

Chairman's Speech

Good Morning Ladies and Gentlemen,

It gives me great pleasure to welcome you all to the 34th Annual General Meeting of your Company.

The Notice convening this AGM and the Annual Report for the financial year 2015 are with you. With your permission, may I take the same as read.

The business scenario was affected by a sharp drop in PVC prices on the back of a global crash in oil prices during the third quarter of FY 2015. The unseasonal rains and hailstorms in many parts of the country also played a part in affecting demand. I am happy to say the prices have now recovered, and we are confident of moving back to our projected growth path. You might have seen the results for Q1- 2016.

The overall projections for your Company's products remain very optimistic. Our Prime Minister Shri Narendra Modi Ji has declared a special thrust on agriculture to benefit our farmers with the ambitious programme of "Har Khet Ko Paani" (Water for every field). Similarly, "Pradhan Mantri Awas Yojana" which promises shelter for every Indian and the announcement of a plan to develop "100 Smart Cities" indicates that there will be a surge in demand for your Company's products in the years to come. Your Company is on track in terms of expanding its scale of operations not only by increasing production capacity, but also by setting up additional warehouses. We have opened depots at Cuttack (Odisha), Noida (Uttar Pradesh) and Indore (Madhya Pradesh).

Considering all these positive changes, we expect much improvement in the business environment and consequently an increased demand for pipes and fittings.

At Finolex, we believe in delivering quality above all else, and that is why our pipes and fittings are leading the way in today's market. We all believe that Brand Finolex has been built over the years by our dealers, customers and our employees. I am delighted to share with you that Finolex Pipes has been recognized as India's most trusted Brand in the category "Manufacturing - Pipes" by the Brand Trust Report 2015 coupled with ranking as one of the top 1,000 brands out of 19,000 brands studied. This is recognition for years of hard work in giving consistently high quality products to our customers through our ever increasing network of dealers and sub-dealers.

Your Company continues to be India's largest manufacturer of PVC pipes and fittings and it is our intention to retain the number one position in the industry. We are thoroughly committed to expanding within the rural markets, particularly in the area of water management, which is the main focus area of our new Government. Our Company is therefore well poised to take advantage of the growing rural economy. Today, our products are sold through a nationwide distribution network of more than 15,000 outlets. It is our intent to broaden this network of dealers, sub-dealers and retailers pan India.

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In order to stay abreast with the changing times, it is vital to continuously upgrade the knowledge base and skills of this core resource. Your Company conducts regular offshore and onshore training programs and interactive sessions/ workshops.

The Directors have recommended for your approval, the payment of dividend @ 20% on equity shares i.e. Rs.2/- per share, the outflow aggregating to Rs. 29.78 crore, including tax.

Going forward we intend to focus on improvements in all areas. Measures have been initiated to achieve cost rationalization throughout the Company's operations. Considering the healthy cash generation, we expect your Company to reduce its debt levels steadily over the next few years. I am sure all these initiatives will enable us to deliver many benefits to our shareholders.

It is proposed to appoint my wife, Mrs. Ritu P. Chhabria as a Director in the woman director capacity. She is double major in Economics and Marketing from Richmond College, London and holds a Master's degree in Public Relations. She is the Managing Trustee of Mukul Madhav Foundation since inception 14 years ago, an established charitable trust in Pune. Mr. Saurabh S. Dhanorkar, managing director retires by rotation. Both the directors are eligible to be appointed at this meeting, and have offered themselves for the post. I request the members to approve their appointment as Directors of the Company.

As a responsible corporate citizen, your Company actively contributes to the social and economic development of the local communities. Your Company in association with Mukul Madhav Foundation (MMF), a charitable trust have partnered in this journey. For many years, we have been actively contributing to the social and economic development of the underprivileged in the villages in and around your Company's plants, situated at Ratnagiri & Urse in the state of Maharashtra and Masar in the state of Gujarat. Special focus has been placed on education, health care, community development, self-development and the environment. Your Company is committed to continuing its focus on CSR activities.

I am happy to share that we recently received an "Excellence in CSR" award by Amity Global School. I must thank Mrs. Ritu P. Chhabria for her dedication and commitment in heading this very worthy cause.

I take this opportunity to thank all the shareholders, particularly those of you who have made it to this meeting.

I am grateful to the Banks, Financial Institutions, Government departments, local authorities, customers, suppliers and business associates for their continuing support.

I express my deep gratitude to my colleagues on the Board for their keen interest taken in the affairs of the Company by their active participation and invaluable advice from time to time, and the employees of the Company for their continued support and co-operation.

I shall be happy to answer any questions on the Company's operations and on the contents of the Annual Report.

Thank you.

Prakash P. Chhabria
Executive Chairman

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