

Chairman's Speech
47th AGM – FINOLEX CABLES LIMITED
10th AUGUST 2015

Dear Members,

It is my privilege to welcome you to this 47th Annual General Meeting of your Company.

The Notice convening this meeting, the Directors' Report and the Auditors' Report for the year 2014-15 are already with you. May I take the Notice and Directors' Report as read?

Let me give you a brief recap on the results of 2014-15:

- This year saw a General Election and an unprecedented result – a government with a clear mandate towards growth!. While various measures have been notified by the government and more is expected, I do believe that for these measures to be reflected at the ground level, it would take some amount of time.
- Given this background, growth in Electrical Cables, one of the main segments which your Company is engaged in, was marginal during the year in view of the rather muted business climate that prevailed as well as the lackluster performance by infrastructure and automobile segments.
- Communication Cables, on the other hand did better. Private service providers (notably RJIL and Bharti) continued their investment in backend infrastructure giving a boost to the order position. We could have fared even better, had clarity prevailed in respect of the National Optic Fiber Project, where your Company's order was delayed inordinately.
- Net sales for the year rose to Rs. 24490 million from Rs. 23590 million in the previous year.
- Net Profit after taxes was Rs.1987 million as compared to Rs. 2077 million a year ago.
- During the year, we completed and commissioned an additional Optic Fiber Cabling line at our Urse facility which increased our cabling capacity by 36,000 Cable kms per year. We also commissioned additional coaxial lines both at Urse and Goa, adding another 36000 kms to our annual capacity. We commissioned additional LAN lines at Urse, tripling our existing capacity in this product line. Finally we expanded on our range of LED products with a newer range of bulbs, tube lights and street lights. We believe that these additions would place the Company in a favourable position to meet the rising demand in these products.
- In the year to come, we will
 - a) Introduce newer range of switches including “Electronic Touch” models.
 - b) Launch MCB shortly; the plant is ready and product is awaiting BIS certification.
 - c) Launch new products which are currently under consideration and being brought to Board for its approval, thus steering your Company towards being an Electrical Products Company.

d) The central government has recently announced its Digital India program with an investment in excess of Rs 60000 crores in a telecom network project – expected to involve a fiber network of approx. 1 million cable kilometers connecting the length and breadth of the country, this project would provide a huge opportunity for your Company's Fiber Optic business. This would definitely require additional investments in this business – the timing of investments would be clearer as and when the government's plans in this project are made specific.

- 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 2014-15, your Directors are pleased to recommend a 90% dividend on equity shares as against the 80% paid in the previous year.

General sentiments regarding the economic prospects have become very positive in recent months. Indicators such as growth in the stock market indices, a smaller current account gap, improved forex reserves, improved FDI inflow, all point to the belief that the country would soon return to its path of high growth and confirm to its potential as an economic powerhouse. Given this background, the investments in capacity addition that your Company has done over the past few years should start producing results.

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

During the year Ms Namita Vikas Thapar was appointed as an Additional Director in the capacity as woman director. She holds office upto the date of this AGM – the Board recommends her appointment as a Director, in the capacity of woman director and liable to retire by rotation.

These proposals have been listed out in the proposed resolutions listed as items 3 and 5 in the Notice for this Meeting – I recommend that members vote for these resolutions as I believe them to be in the best interests of the Company and Members.

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.