

Forging Ahead Towards A STRONGER FUTURE

21-22
Annual Report

Finolex Cables Limited

CONTENTS

A. Corporate Overview

- 2** About Us
- 6** Chairman's Message
- 8** Forging Ahead
By Expanding Capabilities
- 10** Forging Ahead
By Strengthening Innovation &
New Product Development
- 14** Forging Ahead
By Increasing Branding &
Marketing Activities
- 16** Forging Ahead
By Seizing Opportunities
- 18** Driving Stronger Impact in our
Communities
- 20** Financial Scorecard for Ten
Years
- 21** Corporate Information

B. Statutory Reports

- 22** Board's Report
- 29** Management Discussion &
Analysis
- 39** Corporate Governance
- 78** Business Responsibility Report


C. Financial Statements

- 84** Independent Auditor's Report
- 94** Standalone Balance Sheet
- 95** Standalone Statement of
Profit and Loss
- 96** Statement of Standalone
Cash Flow
- 98** Standalone Statement of
Changes in Equity
- 99** Notes to the Standalone
Financial Statements
- 149** Independent Auditor's Report
- 158** Consolidated Balance Sheet
- 159** Consolidated Statement of
Profit and Loss
- 160** Statement of Consolidated
Cash Flows
- 162** Consolidated Statement of
Changes in Equity
- 163** Notes to the Consolidated
Financial Statements

- 214** Notice

Forward-looking Statements

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.



Watching the impact of the COVID-19 pandemic unfold, we have stayed keenly focussed on what we could do to not only navigate the crisis but also emerge stronger and drive a better future. The fundamental strengths that we have built have enabled us to create a business model that is resilient and upholds our legacy and competitive edge.

As we set our sights on the future, we have identified strategic investment areas for taking our performance to the next level. Be it progressively scaling up our manufacturing facilities to launching new products to driving higher brand engagement and customer connect to widening our distribution reach and enhancing operational efficiencies, the several steps that we have undertaken will power stronger overall growth and higher value for our stakeholders.

WE ARE FORGING
AHEAD TOWARDS A
STRONGER FUTURE
WITH OUR STEADFAST
RESOLVE, STRENGTH,
AND RESILIENCE.

ABOUT US

Finolex Cables is India's largest and leading manufacturer of electrical and telecommunication cables and holds a prominent reputation for its high-quality products. Established in 1958, we are anchored on the pillars of manufacturing excellence, strong innovation, and technological competence. These attributes coupled with strong corporate governance helps us build enduring relationships with our customers and create a powerful brand recall. Aspiring to become a one-stop solution for all electrical products, we have recently forayed into the Fast-Moving Electrical Goods (FMEG) segment, thereby capturing new growth opportunities and gaining higher prominence in the B2C segment.

Finolex Cables is a debt-free Company and has a turnover exceeding Rs. 3,768.1 Crores, 5 manufacturing sites and 1,589 employees.

Strong Foundation for a Stronger Future

Since inception, Finolex Cables has braved many challenges and achieved extraordinary milestones through a strategy of consistent expansion and modernisation. Be it persevering through its initial years during the turbulent phase of India's partition; spearheading the concept of using stranded conductors for manufacturing of electrical wires in the 1950's; emerging as the first private sector company in India to manufacture Jelly Filled Telephone Cables (JFTC) in the late 1980's; or countering the enormous impact of mobile phones advent on our JFTC business through aggressive portfolio diversification in the 1990's; we have taken every challenge in our stride. Our past is glorious and reminds us of our strengths and endurance, inspiring us to find opportunities in every challenge and forge ahead towards a stronger future.

1st Industry-firsts to our credit

First in India to make multi-strand wires

First in India to manufacture auto cables

First in private sector to manufacture and supply JFTC to DoT

First in India to launch FRLS wires and cables

First in India to make co-axial cables using physical foam process

First in India to make aerial cable designs

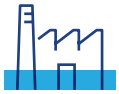
First in India to manufacture LAN cables with UL verification

First and only company in India to manufacture power cables up to 500 kV through Joint Venture

First in the industry to be integrated backwards, capturing entire value chain



Finolex in Numbers



5

Manufacturing sites



26

Depots



5,000

Channel Partners



1,50,000

Retailers



1,589

Employees



22%

Market Share in the organised wires industry



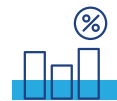
Rs. 3,768.1 Crores

Revenue



Rs. 566.9 Crores

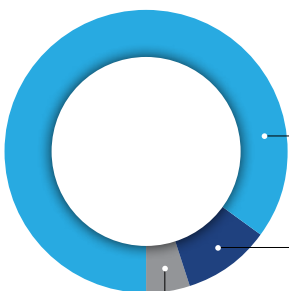
EBITDA



Rs. 404.6 Crores

PAT

Revenue break-up (as on FY 2022)



85%

Electrical wires and cables

10%

Communication cables

5%

Copper rod and Other products



Forging Ahead with Strong Fundamentals

Strong Brand Positioning

Deep commitment to quality, safety, and reliability has helped us win overwhelming consumer loyalty and position ourselves as a powerful brand, resulting in sustained growth.

Sound Financials

Robust financials with zero net debt helps us grow aggressively and create lasting value for our stakeholders.

Manufacturing Prowess

Our manufacturing excellence is driven by five state-of-the-art and scalable manufacturing sites spread across strategic locations to cater to pan-India consumers while de-risking our operations.

Diversified Portfolio

A wide product portfolio comprising over 50,000 SKUs in wires and cables, FMEG, and home appliances segments establishes us as a one-stop solution for all electrical needs.

Backward Integration

In-house manufacturing of compounds, copper rods, glass fibres and many other raw materials enables us to ensure raw material availability, control quality, and provide superior products at a competitive cost.

Pan-India Network

An extensive and far-reaching distribution network, including a distinct focus on the FMEG segment, empowers us to penetrate deeper into the market and enhance our consumer base.

Technological Collaborations

Partnerships with global leaders in technology has helped us evolve with the advancing technologies and deliver dynamic solutions suited to the emerging needs of the consumers.

Manufacturing Excellence

Our focus on quality is driven by five state-of-the-art manufacturing plants equipped with modern technology to meet the dynamic needs of customers. Strategically planned, our plants enjoy a great locational advantage and are well-positioned to ensure smooth and timely delivery of products throughout the country.

Over the years, we have consistently invested in backward integration as well as on enhancing our manufacturing capabilities. This gives us greater control on raw material availability and costs, improves process efficiency and enhance the quality of our products.



Our Manufacturing Footprint



Roorkee, Uttarakhand

Product Focus

Electrical wires for construction; wires for automobile; switches; switchgear and agricultural applications



Urse, Pune, Maharashtra

Product Focus

All electrical wires, optic fiber, optic fiber cables, all communication and power cables



Pimpri, Pune, Maharashtra

Product Focus

Telephone cables; winding wire for pump-set industry



Verna, Goa

Product Focus

Electrical wires, optic fiber cables, co-axial cables, jelly filled telephone and conduits



Ponda, Goa

Product Focus

Copper rods

CHAIRMAN'S MESSAGE



Dear Shareholders,

I hope that you and your families are safe and well.

The year gone by was an extraordinary year marked by unprecedented challenges posed by the pandemic, supply chain disruptions caused by the Russia-Ukraine war, and volatility in commodity prices. Inflation pressures have heightened across geographies, and central banks are aggressively tightening liquidity conditions.

The Indian economy has demonstrated its robust fundamentals to the world. Pragmatic policy interventions along with successful vaccination programs have propelled the economic growth, resulting in a solid 8.7% GDP growth in FY 2021-22 and has paved the way for accelerated growth in the future. Increasing government funding in public infrastructure and domestic manufacturing is expected to encourage growth and attract private investment through a strong multiplier effect in the industry.

In the face of massive challenges and disruptions in the operating environment, we stayed focussed on strengthening our business and positioning it for faster growth. We have enhanced our focus on cost optimisation, process efficiency, and new product development. Strategic steps are also being undertaken to ensure our continued competitiveness, financial resilience, and business continuity. At the same time, we continue to expand our distribution presence and drive greater focus on consumer engagement and brand recall.



In the face of massive challenges and disruptions in the operating environment, we stayed focussed on strengthening our business and positioning it for faster growth. We have enhanced our focus on cost optimisation, process efficiency, and new product development.

Our well-spread distribution network has been our driving force in fulfilling varied customer demands across the country. Our strategic initiatives have enabled us to build a network of more than 5,000 channel partners and more than 1,50,000 retail counters across 773 districts of India, thereby creating a unique market presence across small and big Indian cities alike. In addition, we are also looking at spreading awareness of our products and incentivising channel partners to attract customers with more ease and speed.

To support our growth ambitions, we continue to invest in increasing our capacity. Our capex plan of Rs. 200 Crores over the next year remains unabated. Our conduit plant in Goa is fully operational and has started clocking revenues. The construction of electron beam cured cables plant in Pune will serve the renewable energy sector as well as construction and automobile segments. Plans on the anvil also include setting up a new line to make tinned copper and foray into instrumentation cables.

Notwithstanding the near-term challenges, the medium and long-term demand prospects for our products and industry remain robust. India's favourable demographics, growing urbanisation, and rising discretionary incomes will drive the household consumption for consumer appliances products. Growing work-from-home trend is expected to further augment the demand for smart and convenient electrical products.

While challenges and disruptions have made our path complex, we have imbibed many learnings from this experience and have made better practices in the new normal. This has enabled us to emerge as a stronger and more resilient company.

To support our growth ambitions, we continue to invest in increasing our capacity. Our capex plan of Rs. 200 Crores over the next year remains unabated.

The investments made by the Company in the areas of brand visibility, product development, distribution network, and technology infrastructure will be a source of competitive advantage, enabling us to capitalise on the emerging opportunities and take the organisation to greater heights.

We are now primed and totally ready to drive a stronger and prosperous future.

I would like to thank all our stakeholders, including customers, bankers, financial institutions, channel partners, business associates, suppliers, and, most importantly, our employees for their continued trust and support. With enhanced strengths and capacities, I believe that we are fundamentally strong and better placed to deliver sustainable value in the years ahead.

Warm Regards,

D.K. Chhabria
Executive Chairman

Forging Ahead BY EXPANDING CAPABILITIES

Over the course of our glorious journey, we have stayed focussed on growing our market reach, expanding capacities, enhancing capabilities and efficiencies, and diversifying revenues. A combination of these efforts enables us to maintain our leadership position and forge ahead with strength and optimism.

