

Chairman's Speech  
**45<sup>th</sup> AGM – FINOLEX CABLES LIMITED**  
**28<sup>th</sup> JUNE 2013**

Dear Members,

It is my privilege, and I take great pleasure in welcoming you to this 45<sup>th</sup> Annual General Meeting of your Company.

The Notice convening this meeting, the Directors' Report and the Auditors' Report for the year 2012-2013 are already with you. May I take the Notice and Directors' Report as read?

The Annual Report received by you refers in detail to the financial performance of the Company for the said year. I shall however present to you highlights thereof, in a while.

I feel proud to announce that in the financial year 2012-2013, your Company has posted good results. For me as a promoter, starting business in the year 1958 was a great challenge. I, along with my brother Kishan have been able to accomplish this dream; of course with your constant support, guidance by the Board of Directors and close cooperation of all team members. With over five and half decades of presence in the electrical cable business, which has seen both good times and bad times, has always been challenging and demanding. I nurture fond memories of this long journey and of my association with my dear shareholders. I sincerely express my gratitude to those all who have guided and helped us in our pursuit of leadership and excellence in the Wire and Cable Industry. As I look back I feel happy that Your Company has progressed from having one manufacturing unit at Pimpri to having a number of additional units located at Urse near Pune, at Verna and Usgaon, Ponda in Goa and at Roorkee in Uttarakhand. Finolex is the only corporate brand that manufactures products from Single Winding Wire application to 500kV High Voltage Power Cables. Your Company has a very strong and dedicated team in place and I am confident that its business will grow from strength to strength. Today Finolex is not only a household name, commanding enviable respect and confidence but has consistently been selected and holds the coveted and elite Super Brand status for the last so many years.

Your Company has decided to step up the rate of dividend so that we can gradually once again reach the high dividend rate policy. So this year's dividend has been recommended by the Board at 60% as against last year's 40% and 30% for the year previous thereto.

I shall now touch upon financial highlights of the year just ended. The income for year 2012-2013 was higher by about 10%. In volume terms the growth was even higher at 14%. Consequently, Profit before Tax was higher at Rs.170.8 Crores, up by 56% and Net Profit (after tax) was also up by 48%. Higher volumes were achieved in both Electrical as well as Communication cable segments. Improved profitability comes from conscious efforts to have growth in sales volumes across as many product lines as possible, better product mix, higher capacity utilization, tight monitoring of working capital requirements and improved purchasing efficiencies.

The recent developments within the Telecom sector like the Government announcing its intention to create a nationwide Optic Fibre Network to provide connectivity to village panchayats and the roll out of 4G services by some Telecom service providers will substantially improve growth possibilities in the coming financial years. In order to cater to these expected growth opportunities, Your Company is investing in additional cable making equipment at its Optical Fibre Cable facility at Goa and Urse. Additionally, the planned expansion of the manufacturing facilities at Roorkee by way of additional factory shed, new machinery, equipment, etc is expected to be commissioned by end 2013. This will enable Your Company to be better poised to garner good business from these business opportunities. As you are aware, Your Company has ample land at its Urse site and will be utilizing a part of the same to set up a 5 Mega Watt Solar Power plant. The power that will be generated by this plant will be entirely consumed within the Urse site thus leading to better cost efficiencies and saving for the Company.

**Corning Finolex Optical Fibre Private Limited at Chakan**, Your Company's JV with Corning Inc., USA the world leader in optical fibre technology has commenced its business operations during the last quarter of financial year 2012-13. Optical fibre is the product of the future and I am happy that the benefits of this prestigious JV will soon start to come in. Similarly, **Finolex J-Power Systems Private Limited at Shirval**, Your Company's other JV with J-Power Systems Corporation of Japan on becoming fully operational and obtaining CPRI Certification has supplied cables at 66Kv and 110Kv range to its customers. The said JV has been participating in tenders both locally as well as overseas and has secured its first large prestigious order of about Rs.380 million. This augurs well for Your Company's foray in to the HVPC business which is an important segment of the Electrical Cable Industry.

As Members are aware, the heavy rains and flash floods have caused extensive havoc, destruction and loss of lives in the State of Uttarakhand. While I have donated in my personal capacity, the Company, as part of its corporate social responsibility, has also donated an amount of Rs.20 Lakhs to NDTV Hope Trust to render help in this worthy cause.

Mr. P. R. Rathi, Mr. Sanjay K. Asher and Mr. Pratap G. Pawar retire by rotation at this meeting. They are all eligible for reappointment. I request the members to reappoint them as Directors of Your Company.

As my dear shareholders are aware, I have been Chairman of the Board and of your Company since 1974. I will be handing over charge from the duty of being the Chairman, on completion of my present term of office on close of business hours of the Company on 30<sup>th</sup> June 2013. Mr. D. K. Chhabria has been the Managing Director of Your Company since 1<sup>st</sup> July 2000 and since then over the last so many years all important matters had been dealt with by me in close consultation with him. I have great confidence in Mr. D. K. Chhabria and feel convinced that he will be a worthy successor to me as Chairman of the Board and of the Company effective from my stepping down as Chairman. I recommend the resolution in the Notice for his appointment as Executive Chairman of the Company. As you are all aware, Mr. Mahesh Viswanathan had joined Your Company as Chief Financial Officer from 15<sup>th</sup> October 2008. He has held many important positions in good companies including multi-national companies in India and overseas and brings to the Company his rich experience in various functional disciplines. The Board has recommended his elevation to the post of Executive Director and Chief Financial Officer of Your Company effective from 1<sup>st</sup> July 2013. I too recommend the resolution in the Notice for his appointment to the said position in Your Company.

I would have liked to step down from the Board on completion of my present term of office as Chairman on 30<sup>th</sup> June 2013, but the Board was unanimous in its opinion that, since by the grace of God I am in good health, I should continue as a Director on the Board and also in an advisory role from 1<sup>st</sup> July 2013 so that Your Company can continue to have the benefit of my good offices and contacts both within the Country as well as international, besides my guidance for long term strategies and development activities of Your Company. While the Board has recommended the resolution in the Notice for my appointment as a Director liable to retire by rotation and also in an advisory role effective from 1<sup>st</sup> July 2013 as is set out in the Notice, I however leave it to you, my dear shareholders to decide the matter, as you may think fit.

I take this opportunity to thank all the 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 all business associates of our Company for their continued co-operation and support. I express my deep gratitude to all Directors on the Board and employees of the Company at all levels for their efficient handling of the Company's operations. I look forward with confidence and optimism to their continued co-operation and support in future to the Company as well as to the incoming Executive Chairman, Mr. D K Chhabria.

I shall be happy to answer any question on the Company's operations and the Annual Report for the year 2012-13.

Thank you.