,707)	37.9	25.8
2,837,064 Units of Rs.10 each of Reliance Liquid Fund-Treasury Plan-Institutional Option-Growth Option-Growth Plan (Previous Year 171,239)	74.0	4.1
- Units of Rs.10 each of Reliance Liquidity Fund-Growth Option (Previous Year 1,035,209)	-	15.3
6,561 Units of Rs.10 each of SBI Premier Liquid Fund-Super Institutional-Growth (Previous Year 1,621,786)	11.1	25.0
1,000,000 Units of Rs.10 each of Sundaram Select Thematic Funds Energy Opportunities Fund - Dividend (Previous Year 1,000,000)	7.5	7.9
- Units of Rs.10 each of Sundaram Money Fund - Super Institutional -Growth (Previous Year 1,695,391)	-	35.0
- Units of Rs.10 each of Tata Liquid Super High Inv. Fund-Appreciation (Previous Year 9,116)	-	16.5
3,452 Units of Rs.10 each of Templeton India Treasury Management Account-Super Institutional Plan-Growth (Previous Year 37,001)	5.5	53.9
- Units of Rs.10 each of UTI Treasury Advantage Fund-Institutional Plan-Growth (Previous Year 6,817)	-	9.0
[Aggregate Market Value of Current Quoted Investments Rs.258.9 million (Previous Year Rs. 511.3 million)]	177.2	355.1
	183.3	361.2
Aggregate amount of Quoted Investments	183.3	361.2
Aggregate amount of Unquoted Investments	0.0	0.0
Aggregate provision for diminution in value of Investment	0.6	2.5

Notes forming part of the Balance Sheet

Note 13 - Inventories (Valued at lower of cost and net realisable value unless stated otherwise)

(Rs. in million)

	2012	2011
Raw Materials (Includes in transit Rs.68.3 million Previous Yr. Rs.8.8 million)	455.6	339.5
Work - in - Progress	652.7	822.8
Finished Goods	1,499.6	1,476.9
Stock in Trade	16.0	18.9
Stores and Spares	137.7	114.5
Packing Materials	32.0	31.9
Scrap (Valued at realisable value)	17.8	3.9
	2,811.4	2,808.4

Note 14: Trade Receivable

	Non Current		Current	
	2012	2011	2012	2011
Trade Receivables				
Unsecured, considered good, unless stated otherwise				
Outstanding for a period exceeding six months				
Unsecured, considered good	-	-	74.1	110.0
Doubtful	-	-	13.9	16.2
Unsecured, considered good	-	-	88.0	126.2
Less: Provision for doubtful receivable	-	-	13.9	16.2
(A)	0.0	0.0	74.1	110.0
Other receivable				
Unsecured, considered good	-	-	1,066.8	1,192.4
(B)	0.0	0.0	1,066.8	1,192.4
Total (A+B)	0.0	0.0	1,140.9	1,302.4

Note 15 : Cash & Bank Balances

	Non Current		Current	
	2012	2011	2012	2011
Cash and Cash equivalents				
Balances with banks:				
On Current Accounts	-	-	316.9	203.7
On Unpaid dividend account	-	-	8.3	7.5
Cash on hand	-	-	1.8	1.7
	0.0	0.0	327.0	212.9
Other Bank balances				
Deposits with original maturity for more than 3 months but less than 12 months	-	-	88.0	-
Margin money deposits	-	-	75.0	-
	0.0	0.0	163.0	0.0
Total	0.0	0.0	490.0	212.9



Notes forming part of the Statement of Profit and Loss

	(Rs. in million)	
	2012	2011
Note 16 - Revenue from operations		
Sale of Products		
Finished Good	21,511.8	21,552.8
Traded Goods	57.7	38.1
Other Operating Revenue		
Scrap sales	254.8	272.7
Revenue from Operations (Gross)	21,824.3	21,863.6
Less: Excise duty	(1,184.8)	(1,506.1)
Revenue from Operations (Net)	20,639.5	20,357.5
Details of Products sold		
Finished Goods sold		
Electrical Cables	17,705.3	14,073.7
Communication Cables	1,419.8	2,042.4
Copper Rods	2,050.8	5,106.0
Others	335.9	330.7
	21,511.8	21,552.8
Traded Goods sold		
Others	57.7	38.1
	21,569.5	21,590.9
Note 17 - Other Income		
Interest earned on		
- Long term Investments	-	0.1
- Deposits	70.2	2.4
- Others	18.4	20.0
Dividend Received		
From Long Term Investments	121.5	123.3
From Current Investments	3.7	12.4
Profit on Sale of Assets	35.2	-
Net Gain on Sale of Investments	42.2	22.1
Gain on Exchange Fluctuations (Net)	-	1.6
Other Non Operating Income	72.8	79.0
[Tax deducted at source Rs. 8.1 million (Previous year Rs. 1.1 million)]		
	364.0	260.9

Notes forming part of the Statement of Profit and Loss

	(Rs. in million)	
	2012	2011
Note 18 - Cost of Raw Material Consumed		
Inventory at the beginning of the year	339.5	384.1
Add : Purchases	15,649.7	16,321.3
	15,989.2	16,705.4
Less: Inventory at the end of the year	455.6	339.5
Cost of Raw Material Consumed	15,533.6	16,365.9
Details of Raw Material consumed		
Copper	13,341.9	13,701.8
PVC	987.3	1,117.2
Polythene	228.3	259.4
Preform	55.1	142.9
Others	921.0	1,144.6
	15,533.6	16,365.9
Details of Inventory of Raw Material		
Copper	114.2	19.9
PVC	34.0	26.2
Polythene	32.5	38.0
Preform	51.0	13.7
Others	223.9	241.7
	455.6	339.5
Note 19 : Details of Purchase of Traded Goods		
Others	24.0	23.8



Notes forming part of the Statement of Profit and Loss

(Rs. in million)

	2012	2011	
Note 20 : (Increase)/Decrease in Inventories			(Increase)
			Decrease
Inventories at the end of the year			Mar-12
Work in Progress	652.7	822.8	170.1
Finished Goods	1,499.6	1,476.9	(22.7)
Stock in Trade	16.0	18.9	2.9
Scrap	17.8	3.9	(13.9)
	2,186.1	2,322.5	136.4
Inventories at the beginning of the year			Mar-11
Work in Progress	822.8	547.6	(275.2)
Finished Goods	1,476.9	1,116.5	(360.4)
Stock in Trade	18.9	20.7	1.8
Scrap	3.9	2.2	(1.7)
	2,322.5	1,687.0	(635.5)
	136.4	(635.5)	
Adjustment for Captive Consumption	(9.5)	(5.1)	
	126.9	(640.6)	
Details of Inventory			
Traded Goods			
Others	16.0	18.9	
Work-in-Progress			
Electrical Cables	488.0	588.8	
Communication Cables	119.9	145.9	
Copper Rods	38.0	51.0	
Others	6.8	37.1	
Finished Goods			
Electrical Cables	1,101.8	1,212.1	
Communication Cables	154.4	180.1	
Copper Rods	201.8	7.8	
Others	41.6	76.9	
Note 21 - Employee Benefit Expenses			
Salaries, Wages, Bonus and Commission etc.	646.7	588.9	
Contribution to Provident and other Funds	42.2	52.3	
Workmen and Staff Welfare Expenses	4.3	2.9	
Recruitment & Training Expenses	1.6	3.3	
	694.8	647.4	

Notes forming part of the Statement of Profit and Loss

(Rs. in million)

	2012	2011
Note 22 - Other Expenses		
Consumption of Stores and Spares	166.0	183.4
Consumption of Packing Material	235.9	231.1
Increase/(Decrease) in Excise duty on Closing stock of Finished Goods	25.7	27.5
Processing Charges	6.2	2.3
Power and Fuel	325.7	332.4
Rent, Rates and Taxes	23.6	24.1
Insurance	12.0	8.2
Repairs & Maintenance		
Building	10.0	10.6
Machinery	16.0	14.0
Other Assets	19.0	21.6
Directors' Sitting Fees	1.0	1.1
Auditors' Remuneration		
Audit Fees	3.0	3.0
Tax Audit Fees	0.6	0.6
Other Services	0.9	0.9
Reimbursement of Expenses	0.1	0.1
Travelling and Conveyance	66.0	54.7
Communication Expenses	13.4	14.9
Selling & Distribution Expenses		
Sales Incentives	1,038.8	825.7
Freight Outward (Net)	246.6	220.0
Advertisement, Publicity etc.	104.1	77.2
Miscellaneous Expenses	151.1	159.8
Provision for Doubtful debts	–	7.7
Amounts Written off	0.1	2.9
Devaluation in value of Investment	0.6	2.5
Loss on Sale of Assets	6.2	0.4
Loss on Exchange Fluctuations (Net)	39.9	–
	2,512.5	2,226.7
Note 23 : Finance Costs		
Interest:		
Fixed Period Loans	45.6	42.7
Others	123.0	136.9
Bank Charges	9.7	11.6
Exchange difference to the extent considered as an adjustment to borrowing cost	82.4	–
	260.7	191.2



Notes forming part of the Statement of Profit and Loss

	(Rs. in million)	
	2012	2011
Note 24 : Depreciation and Amortisation expenses		
Depreciation of Tangible Assets	394.7	387.8
Amortisation of Intangible Assets	-	-
	394.7	387.8
Note 25 : Exceptional Items		
Losses on Derivative Contracts	363.6	344.4
Note 26 : Earnings per Share (EPS - Basic and Diluted)		
Profit / (Loss) After tax for calculation of Basic and Diluted EPS	981.9	868.1
No. of Shares used for calculation of Basic and Diluted EPS	152,939,345	152,939,345
Earning Per Share Basic and Diluted (Face Value Rs.2 each)	6.42	5.68

Notes forming part of the Accounts

27. Significant Accounting Policies

i) Accounting Convention:

The financial statements are prepared under the historical cost convention, having due regard to fundamental accounting assumptions of going concern, consistency and accrual, in compliance with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956.

ii) Fixed Assets:

- a) Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation. Attributable finance costs and expenses of bringing the respective assets to working condition for their intended use are capitalised.
- b) Intangible Assets: Expenses incurred by the Company on acquisition, development or enhancement of intangible resources are recognised as intangible assets if these are identifiable, controlled by the Company and it is probable that future economic benefit attributable to the asset would flow to the enterprise. Intangible asset are amortised from the date when they are available for use over the best estimate of their useful life.
- c) Impairment: The carrying amount of cash generating units / assets is reviewed at balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated as the higher of net selling price and value in use. Impairment loss is recognised whenever carrying amount exceeds the recoverable amount. Conversely, previously recognised losses are reversed when the estimated recoverable amount exceeds the carrying amount.
- d) Borrowing Costs that are directly attributable to the acquisition or production of a qualifying asset are capitalised as part of the cost of those assets. Other borrowing costs are recognised as expense in the period in which they are incurred.

iii) Depreciation:

Depreciation is provided on straight-line method as per the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

iv) Investments:

Investments are classified as long-term and current. Investments classified as long term are stated at cost. Provision for diminution, if any, in the value of long-term investments is made to recognise a decline other than temporary in the fair value of investments. The fair value of a long-term investment is ascertained with reference to its market value, investee's assets and results and the expected cash flows from the investment as well as the strategic importance to the company. Investments classified as current are valued at lower of cost and fair value.

v) Valuation of Inventories:

All the inventories are valued at lower of cost or net realisable value. Cost of Raw Materials, Packing Materials, Stores and Spares is determined at weighted average cost. Finished goods and Work - in - Progress are valued at material cost, cost of conversion and excise wherever applicable. Scrap generated out of manufacturing process is valued at net realisable value except in case of sheets, optic fibre, CFL and Switch divisions where it is accounted for on sale.

vi) Foreign Currency Transactions:

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Assets and Liabilities denominated in foreign currency are translated at the year-end rate. The difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of Assets and Liabilities at the end of the year is recognised as income or expense, as the case may be. In accordance with the transitional provisions contained in The Companies (Accounting Standards) Amendment Rules 2009, and its subsequent amendments thereto, and in conforming to the Accounting Standard 11 (AS 11), in respect of long term foreign currency loan taken for acquisition of assets, the exchange difference arising on reporting of said loan is adjusted to the cost of the assets.



Notes forming part of the Accounts

The Company uses foreign exchange forward contracts and options to reduce the cost or to hedge its risks associated with foreign currency fluctuations to underlying transactions, for certain firm commitments or forecasted transactions. The difference between the forward rate and the exchange rate at the inception of the forward contract for underlying transaction is recognised as income or expense over the life of the contract. In respect of hedge contracts, for firm commitment or forecasted transactions, the attributable gain or loss is accrued and taken to Statement of Profit and Loss on periodic settlement and/or completion of contract. Loss if any, in respect of outstanding derivatives at the balance sheet date is assessed by the management based on the principle of prudence and charged to Statement of Profit and Loss of that period.

vii) Revenue Recognition:

- a) Sale of goods is recognised on despatches to customers which generally coincides with transfer of title, significant risk and rewards of ownership to customer and includes excise duty.
- b) Dividend income is accounted for when right to receive is established.
- c) Interest is recognised on time proportionate basis taking into account the amount outstanding and the rate applicable.
- d) Credits on account of Custom Duty and other benefits, which are due to be received with reasonable certainty, are accrued upon completion of exports.

viii) Employee Benefits:

- a) Defined Contribution Plan:

Contributions are made to approved Superannuation and Provident Fund.

- b) Defined Benefit Plan:

Company's liability towards gratuity is determined using the projected unit credit method which consider each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past Service Gratuity Liability is computed with reference to the service put in by each employee till the date of valuation as also the projected terminal salary at the time of exit. Actuarial gain or losses are recognised immediately in the Statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future Cash Flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

- c) Leave Benefits:

Liability on account of encashment of leave to employee is considered as Leave benefit expense provided on actual.

ix) Taxation:

Income Tax expense comprises current tax and deferred tax charge or credit.

Deferred tax for timing difference between the book and tax profit for the year is accounted using tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date. Deferred Tax assets arising from the timing difference are recognised to the extent that there is virtual certainty that sufficient future taxable income will be available.

x) Provisions and Contingent Liabilities:

- a) Provisions in respect of present obligations arising out of past events are made in the accounts when reliable estimates can be made of the amount of the obligation.
- b) Contingent liabilities are disclosed by way of note to the financial statements, after careful evaluation by the management of the facts and legal aspects of the matter involved.

Notes forming part of the Accounts

28. Contingent Liabilities:

- a) Disputed demands in appeal towards Excise **Rs. 156.4 million** (Previous year Rs. 107.1 million), Customs **Rs. 13.4 million** (Previous year Rs. 13.4 million) and Sales Tax **Rs. 599.0 million** (Previous year Rs. 471.3 million)
- b)
 - i) Disputed Income Tax demands and matters in Appellate proceedings **Rs. 424.9 million** (Excluding consequential interest or penalty), (Previous year Rs. 439.4 million).
 - ii) Appeals preferred by Income Tax Department against Appellate decisions in favour of the Company, wherein, should the ultimate decision be unfavourable to the Company, the liability is estimated to be **Rs. 485.6 million** (Previous year Rs. 570.1 million)
- c) Guarantees given by Company's Bankers on behalf of the Company, towards performance and other matters, amounting to **Rs. 474.3 million** (Previous year Rs. 485.4 million), are secured by hypothecation of Stock in trade, Book Debts, Stores and Spares etc.
- d) The Company has imported capital goods under the Export Promotion Capital Goods (EPCG) scheme, of the Government of India, at concessional rates of duty on an understanding to fulfil quantified exports against which future obligation aggregates to **Rs. 728.3 million** (Previous year Rs. 791.9 million) over a period of six / eight years from the date of license.
- e) Amounts claimed by Banks in respect of derivative transactions which are under dispute not acknowledged as debt **Rs. 170.9 million** (Previous year Rs.138.7).

29. Estimated amount of contracts remaining to be executed on capital account (net of advances paid), not provided for **Rs. 37.1 million** (Previous year Rs.307.9 million).

30. Pursuant to notification of 31st March 2009 issued by Ministry of Corporate Affairs, Government of India, in respect of changes to Accounting Standard 11 and subsequent amendments thereto the Company had opted for capitalisation of exchange difference in respect of long term foreign currency loans taken for acquisition of assets. Accordingly, the exchange difference has been recalculated based on the exchange rate prevalent on date of repayment of loan or 31.03.2012 as the case may be and an amount of **Rs. 111.9 million** has been capitalised during the year 2011-12.

Similar treatment has been accorded to foreign currency borrowings made after April 1, 2009 and the foreign exchange fluctuation gain pertaining to previous year amounting to **Rs. 10.2 million** being transitional has been debited to General Reserve.

31. Taxation:

Deferred Tax:

The break-up of deferred tax assets and liabilities into major components at the year end is as below.

(Rs. in million)

Particulars of timing difference	Liabilities	Assets
Depreciation	349.2 (332.3)	11.7 (NIL)
Others	NIL (NIL)	11.4 (21.9)
Total	349.2 (332.3)	23.1 (21.9)
Net Deferred Tax Liability	326.1 (310.4)	



Notes forming part of the Accounts

Current Tax:

Provided in accordance with the provisions of the Income Tax Act 1961.

32. Trade Payable:

- A) Outstanding to Suppliers other than Micro, Small & Medium Enterprise **Rs. 563.6 million** (Previous year Rs. 306.3 million) (Interest Paid/Payable is Rs. Nil, Previous year Rs. Nil)
- B) Outstanding to Micro, Small & Medium Enterprise **Rs. 4.5 million** (Previous year Rs.0.7 million) includes Trade Payable **Rs. 0.2 million** (Previous year Rs. 0.6 million).

The identification of suppliers as Micro and Small Enterprises covered under the “Micro, Small and Medium Enterprises Development Act, 2006” was done on the basis of the information to the extent provided by the suppliers to the company. Total Outstanding dues of Micro and Small Enterprises, which were outstanding for more than stipulated period, are given below:

(Rs. in million)

	Current Year	Previous Year
a) Principal amount due	0.2	0.0
b) Interest paid under MSMED Act, 2006	Nil	Nil
c) Interest due	0.0	0.3
d) Interest accrued and due	Nil	Nil
e) Interest due and payable till actual payment	0.0	0.3

33. Based on the periodic review, it is the Company's view that the Preform Manufacturing Facility which was impaired in 2004-05 continues to remain impaired. Consequently, the impairment loss of Rs 288.5 million (Gross) is being carried forward. No further additions have been made to the impairment provisions, since there is no significant change in status.

34. Investment in Joint Venture

- (a) 1. The name of the joint venture company : Finolex J-Power Systems Private Limited
- 2. Ownership interest : 49%
- 3. Country of Incorporation : India

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.

As on 31st March 2012, the Company has invested **Rs. 480.2 million** in the shares of the joint venture.

- (b) 1. The name of the joint venture company : Corning Finolex Optical Fibre Private Limited
- 2. Ownership interest : 50%
- 3. Country of Incorporation : India

As on 31st March 2012, the Company has invested **Rs. 0.5 million** in the shares of the joint venture.

35. **Related Party Transactions:** Disclosures as required by Accounting Standard 18 “Related Party Disclosures” are given below:

a) List of Related Parties:

- Associate Companies : Finolex Industries Limited
- : Finprop Advisory Services Limited
- : Finolex Plasson Industries Private Limited

Notes forming part of the Accounts

Joint Venture : Finolex J-Power Systems Private Limited
: Corning Finolex Optical Fibre Private Limited

Others : Orbit Electricals Private Limited
: Finolex Infrastructure Limited

b) Key management Personnel and Relatives

Key Management Personnel

1. Mr. P. P. Chhabria - Chairman
2. Mr. D. K. Chhabria - Managing Director
3. Mr. Mahesh Viswanathan - Director - Finance and Chief Financial Officer

Relatives

Mr. K. P. Chhabria - Brother of Mr. P.P. Chhabria, and Father of Mr. D. K. Chhabria

c) Transactions with Related Parties - Major Parties

(Rs in million)

Nature of Transactions	Associate Companies/ Joint Venture	Key Management Personnel & Relatives
Sales, Services and Other Income		
1 Sale of goods		
Finolex Industries Limited	2.3	---
	(3.0)	(---)
Finolex J-Power Systems Private Limited	91.2	---
	(23.1)	(---)
Others	1.7	---
	(2.0)	(---)
2 Sale of Fixed Assets		
Finolex Industries Limited	67.9	---
	(---)	(---)
Finolex J-Power Systems Private Limited.	0.0	---
	(---)	(---)
3 Sale of Other Material / Services		
Finolex J-Power Systems Private Limited.	0.6	---
	(2.6)	(---)
4 Recoveries		
a) Finolex Industries Limited	0.9	---
	(0.8)	(---)
b) Finolex J-Power Systems Private Limited.	4.0	---
	(0.3)	(---)
c) Others	0.9	---
	(0.2)	(---)
5 Dividend Received		
Finolex Industries Limited	120.6	---
	(120.6)	(---)



Finolex

Cables Limited

Notes forming part of the Accounts

(Rs in million)

Nature of Transactions	Associate Companies/ Joint Venture	Key Management Personnel & Relatives
Finolex Plasson Industries Private Limited	2.5	---
	(2.0)	(--)
6 Interest Received		
Finolex Infrastructure Limited	5.1	---
	(2.3)	(--)
Purchase of Material / Assets		
1 Purchase of Raw Material and Components		
Finolex Industries Limited	36.4	---
	(17.8)	(--)
Finolex J-Power Systems Private Limited	58.3	---
	(--)	(--)
Others	3.0	(--)
	(--)	(--)
2 Purchase of Fixed Assets		
Others	16.7	---
	(0.3)	(--)
3 Purchase of Investments		
a) Finolex J-Power Systems Private Limited - Allotment	98.0	---
	(98.0)	(--)
b) Finolex Infrastructure Limited - Allotment	---	---
	(16.9)	(--)
c) Corning Finolex Optical Fibre Private Limited - Allotment	0.5	(--)
	(--)	(--)
Expenses		
1 Remuneration to Key Management Personnel	---	35.7
	(--)	(37.6)
2 Services		
Finprop Advisory Services Limited	10.5	---
	(9.9)	(--)
Others	0.7	---
	(--)	(--)
3 Rent		
Orbit Electricals Private Limited	6.0	---
	(3.3)	(--)
Mr. K.P.Chhabria	---	---
	(--)	(0.0)

Notes forming part of the Accounts

(Rs in million)

Nature of Transactions	Associate Companies/ Joint Venture	Key Management Personnel & Relatives
4 Reimbursement of Expenses Paid		
Finolex Industries Limited	17.5	---
	(16.8)	(---)
Finprop Advisory Services Limited	2.8	---
	(2.0)	(---)
Others	0.7	---
	(---)	(---)
5 Dividend Paid		
Finolex Industries Limited	15.5	---
	(13.3)	(---)
Amount Outstanding		
1 Creditors		
Finolex Industries Limited	17.1	---
	(38.7)	(---)
Others	5.1	---
	(---)	(---)
2 Debtors		
Finolex Industries Limited	8.4	---
	(8.4)	(---)
Finolex J-Power Systems Private Limited	1.3	---
	(0.3)	(---)
Others	12.8	---
	(12.1)	(---)
3 Loans and Advances and Deposits		
Orbit Electricals Private Limited	5.5	---
	(3.0)	(---)
Mr. K.P. Chhabria	---	---
	(---)	(5.0)
Finolex Infrastructure Limited	51.6	---
	(39.6)	(---)

36. A. Quantitative information of derivative instruments outstanding as at the balance sheet date:

(Rs. in million)

Category	Amount	Amount
	Year ended	Year ended
	31.03.2012	31.03.2011
Foreign Exchange Forwards/ Options	0.0	760.6
Interest Rate Swaps	190.8	891.9
Currency Swaps	0.0	1,783.8



Notes forming part of the Accounts

- B. The Company has entered into derivative transactions with an objective to hedge the financial risks associated with its business viz. foreign exchange and interest rate.
- C. The Company has not hedged the following foreign currency exposures:
- Borrowings grouped under long and short categories equivalent to **Rs. 891.9 million** (Previous year Rs.1,493.9 million).
 - Creditors for imports equivalent to **Rs. 144.6 million** (Previous year Rs. 65.6 million)
 - Receivables equivalent to **Rs. 39.6 million**. (Previous year Rs. 25.3 million)

37. Raw Material Consumed:

	2012		2011	
	QTY (MT)	Value (Rs. million)	QTY (MT)	Value (Rs. million)
Copper	28,948	13,341.9	33,689	13,701.8
Pvc	13,586	987.3	16,293	1,117.2
Polythene	2,644	228.3	2,920	259.4
Preform	8	55.1	20	142.9
Others		921.0		1,144.6
Total		15,533.6		16,365.9

(Rs. in million)

38. CIF Value of Imports:

	2012	2011
Raw Material	731.9	895.5
Spares & Components	19.6	22.0
Capital Goods	215.4	32.3
Total	966.9	949.8

39. Consumption of Raw Material:

	2012	2011
Imported	3.9% 612.8	6.0% 974.4
Indigenous	96.1% 14,920.8	94.0% 15,391.5
Total	100% 15,533.6	100% 16,365.9

40. Consumption of Stores and Spares:

	2012	2011
Imported	9.1% 15.1	10.7% 19.6
Indigenous	90.9% 150.9	89.3% 163.8
Total	100% 166.0	100% 183.4

Notes forming part of the Accounts

(Rs. in million)

	2012	2011
41. Expenditure in foreign Currency:		
Travelling	2.7	1.6
Interest	39.3	42.9
Foreign Bank Charges	0.5	2.4
Export Sales Commission	1.3	2.4
Professional Fees	20.5	23.6
Others	0.6	2.2
	64.9	75.1
42. Earnings in foreign Currency: (on accrual basis)		
FOB Value of Exports	483.9	393.7
43. Dividends Remitted in foreign Currency:		
Number of Share holders	1	1
Number of Shares held	6,086,425	6,136,425
Year to which dividend relates	Year ended 31/03/11	Year ended 31/03/10
Amount remitted (Net of tax deducted at source) Rs. in million	4.3	3.7

44. Segment Reporting:

The Business segment has been considered as a primary segment for disclosure. The categories included in each of the reported business segment are as follows:

- i) Electrical Cables
- ii) Communication Cables
- iii) Copper Rods
- iv) Others

The above business segments have been identified considering

- i) The nature of the product/services
- ii) The related risks and returns
- iii) The internal financial reporting systems

Revenue and expenses have been accounted for based on their relationship to the operating activities of the segment. Revenues and expenses which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis have been included under "Unallocable Expenses". Assets and Liabilities which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis have been included under "Unallocable Assets/Liabilities".



Notes forming part of the Accounts

45 A) Primary Segment Information for the year ended 31st March, 2012

(Rs in million)

	Period	Electrical Cables	Communication Cables	Copper Rod	Others	Other than Segments	Elimination	Total
REVENUE								
External	Current Year	17,956.5	1,619.2	2,071.2	177.4			21,824.3
	Previous Year	14,294.0	2,102.7	5,137.4	329.5	–	–	21,863.6
Inter - segment	Current Year	–	–	7,453.5	1,345.7	–	(8,799.2)	–
(Net of Excise)	Previous Year	–	–	8,709.4	1,546.2	–	(10,255.6)	–
Less : Excise Duty	Current Year	841.5	136.9	196.5	9.9	–	–	1,184.8
	Previous Year	817.1	177.8	487.9	23.3	–	–	1,506.1
Total Revenue	Current Year	17,115.0	1,482.3	9,328.2	1,513.2	–	(8,799.2)	20,639.5
	Previous Year	13,476.9	1,924.9	13,358.9	1,852.4	–	(10,255.6)	20,357.5
RESULT								
Segment Result	Current Year	1,950.8	105.0	60.1	(89.3)	–	–	2,026.6
	Previous Year	1,708.8	311.5	15.5	(29.8)	–	–	2,006.0
Other Unallocable income net of expenditure	Current Year	–	–	–	–	(682.9)	–	(682.9)
	Previous Year	–	–	–	–	(754.5)	–	(754.6)
Less								
Interest Expenses	Current Year	–	–	–	–	–	–	251.0
	Previous Year	–	–	–	–	–	–	179.6
Profit before Taxation	Current Year	–	–	–	–	–	–	1,092.7
	Previous Year	–	–	–	–	–	–	1,071.8
Less								
Provision for Taxation	Current Year	–	–	–	–	–	–	110.8
	Previous Year	–	–	–	–	–	–	203.7
Profit after Tax	Current Year	–	–	–	–	–	–	981.9
	Previous Year	–	–	–	–	–	–	868.1
OTHER INFORMATION								
Segment Assets	Current Year	5,555.2	1,976.3	554.6	697.2	4,322.3	–	13,105.6
	Previous Year	5,411.4	2,290.7	475.8	866.8	4,058.5	–	13,103.2
Segment Liabilities	Current Year	596.0	212.1	59.5	74.8	–	–	942.4
	Previous Year	542.7	229.7	47.7	86.9	–	–	907.0
Capital Expenditure	Current Year	434.5	56.6 #	9.1	(256.7)*	145.7 #	–	389.2
	Previous Year	195.9	(45.3) #	(0.7)	(4.5)	105.0 #	–	250.4
Depreciation	Current Year	186.4	120.3	20.1	59.1	8.8	–	394.7
	Previous Year	160.1	143.7	19.8	56.9	7.3	–	387.8

After accounting for transfer of asset of Captive Power Plant Rs. 98.9 million (Previous year Rs.91.3 million) from 'Communication Cable segment' to 'Other than segment'.

* Net of sale / transfer of Assets of Sheet division

Notes forming part of the Accounts

45. B) Secondary Segment Information (by Geographical Segment)

(Rs. in million)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
REVENUE (Net of Excise)		
Exports	489.4	399.8
Domestic	20,150.1	19,957.7
Total	20,639.5	20,357.5
DEBTORS		
Exports	39.6	25.3
Domestic	1,101.3	1,277.1
Total	1,140.9	1,302.4

Note :

Assets of the Company except sundry debtors are not identified with the geographical segment as these are used interchangeably and are located in India.

46. Disclosure as per Accounting Standard 15 (Revised 2005)

The following table sets out the status of Gratuity Plans as required under AS 15 (Revised 2005)

(Rs. in million)

Statement showing changes in Present Value of obligations		
	2012	2011
Present value of obligations at the beginning of the year	88.5	79.2
Interest Cost	7.1	6.3
Current service cost	7.4	6.6
Benefits paid	(6.5)	(8.6)
Actuarial (gain)/loss on obligations	(4.7)	5.0
P.V. of obligations as at end of year	91.9	88.5
Table showing changes in the fair value of plan assets		
	2012	2011
Fair value of plan assets at the beginning of the year	82.4	74.8
Expected return on plan assets	7.9	7.3
Contributions	13.4	9.0
Benefits paid	(6.5)	(8.6)
Actuarial gain/(loss) on obligations	(0.2)	(0.1)
Fair value of plan asset at end of year	97.0	82.4
Funded status	5.1	(6.1)
Actuarial Gain/Loss recognised		
	2012	2011
Actuarial gain/(Loss) for the year - obligation	4.7	(5.0)
Actuarial gain/(Loss) for the year - plan assets	(0.2)	(0.1)
Total gain/(Loss) for the year	4.5	(5.1)
Actuarial gain/(Loss) recognised in the year	4.5	(5.1)



Notes forming part of the Accounts

(Rs. in million)

Amounts to be recognised in the Balance Sheet		
	2012	2011
Present Value of obligations as at the end of the year	91.9	88.5
Fair value of plan assets as at the end of the year	97.0	82.4
Funded Status	5.1	(6.1)
Net Asset/(Liability) recognised in balance sheet	5.1	(6.1)
Expenses Recognised in Statement of Profit & Loss		
	2012	2011
Current Service Cost	7.4	6.6
Interest Cost	7.1	6.3
Expected return on plan assets	(7.9)	(7.3)
Net Actuarial(gain)/Loss recognised in the year	(4.5)	5.1
Expenses recognised in Statement of Profit & Loss	2.1	10.8
Table showing fair value of plan assets		
	2012	2011
Fair Value of plan assets at beginning of the year	82.4	74.8
Actual return on plan assets	7.7	7.2
Contributions	13.4	9.0
Benefits Paid	(6.5)	(8.6)
Fair Value of plan assets at the end of the year	97.0	82.4
Funded Status *	5.1	(6.1)
Excess of actual over estimated return on Plan Assets	(0.2)	(0.1)

* Part appearing under Note 10 - Advance Recoverable in Cash or in Kind

Actuarial Assumptions :

	Other than Copper Rod Division	Rod Division
Discounted Rate	8%	8%
Salary Escalation	7%	7%

47. During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. Revised Schedule VI significantly impact presentation and disclosures made in the financial statements, particularly presentation of Balance Sheet. The Company has reclassified previous year figures to conform to this year's classification.

As per our report of even date

For B. K. KHARE & COMPANY
Chartered Accountants

SANTOSH PARAB
Partner
Membership No. 47942
Firm Registration No. 105102W

R.G.D'SILVA
Company Secretary &
Vice President (Legal)

P. P. Chhabria
Chairman
Dr. H. S. Vachha
S. K. Asher
P. R. Rathi
P. G. Pawar
A. J. Engineer
Dr. V. G. Pai

D. K. Chhabria
Managing Director
M. Viswanathan
Director-Finance &
Chief Financial Officer

Pune: 3rd May, 2012

Pune: 3rd May, 2012

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Notice

NOTICE is hereby given that the Forty Fourth Annual General Meeting of Members of Finolex Cables Limited will be held on Tuesday, 14th August, 2012 at 12.00 Noon at Acharya Atre Rangmandir, Sant Tukaramnagar, Pimpri, Pune 411018, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st March, 2012 and the Profit & Loss Account for the financial year ended on that date and the reports of the Directors and Auditors.
2. To declare dividend for the year ended 31st March, 2012.
3. To appoint a Director in place of Dr. H. S. Vachha, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Atul C. Choksey, who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. S. B. (Ravi) Pandit, who retires by rotation, and being eligible, offers himself for reappointment.
6. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and, in this connection, to pass, with or without modifications, the following resolution as an Ordinary Resolution, provided that in the event of the provisions of Section 224A of the Companies Act, 1956 becoming applicable to the Company on the date of holding of this meeting the same will be proposed as a Special Resolution.

“RESOLVED THAT M/s. B.K. Khare & Co., Chartered Accountants be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and that the Board of Directors of the Company be and is hereby authorised to fix their remuneration.”

SPECIAL BUSINESS

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

“RESOLVED THAT Dr. Vikas G Pai who was appointed an Additional Director by the Board of Directors of the Company (the “Board”) with effect from 8th November 2011 and who holds office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956, (the “Act”) but who is eligible for reappointment and in respect of whom the Company has received a notice in writing pursuant to the provisions of Section 257 of the Act from a member of the Company proposing his appointment as Director of the Company and who has consented, if appointed, to act as Director, be and is hereby appointed a Director of the Company.”

By Order of the Board of Directors

R.G. D’SILVA

Company Secretary &
Vice President (Legal)

Place: Pune

Dated: 3rd May 2012

Registered Office:

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

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.



Finolex

Cables Limited

2. The Explanatory Statement setting out the material facts concerning the special business mentioned under item No. 7 of the Notice as required under Section 173 (2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will be closed from Saturday, 28th July, 2012 to Tuesday, 14th August, 2012 (both days inclusive) for the purpose of Annual General Meeting (AGM) and payment of Dividend.
4. The Board of Directors in their meeting held on 3rd May, 2012 have recommended payment of Dividend of 40% (Rs. 0.80 per equity share) for the year 2011-2012. The payment of dividend is to be approved by the shareholders at the AGM. The aforesaid dividend, if declared at the AGM, will be paid on or before 12th September, 2012 to those members whose names appear in the Register of Members as on the date of the AGM. In respect of shares held in electronic form the dividend will be paid on the basis of beneficial ownership as per details to be received from the Depositories, i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) the same being as of close of their respective business hours on the date immediately preceding the aforesaid Book Closure period (i.e. as of Friday, 27th July, 2012).
5. The members are requested to:
 - a) intimate to the Company (for shares held in physical form) and to their Depository Participant (DP) (for shares held in Dematerialised form) the changes, if any, in their registered address, ECS / Bank account number/details, etc. at an early date;
 - b) quote ledger folio numbers/DP Identity and Client Identity Numbers in all their correspondence;
 - c) approach the Company for consolidation of folios, if shareholdings are under multiple folios;
 - d) direct all correspondence to the Company's Registered Office at 26/27, Mumbai-Pune Road, Pimpri, Pune 411018 for the attention of the Secretarial Department;
 - e) get the shares transferred in joint names, if they are held in single name to avoid inconvenience;
 - f) bring their copies of the Annual Report and the Attendance Slip duly filled in for attending the Annual General Meeting;** and
 - g) intimate the Company/Depository Participant (DP) the Permanent Account Number (PAN) allotted by the Income Tax Authorities for incorporation in the records/TDS Certificates, as maybe applicable;
6. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Company Secretary, so as to reach at least seven days before the date of the Meeting, to enable the information required to be made available at the Meeting, to the extent possible.
7. the Government in its concern for the environment has, as part of its green initiative, vide Circular No.17/2011 dated 21st April 2011 issued by the Ministry of Corporate Affairs, permitted companies to serve requisite documents through electronic mode on their shareholders. Members are requested to support this worthy cause and inform the Company their personal email addresses and changes, if any, therein from time to time. This will also facilitate expeditious communication.
8. **The Securities and Exchange Board of India ("SEBI") has vide its circulars Ref. No.MRD/DoP/Cir-05/2009 dated 20th May 2009 and Ref. No. SEBI/MRD/DoP/SE/RTA/Cir-03/2010 dated 7th January, 2010 specified that for securities market transactions and off-market/private transactions involving transfer/transmission of shares, deletion of name of deceased shareholder(s) and transposition of names in respect of shares held in physical form of listed companies, it shall be mandatory for the transferee(s)/shareholder(s) to furnish copy of PAN card to the Company/Registered Transfer Agents (RTAs) for registration of such transfer/transmission of shares or other requests, as aforesaid. All shareholder(s) desirous of lodging physical shares for any of the aforesaid should therefore invariably furnish copy of their PAN card at the time of lodging requests for such matters together with all requisite documents to the Company/RTA for necessary action, to avoid inconvenience.**
9. Pursuant to Section 205A of the Companies Act, 1956 all unclaimed/unpaid dividends upto the financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed

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Annual Report 2011-12

the dividend warrant for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, PMT Commercial Building, Deccan Gymkhana, Pune - 411004.

Further, pursuant to Section 205A of the Companies Act, 1956, the amount of dividends for the financial years ended 31st March, 1996 to 31st March 2004 each of which were remaining unpaid or unclaimed for a period of seven years have, from time to time, been transferred to the Investor Education and Protection Fund of the Central Government (the "Fund") by the Company upon expiry of the period prescribed in this regard. The dividends remaining unpaid or unclaimed for the financial year ended 31st March 2005 and thereafter shall similarly on expiry of the prescribed period of seven years also be transferred to the Fund.

The Company had individually informed the concerned Shareholders and those Shareholders who have still not encashed the Dividend Warrants for the financial year ended 31st March, 2005 (which is to be transferred to the Fund within one month from 10th August, 2012) or for any of the financial years subsequent thereto are therefore, requested to immediately forward the same to the Company for revalidation. **It may also please be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund, as above, no claim shall lie against the Fund or the Company in respect of the individual amounts which were unclaimed and unpaid for a period of seven years from the date that they first became due for payment and no payment shall be made in respect of any such claims.**

10. In order to provide protection against fraudulent encashment of dividend warrants, shareholders are requested to furnish their Bank account number with the name of the Bank/Branch, its address and quoting their folio number, etc so that the Bank account details are available for payment of dividend by ECS / can be printed on the dividend warrants. Similarly, members holding shares in dematerialised form may please immediately inform changes, if any, in their Bank account details (with MICR Code) to their Depository Participant (DP) to enable the correct Bank account details to be made available to the Company by the DP for ECS / printing on the dividend warrants. **In any case, Members will appreciate that the Company will not be responsible for any loss arising out of fraudulently encashed dividend warrants.**
11. All documents referred to in the accompanying Notice are open for inspection by Members at the Registered Office of the Company between 9.00 a.m. to 11.00 a.m. on any working day of the Company till 14th August, 2012.
12. Reappointment of Directors:
 - (a) At the ensuing Annual General Meeting, Dr. H.S. Vachha, Mr. Atul C. Choksey and Mr. S. B. (Ravi) Pandit, Directors retire by rotation and being eligible offer themselves for reappointment.

The information or details to be provided for the aforesaid Directors under the Code of Corporate Governance are as under:

- (a) Dr. H.S. Vachha who is a Director of the Company since 11th June 1993 is aged 70 years and has a masters degree (Gold Medalist) in Economics from University of Bombay and has also done his doctorate (Ph.D) from Centre of Advanced Study in Economics, University of Bombay. Dr. H S Vachha has over 25 years experience in ICICI Limited and retired as General Manager of its Market Research and Industry Study Department. Dr. H S Vachha is and has been a Nominee of the then ICICI Limited on the Board of Directors of a number of Companies and is currently on the Boards of the following companies viz : The Tata Power Co. Ltd (also Chairman of its Audit Committee and of its Shareholders'/Investors' Grievances Committee), Tata International Ltd (also Chairman of its Audit Committee), Tata Ceramics Ltd. (also Chairman of its Audit Committee), Af-Taab Investments Co Ltd (also Member of its Audit Committee), Tata Power Delhi Distribution Ltd and Bachi Shoes (India) Pvt. Ltd. Dr. Vachha does not hold any shares in the Company as on 31st March, 2012.
- (b) Mr. A. C. Choksey who is a Director of the Company since 11th November, 1997 is aged 60 years and is a B.S. (Chemical Engineering). Mr. A C Choksey is the former Managing Director of Asian Paints Ltd. and has a number of years experience in industry. He is a member of Wharton Asian Executive Board and a Director in the following companies viz : Apco Enterprises Ltd. (Chairman), Apcotex Industries Ltd. (Chairman), Ceat Ltd., Mazda Colours Ltd., Marico Industries Ltd., Shyamal Finvest (India) Ltd. (Chairman), Titan Trading & Agencies Ltd. (Chairman), Trivikram Investments & Trading Co. Ltd. (Chairman), Choksey Chemicals Pvt. Ltd., Dhumraketu Investments and Trading Co. Pvt. Ltd., Saldhar Investments and Trading Co. Pvt.



Finolex

Cables Limited

Ltd. and Propycon Trading and Investments Pvt. Ltd. Mr. Choksey does not hold any shares in the Company as on 31st March, 2012.

- (c) Mr. S.B. (Ravi) Pandit who is a Director of the Company from 1st August, 2006 is aged 62 years and is a MS from MIT, USA where he specialized in Finance and Controls. Mr. Pandit is the Chairman and Group Chief Executive Officer of KPIT Cummins Infosystems Limited. He is the ex President of the Mahratta Chamber of Commerce, Industries and Agriculture. A fellow member of the Institute of Chartered Accountants of India and a Member of Institute of Cost & Works Accountants of India, he has over 30 years of experience in the fields of Information Technology, Corporate Strategy Formulation and Management Consulting. He is also a senior partner in M/s Kirtane & Pandit, Chartered Accountants and Proficient Finstock LLP. He is a Director in the following companies, viz.: KPIT Cummins Infosystems Limited (also Chairman of its Share Transfer Committee and a member of its Audit Committee), K & P Capital Services Limited, KP Corporate Solutions Limited, Proficient Trading & Investment Private Limited, K & P Management Services Private Limited, Kirtane & Pandit Consulting Private Limited, KPM Info Security Private Limited, Kirtane Pandit Foundation Private Limited, Impact Automotive Solutions Private Limited and Aga Khan Rural Support Programme (India). Mr. Pandit does not hold any shares in the Company as on 31st March, 2012.

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

Item No. 7

Dr. Vikas G. Pai was appointed with immediate effect as Additional Director by the Board of Directors of the Company (the "Board") at its meeting held on 8th November, 2011. Pursuant to the provisions of Section 260 of the Companies Act, 1956 (the "Act"), Dr. Vikas G. Pai holds office of Director upto the date of this Annual General Meeting. The Company has received a notice from a member in pursuance of Section 257 of the Act signifying his intention to propose the appointment of Dr. Vikas G. Pai as Director of the Company along with a deposit of Rupees five hundred only which shall be refunded to the concerned member if Dr. Vikas G. Pai is elected as Director.

Dr. Vikas G. Pai is aged 64 years and holds qualifications of MD (Medicine), FIACM, FCHU (USA) and has vast experience in Medical Practice. He has also established the well known "PAI CLINIC & DIAGNOSTIC CENTRE" in Pune. Dr Vikas Pai is also the Medical Officer of the Company and has been associated with Finolex for the last few decades. Dr Pai is a Senior Cardiologist and also a leading consulting Physician for various hospitals / institutions like KEM Hospital, Ruby Hall Clinic, Kalpana Mammography Centre, LIC of India, etc. Dr Pai is also a Committee Member of various Hospitals and has attended various International Conferences held in Malaysia, Singapore, Vienna, Bangkok, Mauritius, Srilanka and China. Dr Pai has also completed various Research Trials in TB, Urine, Diabetes, etc and has been awarded for his publications in India and UK. The Directors recommend his appointment.

None of the Directors of the Company other than Dr. Vikas G. Pai is concerned and/or interested in this resolution.

By Order of the Board of Directors

R.G. D'SILVA

Company Secretary &
Vice President (Legal)

Place: Pune

Dated: 3rd May 2012

Registered Office:

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

FINOLEX CABLES LIMITED

REGISTERED OFFICE: 26/27, MUMBAI-PUNE ROAD, PIMPRI, PUNE - 411 018.

PROXY FORM

Folio No. : _____ No. of Shares _____

DP ID : _____

Client ID No. : _____

I/We, _____, of

_____ in the district of _____ being

member(s) of the above named Company, hereby appoint _____

in the district of _____ or falling him/her _____

in the district of _____ as my/our proxy to attend and vote for me/us on my/our behalf at the

44th Annual General Meeting of the Company to be held on Tuesday, the 14th August, 2012 at 12.00 noon at Acharya Atre Rangmandir,

Sant Tukaramanagar, Pimpri, Pune - 411 018.

Signed this _____ day of _____ 2012.



(Pl. Sign across the stamp)

Signature _____

N.B.: Any member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of himself on a poll and the proxy need not be a member. The Proxy form duly completed should be deposited at the Registered Office of the Company at Pimpri, Pune, not later than 48 hours before the time for holding the Meeting.

TEAR HERE

FINOLEX CABLES LIMITED

REGISTERED OFFICE: 26/27, MUMBAI-PUNE ROAD, PIMPRI, PUNE - 411 018.

44TH ANNUAL GENERAL MEETING - 14TH AUGUST, 2012

ATTENDANCE SLIP

(To be handed over at the entrance of the venue of the Meeting)

Folio No. : _____ No. of Shares _____

DP ID : _____

Client ID No. : _____

Name of the attending member (in block letters)

Name of the Proxy (in block letters)

(to be filled by the Proxy attending Instead of the member)

I hereby record my presence at the 44th Annual General Meeting held on 14th August 2012 at 12.00 noon at Acharya Atre Rangmadir, Sant Tukaramnagar, Pimpri, Pune - 411 018.

Member's/Proxy's Signature

- Notes :
- 1) Interested joint members may obtain attendance slips from the Registered Office of the Company.
 - 2) Members/Joint members/proxies are requested to bring the duly filled in attendance slip with them. Duplicate slips will not be issued at the entrance of the Auditorium.

TEAR HERE

EMAIL MANDATE FORM

Date :

To,

* Secretarial Department

Finolex Cable Limited

26/27 Mumbai - Pune Road,

Pimpri, Pune - 411 018.

* (Name & Address of Depository Participant (*DP*))

.....

.....

.....

* [For shares held in physical form]

* [For shares held in Demat form i.e. with NSDL/CDSL]

Dear Sir,

Sub: Green Initiative in Corporate Governance – Registration of my/our email address(es)

Ref.: Folio No. _____ / DP ID No. _____ Client ID No. _____

I/We hereby give my/our consent to register the following email address(es) to receive documents such as, Notices calling Annual/ Extraordinary General Meeting, Annual Reports comprising Balance Sheet, Profit & Loss Account, Cash Flow Statement, Directors' Report, Auditors' Report, etc, or to receive any other document prescribed under any law, through electronic mode at my/our following email address(es):

E-Mail Address(es) : (1)

(2).....

Contact No(s) : STD Code.....Tel. No.....Mobile No.....

Thanking you,

Yours faithfully,

Signature of First shareholder

Signature of Second shareholder

Signature of Third shareholder

Name:.....

Name:.....

Name:.....

Please tick the applicable box and forward to correct address.

TEAR HERE

Finolex



saves energy, saves nature...

Eight Times Longer Life

40% Extra Life*

Energy Saver

Eco Friendly

True Colour Lighting



Finoglow

Discover
TRUE COLOUR LIGHTING

*In comparison with ordinary CFLs

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

Tel : 020-27475963. Fax : 020-27470344. Visit us at : www.finolex.com Email : sales@finolex.com

Finolex



Laal

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**FLAME RETARDANT (FR) PVC
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99.99% copper metal purity | Special grade PVC compound insulation | High thermal stability

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