



“Finolex Cables Limited 53rd Annual General Meeting”

September 29, 2021



BOARD OF DIRECTORS/KMP:

MR. DEEPAK K. CHHABRIA – EXECUTIVE CHAIRMAN

MR. P.R. BARPANDE – NON-EXECUTIVE INDEPENDENT DIRECTOR

MR. AVINASH S. KHARE - NON-EXECUTIVE INDEPENDENT DIRECTOR

MRS. FIROZA KAPADIA – INDEPENDENT WOMAN DIRECTOR

MR. P.M. DESHPANDE – NON-EXECUTIVE DIRECTOR

MR. SUNIL UPMANYU – EXECUTIVE DIRECTOR – OPERATIONS

MR. RUPEN BHATT – STATUTORY AUDITORS, DELOITTE HASKINS & SELLS

MR. MAHESH VISWANATHAN – CHIEF FINANCIAL OFFICER

MR. R. G. D’SILVA – COMPANY SECRETARY

- Moderator:** I now handover the proceedings to Mr. Deepak K. Chhabria, Chairman of Finolex Cables Limited.
- Deepak K. Chhabria:** Good Morning Ladies and Gentlemen. I am Deepak K. Chhabria, Executive Chairman of the Company. I am informed by the Company Secretary that the requisite quorum for the meeting is present, and the meeting is duly constituted. So I start with the proceedings of the meeting.
- I now request all the Directors present and the Chief Financial Officer, Statutory Auditor, and Company secretary to introduce himself, herself to the shareholders. Mr. P.R. Barpande please
- P.R. Barpande:** Good morning shareholders, I am P.R. Barpande, Independent Director and Audit Committee Chairman, thank you.
- Deepak K. Chhabria:** Thank you Mr. Barpande. Mr. A.S. Khare please.
- A.S. Khare:** Good morning all participant shareholders. I am Avinash Khare, joined this meeting as Independent Director. I am also on the committees of the Board, some of the committees of the Board. Thank you.
- Deepak K. Chhabria:** Thank you Mr. Khare. Mrs. Firoza Kapadia please.
- Mrs. Firoza Kapadia:** Good morning shareholders, I am Firoza Kapadia, Independent Woman Director on the Board and also the Chairperson of the Nomination and Remuneration Committee.
- Deepak K. Chhabria:** Thank you Mrs. Kapadia. Mr. P.M. Deshpande please.
- P.M. Deshpande:** Good morning dear shareholders, I am Prasad Deshpande, and I am attending this AGM in the capacity of Non-Executive Director of the Company. Thank you very much.
- Deepak K. Chhabria:** Thank you Mr. Deshpande. Mr. Sunil Upamanyu please.
- Sunil Upamanyu:** Good morning everybody. I am Sunil Upamanyu, Executive Director (Operations) and I am attending this AGM from our Head Office at Pimpri, Pune and it is my pleasure to welcome you all in this AGM, thank you.
- Deepak K. Chhabria:** Thank you Mr. Sunil Upamanyu. Mr. Rupen Bhatt, Partner of the Statutory Auditors of the Company please.
- Rupen Bhatt:** Hi, good morning, all shareholders, ladies and gentlemen. I am Rupen Bhatt, Partner (Audit) representing Deloitte Haskins and Sells. I have also my colleague Mr. Rajesh Patel attending the meeting, thank you.
- Deepak K. Chhabria:** Thank you Mr. Bhatt. Mr. Mahesh Viswanathan please.

Mahesh Viswanathan: Good morning ladies and gentlemen, my name is Mahesh Viswanathan. I am the Chief Financial Officer of the Company. I am participating in this meeting from the Registered Office of the Company. A very warm welcome to all of you. Thank you.

Deepak K. Chhabria: Thank you Mahesh. Mr. R.G. D'Silva please.

R.G. D'Silva: Thank you. Good morning ladies and gentlemen, I am Mr. R.G. D'Silva, Company Secretary of the Company. I welcome all the shareholders for this 53rd AGM. I now handover to the Chairman.

Deepak K. Chhabria: Ladies and gentlemen, Good morning. It's my honor and pleasure to extend a very warm welcome to all the shareholders gracing this occasion, the 53rd Annual General Meeting, of Finolex Cables Limited. This year too, in view of the continuing COVID-19 pandemic, this meeting is being organized virtually and I'm extremely glad that so many of you have taken it upon yourself to participate. Your enthusiasm and active participation will surely motivate all of us at the Company, to strive for excellence. In this period of COVID, I hope all members are taking good care of their health and safety and wish everyone the best of health.

Moving to the business of the day, the Notice convening this meeting, the Directors Report and the Auditor's Report for the Financial Year 2020-21 is already with you. The Auditor's Report is unqualified and clean and I take them as read. I would now like to mention a few major events of 2021. The pandemic peaked at the beginning of the financial year and took its toll on the economies and business across the world and here in India. As the cover of Annual Report states, this year has been one of exceptional adversity in which your Company and its employees showed outstanding character. The year started with complete lockdown of operations for two straight months. The results of the first quarter a reflective of this disruption, faced with an unprecedented situation and serious disturbances caused by a ravaging pandemic, your Company during this time strategically planned for business recovery post lockdown. When operations opened up, the consumer demand took its time to find traction and the Company started clocking significant numbers from the second quarter. All this, while the Company enjoyed the best safety, security and social distancing environment for its employees, as well as paying full salaries to all its employees during the times of closure.

Electrical wires, which contributes approximately 83% of the Company's total revenue depends on the performance of the real estate sector, which has experienced sluggish growth during the last couple of years. When the economy reopened during the second quarter of last year, build up in volumes were slow initially and started picking up from the third quarter. However, the second wave of COVID infections did impact business during the final quarter of the year, as well as the first quarter of the current year. The year was also marked by a steep rise in commodity prices due to which your Company had to adjust selling prices several times. The real estate sector has been marking its recovery as we speak, boosted by Government reforms and a slow but steady increase in demand. These reforms with schemes, such as Housing for All,

poised to boost the recovery for the sector and eventual thrust to the demand for the Company's products. Our endeavor to expand our retailer network bore fruit with the Company reaching a total of 90,000 retail touch points during the year. We are confident of reaching the targeted 150,000 retail touch points very soon. The Company expects these to be gradually convert into higher volumes going forward. Your Company is a well-recognized total cables solution provider and caters to diverse electrical requirements of commercial, industrial and consumer markets through its wide range of product portfolio. This proved to be a significant growth driver in the performance of the Company during the year and is expected to do so in the times to come.

The Government in the previous years had unveiled a host of programs and schemes towards betterment of infrastructure and continues to invest in them as committed. These programs such as National Infrastructure Pipeline, Smart Cities, Deen Dayal Upadhyaya Gram Jyoti Yojana, Power for All, Housing for All will boost the demand for electrical wires and cables. Increased activity in the electricity transmission and distribution sector and the renewable energy sector are expected to push demand even further. Having said this, despite their ambitious intent for maximum outreach, the telecom companies continue to operate under stress. Public sector undertakings in this sector faced severe liquidity crunch and despite their best intentions, could not place their orders as estimated. Private sector telecom operators continue to incur losses over their revenue models. This has resulted in sluggish growth of the telecommunication cable segment. The Digital India Program and the upcoming 5g infrastructure demand would be growth drivers to the communications cable segment. Your Company continues its focus on augmenting its revenues in the FMEG and other home appliance segments, which has been growing well even under the current economic conditions.

Now for the business highlights of 2021. Your Company's electrical wire segment revenue stood at Rs. 2,310 crores as compared to Rs. 2,361 crores in the previous year. The communication cables revenue stood at Rs. 322 crores as compared to Rs. 489 crores in the previous year. The segment title, other, showed higher revenue of Rs. 114 crores as against Rs. 88 crores in the previous year, a growth of 29%. This segment comprises of new product lines, such as lamps, switches, fans, water heaters and switch gear. Total income for the Financial Year 2021 stood at Rs. 2,845 crores as against Rs. 3,049 crores in the previous year. Other income for the year saw a significant decrease with negligible dividend income received during the current year as against Rs. 80 crores during the previous year, on account of an associate declaring regular as well as interim dividend during the year. Profit before taxes, stood at Rs. 392 crores as against Rs. 501 crores in the previous year. Profit after tax stood at Rs. 283 crores in Financial Year 2021 as against Rs. 402 crores in Financial Year 2019-20. Your Company continues to remain debt-free. Your Company believes that true character is in helping others succeed.

Our CSR efforts continue to be focused around projects in education, healthcare, women empowerment, COVID care and support to the police department. This year we incurred an expenditure of Rs. 9.8 crores on CSR activities.

Your Company commissioned its PVC conduit plant at Goa during the year and is committed to its proposed CAPEX of Rs. 200 crores over the next 18 to 20 months for enhancing its manufacturing capabilities at Urse, Pune and Verna Goa. This includes the construction of the electronic beam cured cables plant, which aims at serving the renewable energy sector and automobile segment.

Revenue augmentation, efficient cost control, improved asset utilization, product quality maximization continue to remain the core focus areas of your Company and these I'm sure will lead to a stronger financial position of your Company. Finolex Cables Limited is well-poised to take advantage of any future growth opportunity. For the year ended 2021, your Directors are pleased to recommend a 275% dividend, Rs. 5.50 per equity share.

Mr. P.R. Barpande and Mr. A.S. Khare, who are appointed by the Board as additional Directors Independent, hold office upon the date of this Annual General Meeting and being eligible offer themselves for appointment. The Board proposes and recommends their appointment as Independent Directors.

Mr. Sunil Upamanyu, who was appointed as Additional Director, Executive Director (Operations) during the year, holds office up to the date of this Annual General Meeting and being eligible, offers himself for appointment. The Board recommends his appointment.

Mr. P.M. Deshpande who was appointed by the Board as Additional Director, Non-Executive Non-Independent holds office up to the date of this AGM and being eligible, offers himself for appointment. The Board recommends his appointment.

Mrs. Firoza F. Kapadia was appointed as Woman Director, Non-Executive Independent being eligible, offers herself for appointment as Independent Woman Director. The Board recommends her appointment.

I take this opportunity to thank all members, particularly those of you who have so kindly made it convenient to attend this meeting, even during the pandemic. I'm grateful to the banks, financial institutions, government departments, local authorities, customers, suppliers and business associates of your Company, for their continued cooperation and support.

I express my deep gratitude to all Directors of 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 cooperation and support in future. With this, I conclude my opening remarks. Thank you.

Moderator:

Over to you, Chairman.

Deepak K. Chhabria:

I would like to inform the members that the statutory registers were made available through out at the registered office of the Company and scanned copies of the same is also made available

on the NSDL system till conclusion of this AGM. As members are aware, opportunity was given for members to post questions and register as a speaker, which had to be done between 20th September 2021 to 22nd September, 2021. While no questions have been posted I'm given to understand that five shareholders have registered to speak at this meeting. I now request the moderator and invite the speakers in the order in which they have registered.

Moderator: Thank you very much. We now begin the question-and-answer session. Our first speaker shareholder is Shashikant Marathe. Please unmute your audio and video and proceed with your question.

Shashikant Marathe: I am Shashikant Marathe, wish all the participants of this e-meeting a good afternoon and hope you are all safe. Chairman Sir, I appreciate efforts of you, the Board of Directors, key management personnel, all employees in turning good results in a period when lockdown was relaxed. Though, the key financial parameters were dented year-on-year, you are successful in exporting more abroad. The employee strength was less than 2020. With the production of new products at Goa, conduit pipe as also due to two JVs coupled with Central Government thrust for infra housing and agriculture are bound to be new opportunities for the unit to better results. I request you to please take its full advantage. It is surprising that with slower key financial parameters you declared highest dividend for 2021 in the decade. We are proud that our Chairman is recognized and for the awards that. You did spend full CSR fund, sir you have posted optimistic opportunities and good space for Finolex Cables. Please design a strategy to get much out of it, proper assessment is positive also. Further Central Government has given a lot of scope for industries to prosper. We have to take its advantage. All the things are good, but there are certain points which you should take into account for excellence. I hope you will take it in the right spirit. Our imports are more by 100 crores than exports, kindly explore ways to get more copper scrap. You have budget for R&D, calculate the amount spent by departments for ongoing development and state this as R&D cost because you are not giving any R&D cost direct. With revenue inventory year-on-year rose to 755. It is a plus 162. You did have good bonus issues but it is noticed that the number of shareholders rose to 66713 in 2020, they were 47732 and 1947455, maybe due to bonus issue. Examine buyback, there is a reserve for this and our reserves do justify, buyback design to reduce the number of holders. Hold training sessions for plumbers, electricians, and traders as all who repair our products. With work from home culture, we must make up the drop in business on communication cables, have an app control and tax from operations drastically reduce though, there was less how to go on taxes. I thank you for allowing me to hear my things, please take this in right earnest. I'm sure that you and your team will show marked improvements in key ratios in 2021. Good luck to you all. A small request have meeting beyond stock exchange hours because of various your hospitality as well as profit from stock market. Thank you very much sir.

Moderator: Thank you. Our next speaker shareholder is Rangan Venkataraman. Please unmute your audio and video and proceed with your question.

Rangan Venkataraman: Good morning sir. I am a shareholder for the last several years, in fact about there was seven or eight, nine years before that D'Silva was Company Secretary was there, I remember. At that time, I had a discussion with him, something like that. At that time, I was discussing also, no doubt a good payout is given, but your return on net worth is very come and your asset is not growing, but your asset to turnover ratio is two. I don't know how you do that. Last year there has not been any increase in the gross block fixed assets, why it is due to that. Because market perception is that there is some dispute going on between you people that has a problem on the market capitalization. I would like to know what about the current any expansion is there and what is the raw material cost has increased, copper has been increased now. The most important point I would like to tell you is that you cannot rest on the laurels you have done a good turnover or like that, because lot of imitation and duplicate cables are coming. Now, I think you have to put more effort on to see that the duplicates are not coming to the market. That is what you are, because I feel even last five years back itself I told your own officials had colluded with that, all the things I know that. Because I, being from central excise those years and I saw that several people colluded, but please ensure that several people are put on the job. So that duplicate products are not on or how to assess, suppose if I go to the shop or somewhere or dealer and you can put the dealers name or if they ask that at least you can give some concession to us so that we can go to the right people at the Finolex Cable dealer and buy that good product, so that you can avoid that. Something like that, you should see that the products of, I mean from the Company genuine products. Please put more efforts on that. Thank you. All the best.

Moderator: Thank you. Our next speaker shareholder is Hari Ram Choudhury. He's registered, however, not joined the meeting. We will move to the next question. Our next speaker shareholder is Rohitan F. Batliwala.

Rohitan F. Batliwala: Hello Deepak Ji, and other Directors on VC, Company Secretary and my fellow shareholders. Good morning to all of you. My name is Rohitan Batliwala and thanks for inviting me to speak. Sir, it is shame painful and matter of concern to know that Finolex Cables one of the companies of Finolex Group is (Inaudible) 23:48 under corporate governance issue. We had invested in a Company nurtured by visionary late Shri. Daulat Chhabria. We have been reading in place that leading proxy advisor firms SES and InGovern have accused our companies of taking shareholders for a ride by violating many provisions of the Companies Act and SEBI norms. Can you please clarify? This issue is getting murkier each day. As a shareholder we want hire Statutory Independent directors who can help the Company to grow as we have invested our hard-earned money in Finolex Cables. We strongly reject the re-appointment of three directors, Mr. P.R. Barpande, Avinash Sridhar Khare and Firoza Kapadia. Thank you, Jai Hind.

Moderator: Thank you. Our next speaker shareholder is Jehangir Batliwala, please proceed with your question.

Jehangir Batliwala: Dear Deepak Chhabria Ji, Independent proxy advisor firms have no authority with any companies, these two proxy firms SES and InGovern are country's largest and most respectable

proxy advisors. If they advise shareholders to vote against the reappointment of these directors, please respect them and don't reappoint these Independent Directors. Please hear to the grievances against Shri Prakash Chhabria at the earliest and focus on the business. The stock prices of Finolex Pipes is going up and Finolex Cables is underperforming. The overall huge rally in the bond market for the last 14 to 16 months has no reflection on the stock prices of Finolex Cables. I want to know what is bothering investors. Also, this is a clear indication that investors are not supporting the stock of Finolex Cables, I am completely against the reappointment of these three directors, P.R. Barpande, Avinash Sridhar Khare and Firoza Kapadia. Sir kindly look into this, this is a very grievance issue, thank you.

Moderator: Sir, that was the last speaker shareholder, over to you Chairman.

Deepak K. Chhabria: Thank you. Dear shareholders, I will respond to all the questions posed by you. I start with, Mr. Marathe. Thank you, Mr. Marathe, for your kind words regarding our results and some of the suggestions also that you have given. We will consider your suggestions and see how we can bring down imports. But I do wish to say that copper is an item which is mostly imported, whether we directly import or we buy locally from Sterlite or Vedanta or Hindalco. The main copper ore is always imported in the country because there isn't enough in our country. So, being a copper intensive business, the imports are always there. I thank you for suggestions regarding R&D and the budgets. We will create those, on the other two suggestions on buyback or bonus issue we will take it up in the Board and come back to the shareholders based upon what the Board says. You had another suggestion, regarding training sessions. I wish to inform you that our Company holds training sessions for electricians through the year, from different states we have electricians who come to the Goa plant. They are given two day training. There is an exam given, certificate given for safety. We are spending time to bond and have a good relationship with these influencers, who promote our products, all over the country. I hope I have responded to all the questions raised by you.

I'll come to our next speaker, Mr. Venkataraman. Sir, you asked about the new products and expansion. I'll give you a small brief what the Company is doing. We as you know are in various products in electrical and communication segment. We are having expansions in different segments in electrical wires. Today we have a capacity of 20 lakh coils per month. We are raising this by another 5 lakhs coil per month. The machines have come into the plants. They are in the installation in Goa as well as in Urse. In optic fiber, we have modified our equipment added some equipment to increase the line speeds of the existing machines so that the capacity will increase from 2.5 million fiber kilometer to 3.5 million fiber kilometer. Not only does the capacity rise, but since we are doing it with the same equipment with very small, additional capital equipment, the cost also of the fiber would come down. In similar way for OSC, which is the cable part, where we have a capacity of 8 million fiber kilometer at the highest product size level, we are working on a project where the expansion will start now going forward, to raise the capacity by 2 million fiber kilometers. In the communication segment, we also make co-axial cables, in this product the inner core is a CCS or the copper coated steel wire. We are

backward integrating to set up a plant which manufactures this in-house to add value in the Company. We're also adding a tinning plant so that we can venture to new products like instrumentation cables and in LAN cables which you're seeing a great demand, because of this lockdown, the internet connections, everybody working from home, there is a demand for fiber and LAN cable products. We are increasing the capacity of LAN cables by 2000 kilometers a month, presently the capacity is 9,000. So, it will go to 11,000, these machines have already arrived and the installation is in progress and in a month the capacity should rise. This is some of the products and expansion which we are doing. One of the new products is the conduit plant which went live. Today we are consuming about 400 tons a month. The sale roughly is about 6.5 crores to 7 crores a month. We are already looking at an expansion of 25%, because there is space available in the present plant. The other point Sir you raised was, regarding duplicates coming in the market. Yes, this has been an issue, for a very long time for our Company. And, the way we have handled this is, we have a separate team or a separate department, which is handling or carrying out raids at various places in India wherever duplicates are selling from the particular shops. This team sirens and with the help of the local police carries out the raid and there are cases against these duplicate shops who are handling duplicates. It's an ongoing effort, which is going on for many years. It continues today as well. That is why we are in a position to keep the duplicates at a low level, being a good brand, there are always people trying to duplicate our products and sell it and we have to continuously work to keep it down or eliminate it and we are Sir working on that round the clock.

The questions by Mr. Rohitan Batliwala and also other Mr. Batliwala are both regarding the corporate governance and what issues are being raised by InGovern and SES. On this issue, I would request Mr. D'Silva – our Company Secretary to kindly respond to these questions.

R.G. D'Silva:

Yes. I would inform the shareholders that all these so-called insinuations and allegations are all false and baseless. The Company is in full compliance of the Company Law, as well as all requisite requirements on the corporate governance. This is part of the murky business that is being raked up by the opposite side, in order to create confusion in the mind of the shareholders. If the shareholders do not pay any heed to such things, but concentrate on what is actually happening, which is the better things which is being done by this Company, it would be serving them in their own interest. Because one should not play along into the other person's hands just by becoming a victim, to what he's saying. One must see all the information that is available. The Company has replied to the stock exchanges. It's also available on the website, but apparently I think some shareholders must have missed it or not gone into the details. So I would recommend that shareholders please be well-informed rather than playing into the hands of vested interests. Thank you.

Deepak K. Chhabria:

I think, I hope I have responded to all the questions which were raised by the speakers. I thank these speakers shareholders, for some of their comments that they had given, suggestions we will definitely look into those.

As I move forward the answers to questions posted on the chat box and those raised by the speaker shareholders, which required detailed response, shall be hosted on the Company's website at the earliest.

As required under Section 108 of the Companies Act 2013 and rules made there under and Regulation 44 of SEBI LODR regulations 2015, the Company has provided remote e-voting facility to the members to cast their votes electronically in respect of all the items of business mentioned in the Notice to the AGM. The remote e-voting facility was kept open from Sunday, September 26th, 2021, from 9:00 AM to Tuesday, September 28th, 2021 till 5:00 PM. Members who have not voted earlier in the remote e-voting process and are present at the AGM can cast their votes by use of the facility provided by NSDL. Members are requested to please follow the procedure given in the notice to the AGM for doing so. Mr. Mandar Jog CP number 9798, partner of M/s Jog Limaye & Associates, practicing Company Secretaries, was appointed as scrutinizer for scrutinizing the remote e-voting process and those cast at the AGM in a fair and transparent manner is present at the AGM. Mr. Jog will be submitting the report within the prescribed time, after reconciling the results of remote e-voting and votes cast at the AGM. As per e-voting rules, the results will thereafter be forthwith placed on the website of the Company and also informed through the stock exchanges where the shares of the Company are listed. I now place all the items of business from 1 to 13 as set out in the Notice for the AGM for due consideration and voting by the members.

Moderator:

Dear members, as instructed by the scrutinizers, request all the members participating in the AGM and who have not casted their vote yet, to cast their vote in the remaining period of five minutes. Thank you.

Dear members as advised by the scrutinizers, the time for e-voting has elapsed and he's of the view that all members who are participating in the Annual General Meeting have been given adequate time and opportunity to vote at the AGM. This concludes the proceedings of the AGM. Thank you all for participating in the AGM and e-voting. Over to you Chairman.

Deepak K. Chhabria:

Since the business of this meeting has been duly transacted, I now declare the meeting concluded. I thank you, ladies and gentlemen, for participating in the meeting and request you to please take care of your health, stay safe and be healthy. Thank you.