

FCL:SEC:SE:22: 125

29<sup>th</sup> September, 2022

Corporate Relations Department . BSE Limited 1st Floor, New Trading Ring Rotunda Building, P J Towers Dalal Street, Fort Mumbai – 400 001	The Manager Listing Department National Stock Exchange of India Ltd 'Exchange Plaza', C-1, Block G, Bandra – Kurla Complex, Bandra (E), Mumbai – 400 051	Mr. Tom Schmit Luxembourg Stock Exchange PO Box 165 L-2011 Luxembourg Grand –Duchy of Luxembourg Europe
Scrip Code: 500144	Scrip Code: FINCABLES	

BSE Scrip Code- 500144

NSE Trading Symbol: FINCABLES

Dear Sir,

Subject: Chairman's speech delivered at 54<sup>th</sup> Annual General Meeting of the Company.

The Chairman's statement delivered at 54<sup>th</sup> Annual General Meeting of the Company held on 28<sup>th</sup> September, 2022 is enclosed.

This is for your information and records.

Yours faithfully,

**For Finolex Cables Limited**

**Kamlesh M Shinde**  
**Assistant Company Secretary**  
**& Compliance Officer.**

Ladies and Gentlemen, Good Morning.

On behalf of the Board of Directors of Finolex Cables Ltd., it is my privilege and pleasure to welcome you all to the 54th Annual General Meeting of your Company. I hope that you and your families are safe and well.

When I addressed you last year, I was hopeful of welcoming you in person for this AGM. Unfortunately, with COVID-19 still not completely behind us and keeping health and safety in focus, we are gathering virtually once again. Thank you all for taking out the time from your busy schedules and joining us today. Your active participation and steadfast support inspire us to continuously strive for growth and excellence.

Moving to the business of the day. The Notice convening this AGM and the Directors' Report for the financial year 2021-22 are already with you, and I take them as read. The Auditor's Report is unqualified and clean.

Demonstrating considerable resilience and resolve, your Company delivered encouraging results against a tough backdrop and, as mentioned on the cover of this year's report, continued to forge ahead towards a stronger future for all stakeholders. Let me encapsulate a few major events of 2021-22, which affected your Company's performance.

The fiscal year began on a grim note with the severe second wave of the pandemic hitting the country. This impacted your Company's manufacturing and marketing activities in the first quarter. The situation started improving from the second quarter with pandemic cases subsiding and the pace of vaccination picking up. The Omicron variant-led wave in the fourth quarter again caused economic disruptions. This had a slight impact on your Company's volume sales in January and February.

Toward the close of the financial year, the Russia-Ukraine conflict aggravated the pre-existing challenges of excessive volatility in commodity prices, inflationary pressures, and supply chain disruptions. Pricing revisions were taken during the year, which helped to partially offset the steep input cost hike.

The demand for wires and cables has been witnessing a strong climb back to pre-COVID levels. The recovery, though, has been uneven across sectors. While the uptake from the infrastructure, real estate, and automobile sectors has seen a strong rebound, the demand from the telecom sector continues to be below par. With the 5G rollout on the cards, this demand is expected to gather momentum over the long term. The demand for optical fiber cables is also expected to grow under the Bharat Net Project.

Moving ahead, the improved macro-environment provides considerable optimism for the wires and cables industry. India's successful massive vaccination drive has helped in containing the pandemic and supported the return to normalcy. The Government has extended its Rs. 111 Lakh Crore National Infrastructure Pipeline to cover more projects by 2025. The Production-Linked Incentive Scheme will encourage private players to enhance their domestic manufacturing capabilities. These are strong levers for boosting the market demand for wires and cables. Strong government focus on 100% electrification of the existing railway network, implementing rural electrification schemes, enhancing public charging infrastructure, and accelerating the Smart Cities Mission are among the other developments that augur well for the industry.

In addition to being India's leading manufacturer of electrical and telecommunication cables, your Company has diversified into the fast-moving electrical goods segment to become a complete electrical products company. During the year, your Company continued to grow its customer connect with new product launches and branding and marketing activities. This is serving your Company well, as reflected in the steady growth of revenues from the FMEG segment.

Your Company's fast-expanding distribution network underpins its commitment to meeting customer demand across the country. Today, it is present in around 620 districts and has built a network of more than 5,000 channel partners and over 1,50,000 retail counters. Your Company continues to put the thrust on deepening its market penetration to take its products to more customers.

A summary of the business highlights for the financial year 2021-22:

- Revenue from operations stood at ₹ 3768 crores as against ₹ 2768 crores in the previous year, an increase of 36%.
- The segment-wise revenue growth was: Electrical Cables 38.2%, Communication Cables 18.1% while the 'Other products' segment registered a growth of 55.2%. The Other Products segment comprises new product lines such as Lamps, Switches, Fans, Water Heaters and Switchgear. The Electrical Cables segment accounted for 85% of our total sales.
- Other Income increased to ₹ 152 crores as against ₹ 77 crores in the previous year.
- Total income thus stood at ₹ 3920 crores, up by nearly 38% on a year-on-year basis.
- Profit before Tax increased to ₹ 527 crores as against ₹ 392 crores in the previous year, up by 34%.
- Gross margins stood at 21.5% as against 25% in the previous year, impacted by commodity inflation.
- Profit after Tax stood at ₹ 404 crores as against Rs.282 crores in the previous year, up by 43%.
- Your Company's strong focus on controlling working capital enabled it to register a net cash inflow of ₹ 473 crores from its operations as compared to ₹ 114 crores generated in the previous year.
- Your Company continues to remain debt-free.

- Your Company had committed a capex of ₹ 200 crores. This is directed towards enhancing production capabilities to meet the requirements of the construction, solar power and automotive industries, bringing certain capabilities - hitherto outsourced - now in-house, and further expansion of the optic fiber line. The projects are progressing on track and are expected to be completed by FY 2023 end.
- Cost optimisation, process efficiency, and new product development continue to be core focus areas for your Company. These efforts have held your Company in good stead and enabled it to move ahead with greater confidence on its journey of sustainable growth.
- Your Company achieved strong results while always prioritising the health and welfare of its people and living up to its corporate responsibility commitments. The CSR expenditure for the year stood at ₹ 8.15 crores and Education, healthcare, women empowerment, and environmental protection were the key focus areas.
- Based on the Company's performance, the Board has recommended a dividend of ₹ 6.00 per equity share i.e., 300 % of the face value of ₹ 2 each.

Mr. Ratnakar P Barve, who was appointed as Additional Director (Executive Director-Operations) during the year, holds office till this AGM and being eligible, offers himself for appointment. The Board recommends his appointment.

Mr. Zubin F Billimoria and Mr. Sriraman Raghuraman, who were appointed by the Board as Additional Directors (Independent), holds office till this AGM and being eligible, offer themselves for appointment. The Board recommends their appointment as Independent Directors.

Mrs. Vanessa Singh, who was appointed as Woman Director (Additional, Independent) holds office till this AGM and being eligible, offers herself for appointment as Independent Woman Director. The Board recommends her appointment.

Mr. Nikhil M Naik, who was appointed as Additional Director (Non-Executive, Non-independent), holds office till this AGM and being eligible, offers himself for appointment. The Board recommends his appointment.

Let me conclude with my acknowledgment to various stakeholders. I convey my sincere thanks to all the shareholders for the constant trust reposed in the Company. I am grateful to the banks, financial institutions, government departments, local authorities, customers, suppliers, and business associates for their support. My special gratitude is due to all the Directors on Board and employees for their commitment and contribution. I look forward to the continued support and encouragement of all our stakeholders.

Thank you very much.

Pune

28<sup>th</sup> September, 2022