SELECTED
Superbrand
INDIA 2009-10
CONSUMER VALIDATED

Finolex
Cables Limited
AN IS/ISO 9001 COMPANY

FCL:SEC:AGM:12:
14th August 2012

Fax No/s.022 - 26598237 - 8238 -8348/
66418124 -25 - 26

The Manager
Listing Department
National Stock Exchange of India Ltd
`Exchange Plaza', C-1, Block G,
Bandra – Kurla Complex,
Bandra (E),
Mumbai – 400 051

Dear Sirs,

Re : Annual General Meeting fixed for 14th August, 2012

We refer to our prior correspondence with regard to the above matter.

We now enclose a copy of the speech to be delivered by our Chairman, Mr P P Chhabria at the Forty Fourth Annual General Meeting of the Company to be held today.

The aforesaid is for your kind information and record.

Thanking you,

Yours faithfully
For FINOLEX CABLES LIMITED

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

Encl : As above.

agm speech

Chairman's Speech
44th AGM – FINOLEX CABLES LIMITED
14TH AUGUST 2012

Dear Members,

It is my privilege to welcome you to this 44th Annual General Meeting of your Company.

The Notice convening this meeting, the Directors' Report and the Auditors' Report for the year 2011-12 are already with you. May I take the Notice and Directors' Report as read?

While the detailed performance data is available in the Annual Report received by you, I would like to briefly touch upon a few items –

- Electrical Cables, one of the main segments which your Company is engaged in, showed strong growth both in volume as well as value terms.
- Communication Cables, on the other hand did not grow as expected owing primarily to the uncertainties being faced by the telecommunications sector.
- Net sales for the year rose to Rs. 20639 millions from Rs. 20358 million in the previous year.
- Net Profit after taxes rose to Rs.982 million from 868 million a year ago.
- Overall debt levels have been reduced considerably from out of internal accruals.
- Exposure to derivative transactions that were entered into in earlier years has been substantially contained; your Company should be free from this exposure by the end of the upcoming financial year i.e. 2012-13.
- Your Company was awarded a Special Contribution Award for Exports for 2009 by the Ministry of Commerce, for concentrating on Thrust Markets
- Your Company continues to focus on areas critical to better financial performance, such as cost control, improved asset utilization, reduced debt levels and overall improvement in productivity which I am sure will lead to a stronger Balance Sheet in the years to come as well as position your Company to take advantage of any future growth opportunity.

For the year ended 2011-12, your Directors are pleased to recommend a 40% dividend on equity shares as against the 35% paid in the previous year. As I mentioned in my previous year's speech , if the business growth and investment climate in the Country can be sustained and improved over the coming years, your Company hopes to soon return to its good dividend track record.

Economic recovery globally has been rather slow – many countries in Europe are still in deep financial crisis. Recovery in the US has also been sluggish. Within India we have faced the brunt of severe inflation which does not seem to moderate. Further the Indian Rupee has depreciated by over 25% during the last one year adding to the pressures within the economy. GDP growth which was in the range of 8+% in the recent past has come down to about 6 % in 2011-12 and is not expected to improve in the short term. Given this background, the performance of your Company has been extremely satisfactory.

During the last fiscal year, production capacities at Your Company's Urse facility have been upgraded and enhanced. Your Company's Optic Fiber facility was upgraded during the year with technology from world leader Corning Incorporated, USA – this resulted in increasing annual capacity from 1.2 million fiber kilometers to 2 million fiber kilometers and will go a long way in further improving productivity at the Optic Fiber plant as well as reducing fiber cost. Enhancing the existing product offering has also been kept in mind – a new range of Speaker Wires was introduced during the year. Efforts in this area will continue to engage the attention of Your Company management .Further, in the current fiscal year, Your Company will embark on doubling the capacity at its Roorkee plant eventually enabling the plant to reach a capacity of 2 million electrical cable coils per month.

I am delighted to inform members that Your Company's joint venture namely Finolex J-Power Systems Private Limited together with J-Power Systems Corporation, a Japanese cable manufacturer specialized in high voltage power cables and systems, commenced manufacturing operations towards the end of September 2011. Further the JV has actively been participating in tender bids mainly floated by public utilities.

On the Communication cable side, I am happy to inform members that Your Company has entered into a marketing JV with Corning Incorporated of USA to market various fiber products within India. This venture is expected to commence commercial operations in the fiscal 2012-13 with sales of Optical Fibre to cable manufacturers in India.

At its meeting held on 8th November, 2011, the Board appointed Dr Vikas Pai as an Additional Director on the Board. He holds office of Additional Director till conclusion of this 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 this 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.

On a personal note, I have been associated with Your Company since inception and have been Chairman of the Board since 1974. My present term expires on 30th June 2013. I have recently turned 82, and will be 83 when my current term ends. I am of the opinion that I should now entrust the management of Your Company to the next generation of managers, who will take Your Company further in the years to come. At this morning's Board meeting, I have informed my colleagues on the Board of my intention to step down as Chairman of the Company and of the Board upon completion of my present term of office i.e. on 30th June 2013. I do believe that it is time for the next generation of managers to take Your Company to greater heights – and in this connection, I am pleased to inform members that the Board appointed Mr D K Chhabria, Managing Director as Executive Chairman Designate for taking over as Executive Chairman of the Board and of the Company from 1st July, 2013. Over the course of the next few months, I shall transfer my responsibilities to Mr D K Chhabria in order that there is a smooth transition.

I would also inform members that at the said Board meeting the Unaudited Financial Results for the first quarter of 2012-13 were approved. In the said quarter, Your Company's turnover increased by 13 % as compared to the previous year while Profit after Tax for the quarter increased by 24 % as compared to the previous year. Members interested may refer to the Company's Website or obtain a copy of Press Release from the Company Secretary.

I take this opportunity to thank all shareholders particularly those of you who have so kindly made it convenient to attend this meeting. I am grateful to the banks, financial institutions, government departments, local authorities, customers, suppliers and business associates of Your Company for their continued co-operation and support. I express my deep gratitude to all Directors on the Board and employees of your Company at all levels for their efficient handling of Your Company's operations. I look forward with confidence and optimism to their continued co-operation and support in future.

I shall be happy to answer any question on Your Company's operations and the Annual Report.

Thank you.