



*Looking
back.*

50 YEARS

*Looking
ahead.*

Finolex Cables Limited | 50th Annual Report 2017-18



Forward-looking Statement

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events. The Company has sourced the industry information from the publicly available resources and has not verified those information independently.

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Looking back.

As India's foremost wires and cables manufacturer, Finolex Cables stands as a proud testimony to growth driven by innovation, expansion and technology. 50 years ago, when India was yet to open up to the world, we planted the seeds of world-class manufacturing in India. Guided by our steadfast brand commitment of Quality, Safety and Reliability, we built vertically integrated operations and forged lasting collaborations with leading global technology players. Our proactive focus on developing capabilities and diversifying our product suite enabled us to consistently meet evolving market requirements.

Looking ahead.

Our rich legacy of leadership, reputation and experience propels us to seize tomorrow. The India story provides exciting opportunities to scale our core business of wires and cables. We are also increasingly looking to develop and grow our electrical goods business and emerge as a B2C player. Our product profile is set for transformation, while ensuring that our brand promise of Quality, Safety and Reliability remains as strong as when we started 50 years ago. We are embracing digitisation across all facets of our business. Powered by our strong foundation and new vigour, we will diversify and extend our growth further.

Chairman's Message



PAT (Rs. in Crores) **↑ 13.3%**
358 in FY 2017-18
316 in FY 2016-17

Net Revenue (Rs. in Crores) **↑ 8.7%**
3,012 in FY 2017-18
2,771 in FY 2016-17

Dear Shareholders,

It is with immense pleasure and pride that I present this Annual Report as Finolex Cables completes 50 years of operations. Our five-decade growth is an inspiring journey of turning challenges into opportunities and setbacks into success. All along the way, despite changing market dynamics, we have remained true to the guiding principles of our Founders: never compromise on quality and create market-leading products. Their vision of excellence has been at the heart of our culture for innovation, expansion and modernisation and will continue to be the North Star for our onward journey. We are also proud of the Finolex way of working - maintaining transparency both within the organisation as well as outside and thereby engendering trust and credibility.

Revenue (Rs. in Crores)
 **4.23%**

5 years CAGR

During the year under review, India completed a special milestone when one of the biggest reforms in history came to life with the rollout of the much awaited Goods and Services Tax (GST). While the temporary disruptive nature of the GST, along with the lingering after-effects of demonetisation slowed down GDP growth, finishing at under 7%, India's long-term prospects remain bright. The Government's intense focus on stabilising GST as well as other wide-ranging reforms should encourage pick-up in investment and robust consumption to spur growth.

We are pleased to share that your Company successfully navigated the challenges of GST implementation. Total revenue increased to Rs. 3,012 Crores in FY 2018 as against Rs. 2,771 Crores in the previous year, growing by 8.7% on year-on-year basis. In the backdrop of muted growth in the wires and cables industry, our performance demonstrates our business resilience. Profit after Tax (PAT) grew by 13.3% led by our continued focus on cost control and operational efficiencies. Our investment in branding is also rewarding us well as we are able to command better prices, leading to improved profit margins.

Product diversification has long been our strategy to build a stronger and more stable business. Within our cables segment, our product portfolio is all encompassing, serving diverse industrial and domestic requirements. Going beyond cables, a whole gamut of electrical products, including switches, MCBs, lighting products, fans and water heaters is now available from the Finolex stable. We are pushing the reach of our electrical products through our vast distribution network while also building a separate network for every product line. Electrical product

PBT (Rs. in Crores)
 **24.16%**

5 years CAGR

portfolio expansion will continue on a steady basis to increase the share of our revenue from this vertical.

By foraying into consumer electrical products, we aim to develop the B2C part of our business. A focussed marketing approach is in place to deepen consumer connect and help realise our ambition. A convergence strategy of diverse marketing vehicles, including digital marketing, is being leveraged to enhance our brand visibility and reach out to end-consumers. We are also using sports as a marketing medium, specifically cricket, considering the impact it has nationally.

At Finolex Cables, our industry leadership is underpinned by our manufacturing strength. Regular investments towards backward integration, setting up of new plants and expansion at existing facilities have enabled us to generate tremendous value from the market opportunities. Our emphasis on acquiring critical technologies has also bolstered our ability to produce world-class products. We are putting up a new plant at Goa for manufacturing electrical conduits. Capacity expansion is underway at our plants for solar cables, fibre optics and LAN cables. We are also undertaking backward integration for some more of our products. Our sound financial health further strengthens our ability to fund business expansion from internally generated funds, as and when required.

As India moves resolutely forward to join the league of developed nations, infrastructure development will remain critical to accelerate economic growth. This provides us with considerable opportunities to grow our core business of wires and cables. The Government's ambitious schemes for improving power availability and accessibility, such as

Share price (NSE)*
 **71.41%**

5 years CAGR

*Last trading day

Ujwal DISCOM Assurance Yojana (UDAY) and Integrated Power Development Scheme (IPDS) will boost demand for wires and cables. The 100 Smart Cities Project will also require modern cabling. Additionally, developments in the sectors of telecom and railways and progress on the Digital India mission are expected to provide a growth impetus for your Company. We also see considerable opportunity for our electrical products business as India, with its favourable demographics, continues to be a strong consumption led growth story.

We have been ably supported in our journey by our employees, whose dedication and energy are second to none. I sincerely thank all our employees for their efforts. On a personal note, serving in the capacity of an Executive Chairman for the past five years, it has been a privilege to work with all of you and our senior leadership team. I am extremely proud of all that we have accomplished together and am honoured to continue in this role for the next term. I will remain fully engaged to drive the Company's future strategic direction.

My sincere appreciation to our distribution partners, suppliers, customers and our bankers for their continued support; and our valued shareholders for their immense faith in us. We are very confident in the direction of diversification and expansion that we are taking; this makes our Company better and stronger for everyone. As we embark on the next era of our journey, our rich legacy will continue to inspire us to deliver greater value for all our stakeholders.

Mr. D.K. Chhabria*Executive Chairman*

Finolex Cables @ 50

Established in 1958, Finolex Cables Ltd. is India's largest and leading manufacturer of electrical and telecommunication cables. Over our five-decade long journey, we have cemented our reputation as an innovative leader and quality manufacturer by continuously upgrading technology, modernising manufacturing facilities and maintaining the highest standards in quality and service. Backward integration for the manufacture of crucial cable components and landmark collaborations with leading global players have further strengthened our capabilities and reinforced our competitive edge.

Finolex Cables is the flagship company of the Finolex Group, which operates in a wide spectrum of business areas, ranging from lighting to petrochemicals and education. The Group has a

turnover exceeding Rs. 6,000 Crores, 18 manufacturing plants and employs over 2,500 employees.

Remembering our Founders

Celebrating 50 glorious years is an opportune time to pause and reflect on the visionary zeal and pioneering efforts of our Founders Shri P.P. Chhabria and Shri K.P. Chhabria, who came to Pune from Karachi in 1945 in search of livelihood.

Our Founders' enduring influence is as vibrant today as when they first took the leap to start the brand 'Finolex' in 1958 by setting up a small-scale industrial unit for the manufacture of PVC insulated cables for the automobile industry. Their passion for innovation and persevering spirit is a guiding principle for all at Finolex Cables and a lasting legacy to our industry.

19.76%

CAGR of PAT in last 5 years

18.87%

CAGR of Net Worth in last 5 years



Categories & Product Portfolio

Wires & Cables

LIGHT DUTY CABLES

- FR PVC insulated industrial cables
- Flexible cables
- Solar cables
- Elevator cables
- 3CF & WW cables for agricultural sector
- Auto & Battery cables for automobile sector

POWER & CONTROL CABLES

- LT & HT Power and Control cables

COMMUNICATION CABLES

- Co-axial cables
- Speaker cables
- CCTV cables

- Jelly Filled Telephone Cables (JFTC)
- LAN cables
- Telephone cables
- Optic Fibre cables

Lighting

- CFL range
- T5 & T8 tubes
- Ballast
- Fittings
- Luminaries
- LED products

Electrical Switches

- Switch range
- Mounting boxes

Switchgear

- MCB
- RCCB
- DB

Fans

- Ceiling fans
- Table fans
- Wall fans
- Pedestal fans
- Exhaust fans

Water Heaters

- Instant
- Storage

Rs. 2,366.3
million

Total Dividend payout
over the last 5 years

Rs. 86,281
million

Increase in Market
Capitalisation from
2014 to 2018



Reach and Presence

5

Manufacturing plants

28

Depots

1,500+

Employees

4,000+

Channel Partners
across India

30,000+

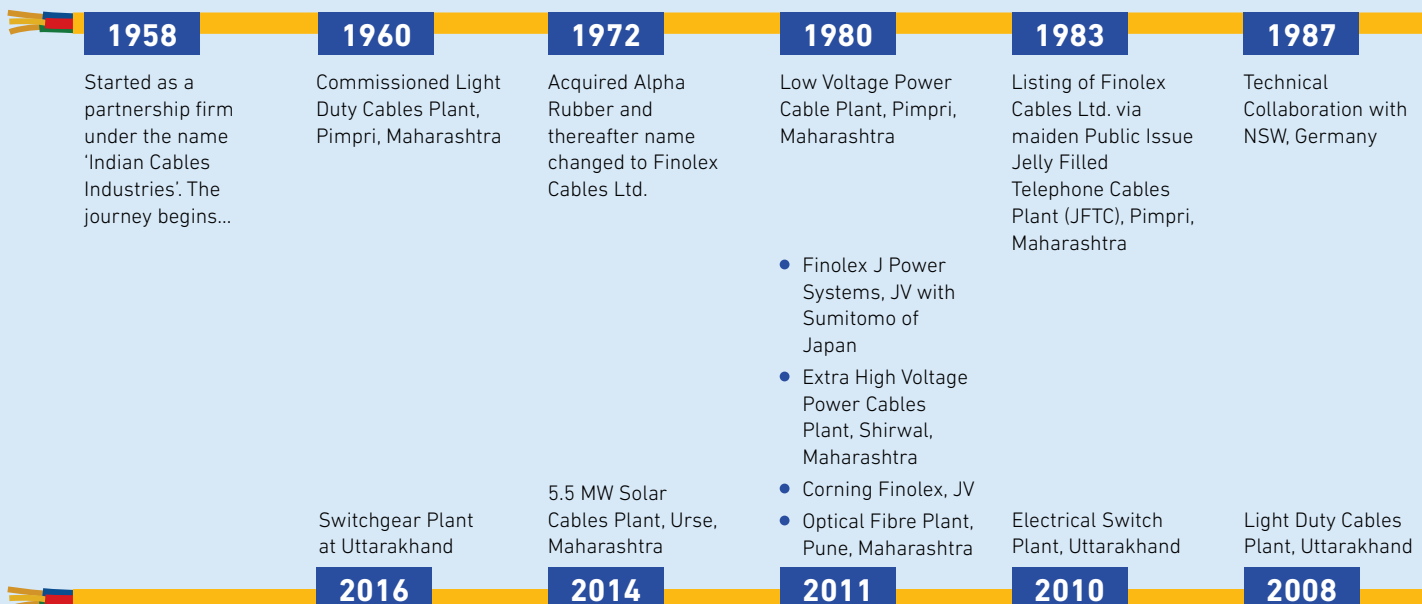
Dealers across India



Finolex: The pioneers in many ways

- First to make multi-strand wires
- First to manufacture auto cables
- First in private sector to manufacture and supply JFTC to DoT
- First to launch FRLSH wires and cables
- First to make co-axial cables using physical foam process
- First to make aerial cable designs
- First to manufacture LAN cables with UL verification
- First and only company in India to manufacture power cables up to 500 kV
- First in industry to be integrated backwards, capturing entire value chain

Overview of our Journey



Awards and Accolades

1

In 1989, Company won the Harvard Business School-Economic Times Award for Corporate Excellence; it was also declared the winner of Voice and Data magazine's Top Telecom Company Award in 2003.

2

In the survey conducted by Business Today and Stern Standard, Finolex Cables was listed among the Best Wealth Creating Companies of India.

3

It ranked among the leading organisations of Business India's Super 500 Corporations.

4

Finolex Cables has also featured in the Top 150 Hidden Champions of the World by World Link, Geneva.

1989

JFTC Plant, Urse,
Maharashtra

1997

AT&T Finolex
JV, Optical Fibre
Cables Plant, Urse,
Maharashtra

1998

Finolex Essex JV,
Copper Rod Plant,
Goa (Backward
Integration)

2000

JFTC Plant, Verna,
Goa

2002

Light Duty Cables
Plant, Verna, Goa

Lighting Products
Plant, Urse,
Maharashtra

2007

Switches Plant,
Urse, Goa

2006

Superbrand
Recognition

2005

Manufacturing
of Glass Fibre,
Urse, Maharashtra
(Backward
Integration)

2004

Optical Fibre Cable
Plant, Verna, Goa

2003

Looking back



THE FINOLEX CABLES STORY

At Finolex Cables, we have recognised opportunities early and responded with the right capabilities to deliver the solutions that our customers need. Our history is marked by many 'industry first' milestones, putting us at the forefront of meeting evolving market requirements.

In the early 50s, we introduced the concept of using stranded conductors for the manufacture of electrical wires. The existing technology was becoming unpopular due to the inherent disadvantages in product handling. Our innovation improved the flexibility of the wires and made the wires easier to handle during installation. The superior approach was also adopted by others to soon become the industry norm.

The unfolding possibilities in the telecommunications sector led us to put in place strong growth drivers. In the late 80s, we became the first private sector company in India to manufacture Jelly Filled Telephone Cables (JFTC). We successfully supplied to National Telecom Provider DoT (now BSNL). Our solutions remained relevant for over a decade till the JFTC era ended with the advent of Fibre Optic technology in the country.

The 90s decade was marked by the internet, digital and cable revolution. With AT&T, world leaders in communication technology, selecting us as a joint venture partner, we were empowered to meet emerging requirements of the information age. The strategic collaboration enabled us to foray early into the manufacture of Optic Fibre cables, the enabler of high-speed communications. The comprehensive cable range was supplied to DoT and other public and private sector operators.

Post 2000, when high-rise structures witnessed steady growth due to urban sprawl, we pioneered the concept of Flame Retardant (FR), Fire Resistant Low Smoke (FRLS), and Halogen Free Flame Retardant (HFFR) type of wires to ensure the safety of such constructions.

Our diversified wires and cables portfolio has enabled us to dominate the Indian industry and cement our reputation as the preferred brand for any cable requirement.