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Finolex
Cables Limited
AN IS/ISO 9001 COMPANY

FCL: SEC: SE: 2019: 196
18th September 2019

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,

Please find enclosed for your kind information and record a copy of the "Chairman's Speech" is delivered at the Annual General Meeting of Finolex Cables Limited scheduled to be held on Wednesday, the 18th September, 2019.

Thanking you,
Yours faithfully
For FINOLEX CABLES LIMITED

Gayatri Kulkarni
Compliance Officer

Chairman's Speech
51st AGM – FINOLEX CABLES LIMITED
18th September 2019

Ladies and Gentlemen, Good Morning.

Today, on the occasion of the 51st Annual General Meeting of Finolex Cables Ltd I extend a warm welcome to everyone that is gracing this occasion. I would like to add that your Board and I are greatly honored by the trust and confidence entrusted in us by all the stakeholders.

Finolex Cables Ltd prides itself as a premium brand and the brand stands for quality and safety – on these aspects we shall never compromise and continue to deliver to our customers the maximum value for money. Despite weak growth in the economy and challenging times ahead your Company has never compromised on margins. Over the years, your Company, has attained holistic growth and the impact of this growth has been experienced by all stakeholders.

Moving to the business of the day, the Notice convening this meeting, the Directors' Report and the Auditors' Report for the year FY2018-19 are already with you.

Now, I would like to throw some light on a few major events of 2018-19, which impacted the performance of the Company in 2018-19 and will have a continuing impact for some time to come. The year 2018-19 witnessed some considerable changes on the political front as well as the economic front

- With things gradually coming on track, post implementation of GST, the transition was somewhat a rough road to travel. However, things are settling now and there is a gradual shift, from unorganized market to organized market, in the wires & cables segment. Domestic wires and cable industry revenues is expected to grow at 8% CAGR over FY2018-23E. We expect cumulative demand for FMEG products (includes fans, switches, switchgears, fans, lighting and water heaters) to also grow at 8% CAGR over this period. Finolex Cables is well poised to take advantage of this opportunity.
- On the political front we can expect continuation and expansion of the policies that we have seen over the previous 5 years; this paves way for future growth of the Indian Economy with progressive business policies and emphasis on resurrecting the construction / real estate and automotive sector and a push for Digital India which are amongst the various sectors your company caters to.
- Government initiative such as Power for All, Saubhagya Scheme and Deendayal Upadhyay Gram Jyoti Yojana which accentuates on electrification of rural India are a major windfall for the sector. Furthermore, in Tier 1 cities with increasing need for metro projects the scope for Extra High Voltage cable is very high
- The push for "digitization" of the economy and government initiatives like Bharat Net, Digital India and Smart Cities projects, in particular, provide a thrust to digitization and offer attractive medium and long-term prospects for the demand of optic fiber. Furthermore, with the expected introduction of 5G services in India the need to have a robust infrastructure offers a huge scope of growth for the wires & cable industry. I would again like to reiterate the fact that your company is well positioned to grab a big chunk of this segment with its state of the art Optic Fibre Cables.
- In our endeavor to expand our retail reach we have embarked on a two tier distribution model that would gradually increase our retail touch points from the earlier level of 30000 to an expected 150000 by the end of fiscal 2019-20. While the seeds for this change were sown in the previous year, we expect to start reaping the benefits gradually from the current year.
- Similarly, I am very happy to announce that we have launched our exclusive retail outlet ***FINOLEX HOUSE*** which osffer the whole range of our company's products. We have already launched 8 stores so far and our target is to launch 50 such store by the end of this fiscal year

- Going forward, the emphasis shall be on further branding of products for which we shall be increasing our advertising activities / promotional spends across digital media platforms along with conventional TV Advertising
- Your Company's ectrical Wires segment grew by 8.16% to Rs. 2494.42 crore as compared to Rs. 2306.16 crore previous year
- Communication Cables grew by 2.49% to Rs. 488.94 crore as compared to Rs. 476.93 crore previous year.
- Net sales for the year FY2018-19 grew by 6.2% to Rs. 3200 crore from Rs. 3012 crore as compared to FY2017-18
- Net Profit before taxes (PBT) stood at Rs.532 crore as against Rs. 504 crore in FY2017-18
- EBITDA stood at Rs. 573.33 crore as compared to Rs. 549.72 crore in same period last year and EBITDA Margin stood at 17.92 %
- Profit After Tax was marginally lower at Rs.344 crore in FY2019-19 as against Rs.358 crore FY2017-18 majorly due to higher tax incidence. The tax benefits which were earlier available to us from our Roorkee facility have now expired.
- The Company continues to remain debt free.
- Your company has committed a capex of Rs.200 crore over the next 18 months. This capex is directed towards enhancing production capabilities to meet the requirements of the Solar Power Industry and the Automotive Industry, bringing in-house certain value additions which were outsourced earlier and further expansion of the Optic Fiber line.
- 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. Finolex Cables Ltd is well poised to take advantage of any future growth opportunity.
- For the year ended 2018-19, your Directors are pleased to recommend a 225% dividend, Rs.4.50 per equity share.

Mr Mahesh Viswanathan, Director retires at this meeting by rotation and being eligible, offers himself for reappointment. The Board proposes and recommends his appointment as a Director.

Mr M L Jain and Ms Shruti Udeshi, who were appointed as Additional Directors during the year, retire at this meeting and being eligible, offer themselves for reappointment. The Board recommends their reappointment.

Mr P G Pawar, having completed his first tenure of 5 years as Independent Director and being eligible for a second term of 5 years as Independent Director, offers himself for reappointment. The Board recommends his reappointment.

I take this opportunity to thank all Members 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.

Thank you.