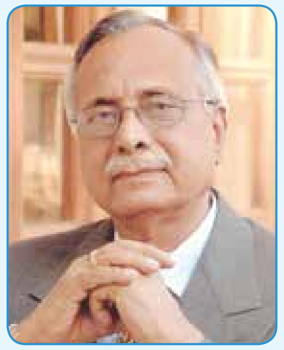
An opportunity called India

36th Annual Report
2016-17

Finolex Industries Limited



Shri. Pralhad P. Chhabria
(12.03.1930 - 05.05.2016)

**"I have not gone, just moved on.
Each morning we are born again to work hard & live another beautiful journey..."**

Contents

The details of each source consulted in preparing this document have been provided in the bibliography at the end of this report.

At Finolex Industries Limited (FIL), we have always believed in India.

Today, India has become the focus of the world – the shining beacon of potential and positivity. The Indian growth story is not only intact, but is on a fast track as the country powers ahead as the fastest growing major economy. The Indian engine of growth is all set to continue its surge for years to come when one considers:

- the world's largest and youngest population **- 134 Cr[1] people with 27 years of median age**
- the world's fastest growing employed population **- 28 Cr[2] people likely to be added to its workforce by 2050**
- one of the world's fastest growing national income **- 7%[3] in 2016-17**
- one of the world's highest household savings rate **- 18.7%[4] of the gross national disposable income**

As the country gears up to add 2 Cr new houses in the next seven years, as plans unfold for 100 smart cities entailing an investment of over ₹ 50,000 Cr[5], and a long-term investment plan of over US$ 4.3 trillion[6] between 2016 and 2030 in the country's infrastructure, an unprecedented opportunity is fast unfurling.

At FIL, we call this

An opportunity called India

We firmly believe that we have all the right blocks in the right place to both contribute to and capitalise on this huge growth opportunity.
With

- An enviable scale and manufacturing expertise
- Seamless backward integration
- Strong balance sheet with no long-term debt

A brand renowned for quality and a track record of consistent performance.

5.17%	36.20%	28.18%	63.09%
Revenue growth – CAGR FY12-17	PAT growth – CAGR FY12-17	Net worth growth – CAGR FY12-17	Market capitalisation growth – CAGR FY12-17

At FIL, we are confident and convinced, prepared and poised, ready and raring, for

An opportunity called India

Highlights of the Year

Operational revenue growth
5.08%
2015-16 ₹ 2,843.1 Cr
2016-17 ₹ 2,987.6 Cr

EBITDA growth
39.21%
2015-16 ₹ 404.4 Cr
2016-17 ₹ 563.0 Cr

PAT growth
38.44%
2015-16 ₹ 254.4 Cr
2016-17 ₹ 352.2 Cr

EBITDA margin growth
462 basis points
2015-16 14.22%
2016-17 18.84%

PAT margin growth
284 basis points
2015-16 8.95%
2016-17 11.79%

Net worth growth
45.97%
2015-16 ₹ 1,569.8 Cr
2016-17 ₹ 2,291.4 Cr

EPS growth
38.54%
2015-16 ₹ 20.5
2016-17 ₹ 28.4

Gross debt growth
-55.46%
2015-16 ₹ 211.5 Cr
2016-17 ₹ 94.2 Cr

BUSINESS STRATEGY

Expanding footprint
Expand distribution network in all geographies with higher focus in the northern and eastern regions.

Capacity expansion
Increase installed capacities of PVC pipes and fittings in order to capture expected increase in demand.

Cash-n-carry
Follow cash-n-carry model to keep the balance sheet light.

Branding
Promote brand and quality consciousness amongst consumers.

Corporate Information

BOARD OF DIRECTORS

Mr. Prakash P. Chhabria
Executive Chairman

Mr. Sanjay K. Asher
Independent Director

Mr. Kanaiyalal N. Atmaramani
Independent Director

Mrs. Ritu P. Chhabria
Non-Executive &
Non-Independent Director

Mr. Dara N. Damania
Independent Director

Mr. Saurabh S. Dhanorkar
Managing Director
(Up to November 30, 2016)

Mr. Shrikrishna N. Inamdar
Independent Director

Mr. Prabhakar D. Karandikar
Independent Director

Mr. Sanjay S. Math
Managing Director
(effective December 1, 2016)

Dr. Sunil U. Pathak
Independent Director

Mr. Anil V. Whabi
Director – Finance
(effective August 26, 2016)

Ms. Vidya Shembekar
Company Secretary

Audit Committee

Mr. Shrikrishna N. Inamdar
Chairman
Mr. Kanaiyalal N. Atmaramani
Mr. Dara N. Damania
Mr. Prabhakar D. Karandikar
Dr. Sunil U. Pathak

Stakeholders' Relationship Committee

Mr. Kanaiyalal N. Atmaramani
Chairman
Mr. Prakash P. Chhabria
Mr. Dara N. Damania
Mr. Shrikrishna N. Inamdar
Mr. Prabhakar D. Karandikar
Dr. Sunil U. Pathak

Nomination and Remuneration Committee

Mr. Shrikrishna N. Inamdar
Chairman
Mr. Sanjay K. Asher
Mr. Kanaiyalal N. Atmaramani
Mr. Dara N. Damania
Mr. Prabhakar D. Karandikar
Dr. Sunil U. Pathak

Corporate Social Responsibility Committee

Mr. Prakash P. Chhabria
Chairman
Mrs. Ritu P. Chhabria
Mr. Sanjay S. Math
Dr. Sunil U. Pathak

Risk Management Committee

Mr. Prakash P. Chhabria
Chairman
Mr. Sanjay S. Math
Mr. Anil V. Whabi
Dr. Sunil U. Pathak

Registered Office

Gat No. 399, Village Urse
Taluka Maval, District Pune - 410 506.
Maharashtra, India
Tel.: 02114-237251
Fax.: 02114-237252
E-mail: investors@finolexind.com
CIN: L40108PN1981PLC024153
Website: www.finolexwater.com

Bankers

Bank of India
ICICI Bank Limited
Bank of Baroda
Citibank N.A.
Bank of Maharashtra
Corporation Bank

Auditors

M/s. P. G. Bhagwat
Chartered Accountants, Pune

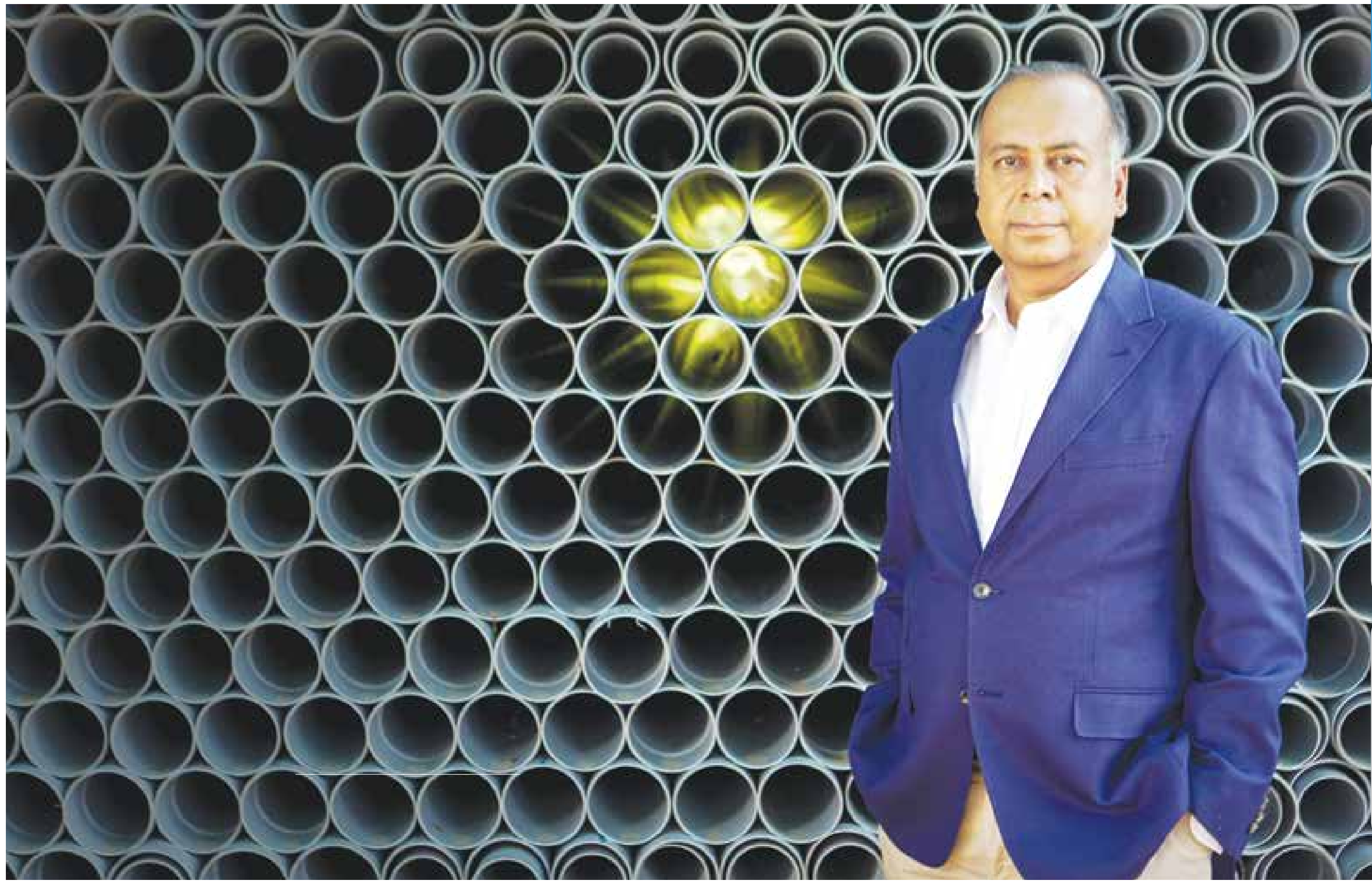
Solicitors & Advocates

Crawford Bayley & Co., Mumbai

Investor Relations Centre

D1/10, MIDC, Chinchwad,
Pune - 411 019. Maharashtra, India
Tel.: 020-27408200/27408571
Fax.: 020-27479000
E-mail: investors@finolexind.com

Message from the Chairman



Dear Shareholders,

I am pleased to present before you the 2016-17 annual report. This year has indeed been both interesting and eventful. The unexpected result of the UK referendum in June 2016 triggered Brexit, followed by the US Presidential election, has changed the global geo-political equation. In India, the two headline events that dominated the year were the currency demonetisation and the expected passage of the one-nation, one-tax GST bill in FY18, both of which are expected to have a positive long-term impact.

The year had its fair share of operating challenges for the Company, which had a marked impact on demand across industries and markets. In our case, demand for agricultural and non-agricultural pipes was affected. And yet, in spite of these challenges, we persisted. Even though volumes did not grow, a combination of our agility, robust product portfolio and aggressive marketing activities enabled us to phenomenally increase our margins.

Performance in 2016-17

Financial performance

In 2016-17, the revenue from operations of the Company increased by 5.08% from ₹ 2,843.1 Cr in 2015-16 to ₹ 2,987.6 Cr. PAT in absolute terms grew by 38.44% to ₹ 352.2 Cr. This growth in margin was primarily driven by an increased EDC/PVC price spread. During the year, we also worked assiduously in reducing debt, leading to a reduction of 65.77% in finance cost to ₹ 15.3 Cr from ₹ 44.7 Cr in the previous year. This, in turn, increased our margins.

Key developments in 2016-17

The key highlight of the year was undoubtedly the signing of the FlowGuard Processor agreement with Lubrizol Corporation, the world leaders in CPVC resin and compounds since 1959. It is a defining initiative that will benefit both Companies. Under the partnership, Lubrizol will provide us with their high quality CPVC compound for manufacture and sale of Finolex FlowGuard Plus pipes and fittings in India. CPVC pipes and fittings can withstand high temperature of water making them suitable for residential, commercial and industrial applications. While the CPVC market is still at a nascent stage in India, accounting for less than 10% of the overall pipes and fittings volume within the industry, it is the fastest growing segment and has significant opportunities for the future.

The Company continued winning prestigious awards during the year. These included The Supply Chain Icon of the Year 2017 by Global Logistics Excellence Awards and The Water Company of the Year Award by the National CSR Leadership Congress & Awards. We created a National Record for conducting the largest number of plumber meets simultaneously across 26 states and 58 cities with 3,000 plumbers, which was mentioned in the Limca Book of Records.

Banking on the Indian opportunity

The fundamentals of the country remain very strong with low inflation, declining interest rates, rising focus on agriculture and infrastructure, the expected implementation of the Goods and Services Tax (GST) in FY18, all of which could facilitate the economy to maintain a GDP growth upwards of 7%[7].

The Government is determined to boost agriculture, infrastructure and housing sectors as part of its long-term strategic focus. There is also a clear direction to double farmers' income in the next five years by improving their agriculture-credit and financing. These developments are expected to drive the future growth and expansion of the Company.

I am very optimistic of the great opportunity our country has to offer. I believe that with superior quality products and aggressive marketing across the right target market, we are at a vantage point to accelerate our growth momentum.

Corporate social responsibility

At FIL, we feel business prosperity is sustainable by sharing with the needy and giving hope to people who often feel they don't have the right to be hopeful. As a responsible corporate, we conduct our CSR activities in healthcare, education, water conservation and community welfare with Mukul Madhav Foundation (MMF), our CSR partner. This year also we have increased our CSR spend substantially.

I am proud to inform you that your Director Mrs. Ritu Chhabria, Managing Trustee of MMF, was a part of the National Women's Parliament held at Amravati, Andhra Pradesh (AP), where she shared the dais with dignitaries like Mr. N. Chandrababu Naidu (Chief Minister, AP) and Mr. Kodela Siva Prasada Rao (Speaker of the Legislative Assembly, AP) among others.

I am also pleased to inform you that one of the key projects, the Mukul Madhav Vidyalaya (MMV) a state-of-the-art English medium school in Golap, Ratnagiri, has received tremendous appreciation for its unique approach to mould students into responsible citizens.

As a country, I believe we are at the cusp of the next phase of growth and expansion, one that will usher in the NEW INDIA that will rightfully occupy its place as a global leader. The future is exciting and promising. The future is an Opportunity called India.

On behalf of the Board, I would like to thank all our stakeholders including shareholders, investors, bankers, creditors and employees for their continued support. A special note of thanks to Mr. Saurabh S. Dhanorkar, the former Managing Director who retired during the current fiscal year, for his immense contributions towards the growth of the Company. Mr. Sanjay Math takes over the reins and responsibilities from Mr. Dhanorkar and I am sure he will do a splendid job in his new role as the Managing Director of the Company. I also welcome Mr. Anil Whabi, Chief Financial Officer to the Board.

I would like to express my sincere gratitude to all the members of our Board for their continued insights and invaluable guidance as we explore new opportunities and move ahead with confidence.

Yours sincerely,

Prakash P. Chhabria
Executive Chairman

FIL - Prepared for India Opportunity

At a glance

2,90,000 MTPA PVC pipes and fittings manufacturing capacity	**2,72,000** MTPA PVC resin manufacturing capacity	**1,400+** Stock Keeping Units (SKUs) as on March 31, 2017
800+ Dealers	**18,000+** Retail touch points	₹ **7,615.89** Cr Market capitalisation as on March 31, 2017

FIL is engaged in the business of manufacturing PVC pipes and fittings. It is the only PVC pipe manufacturing company in India which enjoys backward integration with its own PVC resins manufacturing unit.

It is the leading and most trusted brand, commanding more than 20% market share in the organised segment.

Profile

The Company's shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). Its products have received certification from BIS (Bureau of Indian Standards) and MCGM (Municipal Corporation of Greater Mumbai). The Company primarily caters to the agriculture segment with a growing presence in construction and industrial businesses.

Presence

- Headquartered in Pune, Maharashtra
- Three manufacturing plants at:
  - Ratnagiri (Maharashtra) for the manufacture of PVC resin and PVC pipes including a captive power plant
  - Urse (Pune, Maharashtra) for the manufacture of PVC pipes
  - Masar (Gujarat) for the manufacture of PVC pipes
- Jetty in Ratnagiri for the import of raw materials
- Four distribution warehouses: Chinchwad (Maharashtra), Cuttack (Odisha), Delhi, and Indore (Madhya Pradesh)
- 10 branch offices across India viz., Ahmedabad, Bengaluru, Chennai, Kochi, Coimbatore, Delhi, Hyderabad, Indore, Kolkata and Mumbai

Urse Plant, Pune

Journey over the years

1981
FIL was incorporated. Set up its first rigid PVC (Poly Vinyl Chloride) pipes manufacturing plant in Pune, Maharashtra

1985
Pioneered the concept of 'Ringfit' pressure pipes

1994
- Set-up a 1,30,000 MTPA state-of-the-art PVC resin plant in Ratnagiri, Maharashtra in technical collaboration with Uhde GmbH and a process license from Hoechst AG, Germany
- Commenced manufacture of suspension PVC and emulsion PVC

1996
Became India's first PVC pipes and fittings manufacturer to be awarded the ISO 9001:2000 certification

1999
- Commenced manufacture of PVC pipes at Ratnagiri to meet growing demand
- Introduced ASTM pipes to cater to the needs of the plumbing sector

2002
PVC pipes and PVC resin plants at Ratnagiri were awarded the ISO 14001 certificate for Environment Management Systems

2006
- FIL proudly celebrated 25 years of success
- Expanded PVC resin capacity from 1,30,000 MTPA to 2,60,000 MTPA
- Extended portfolio by the manufacture of ASTM fittings

2007
Introduced underground sewerage pipes as per IS: 15328 – 2003

2008
Introduced LEAD-FREE plumbing pipes as per ASTM standard

2009
Set-up a 28,000 MTPA state-of-the-art manufacturing unit at Urse, Pune for agriculture pipes and casing pipes

2012
Set-up a new manufacturing plant at Masar, Gujarat

2014
Set-up a warehouse at Cuttack, Odisha to cater to the eastern India market

2015
Set-up warehouses at Delhi and Indore, Madhya Pradesh to cater to the northern and central India markets

2016
PVC pipes and fittings manufacturing capacity increased to 2,80,000 MTPA

2017
Tie-up with Lubrizol to manufacture and sell Finolex FlowGuard Plus pipes and fittings in India

Awards & Accolades

- 2017 - The Supply Chain Enterprise Icon of the Year by Global Logistics Excellence Awards
- 2016 - Water Company of the Year Award by the National CSR Leadership Congress & Awards
- 2016 - The National Record certificate from The Limca Book of Records for conducting the largest number of plumber meets organised simultaneously across 26 states and 58 cities with a presence of 3,000 plumbers
- 2016 - Blue Dart Global CSR Excellence and Leadership Award for Support & Improvement in Quality of Education
- 2016 - Best Innovative CSR Practices Award in Education at the India CSR Awards
- 2015 - Top 100 Brands Award in the Architecture & Design sector by The Economic Times
- 2015 - India's most Trusted Brand in the category Manufacturing – Pipes awarded by Brand Trust Report
- 2015 - Best Safety Practices Award by National Safety Council, Maharashtra Chapter & Directorate of Industrial Safety & Health, Maharashtra State
- 2014 - Asia's 100 Best Marketing Brands by the WCRC Leaders Asia magazine
- 2014 - Honoured by the World Economic Forum (WEF) as amongst the Global Growth Companies – 2014 in South Asia
- 2014 - Green Manufacturing Excellence Award: Certificate of Merit, Believers category from Frost & Sullivan

Our business verticals:

- **PVC pipes and fittings -** Manufactures a wide range of products catering to the agriculture and non-agriculture sectors.
- **PVC resin -** Manufactures high quality resin providing consistent raw material for captive consumption (backward integration) and sales in the open market.
- **Power plant -** Produces power for captive consumption.

Wide range of PVC pipes & fittings

Agriculture Segment -
The Bedrock of FIL's Success

Overview

FIL manufactures a diverse range of pipes and fittings catering to the agriculture sector. These products have empowered farmers to enhance farm security by addressing their irrigation needs. During the year, we undertook several meets with farmers to educate them on the advantages of using our products. These meets were carried out during key festivals to better connect with them.

Agriculture sector opportunities

₹ 1,87,223 Cr
Union Budget 2017-18 allocation to the agricultural sector

₹ 40,000 Cr
Union Budget 2017-18 allocation for irrigation projects

₹ 5,000 Cr
Dedicated micro-irrigation funds to be set-up by NABARD

₹ 10 trillion
Targeted agricultural credit disbursement for 2017-18

Evergreen revolution[8]

The evergreen revolution is a three-year roadmap planned by the Ministry of Agriculture to enhance farm growth and double farmers' income by 2022 through the following initiatives:

- Using advanced technology to enhance farm productivity
- Promoting climate-resilient indigenous breeds of cows and buffaloes, and deep sea fishing
- Leveraging space technology in agriculture and allied sectors
- Setting-up seed production and processing units at 'Panchayat' level
- To utilise unplanted rice fields for cultivating pulses and oil-seeds to increase cropping intensity by 0.1 Cr hectares per annum
- Consolidating online trading and inter-market transactions

Products offered

Agriculture pipes and fittings
- Selfit PVC-U Pipes
- Ringfit PVC-U Pipes
- Various types of moulded and fabricated fittings

Column pipes
- PVC-U Column Pipes

Casting pipes
- CS Casing Pipes
- CM Casing Pipes
- Screen Pipes with ribs
- SDR series Casing Pipes

Solvent cement
- PVC-U Solvent cement for agriculture applications
- PVC-U Solvent cement for higher dia agriculture applications
- Rubber Lubricant

Non-Agriculture Segment - The Future of FIL's Growth

Overview

FIL's non-agriculture segment caters to the growing requirements of the housing, industrial and construction sectors. These products play a crucial role in creating efficient and enduring infrastructure for each of these key sectors.

We undertake regular marketing initiatives which include conducting plumber meets, promoting our products at CREDAI and Indian Plumbing Association seminars as well as organising factory visits.

Finolex FlowGuard Plus CPVC – the product of the future

CPVC is the latest in plumbing technology invented and pioneered by Lubrizol, USA. Finolex FlowGuard Plus CPVC pipes are an excellent alternative over conventional materials as they can withstand higher temperature variations. They are widely used in homes, hotels, hospitals as well as manufacturing plants.

Reassurance of Finolex FlowGuard Plus CPVC pipes and fittings

- Ideal for hot water up to 93°C
- NSF certified raw material
- Lowest bacterial growth
- Safe for potable water systems
- Outstanding fire safety profile, does not support fire
- Insulated properties resulting in high energy saving
- Strong quality control hence no batch variation
- No corrosion thus uncompromised water quality

Collaboration with Lubrizol

In line with its culture of providing quality Made in India products for the Indian markets, FIL joined hands with Lubrizol Corporation, the inventors and the largest manufacturers of CPVC compound worldwide, to manufacture and market CPVC pipes and fittings in India.

In March 2017, FIL launched the first range of Finolex FlowGuard Plus pipes and fittings which has been highly appreciated among the various end-user segments and has brought in renewed interest among the dealers (both existing and new ones).

Products offered

Finolex FlowGuard Plus CPVC pipes and fittings

- Finolex FlowGuard Plus CPVC pipes
- Various types of Finolex FlowGuard fittings

Plumbing pipes and fittings

- Heavy Pressure Plumbing Pipes
- ASTM PVC-U Pipes
- Various types of fittings

Sewerage pipes (Underground Drainage Pipes)

- Selfit sewerage pipes
- Ringfit sewerage pipes

Solvent cement

- Medium duty PVC-U Solvent cement for plumbing applications
- Heavy duty PVC-U Solvent cement for plumbing applications
- PVC-U Solvent cement for SWR applications
- CPVC solvent cement for hot and cold water plumbing applications
- Rubber Lubricant
- Primer

SWR pipes and fittings

- SWR Selfit pipes
- SWR pipes with integrated rings
- SWR Selfit moulded fittings and SWR fittings with integrated rings

Non-agriculture opportunities

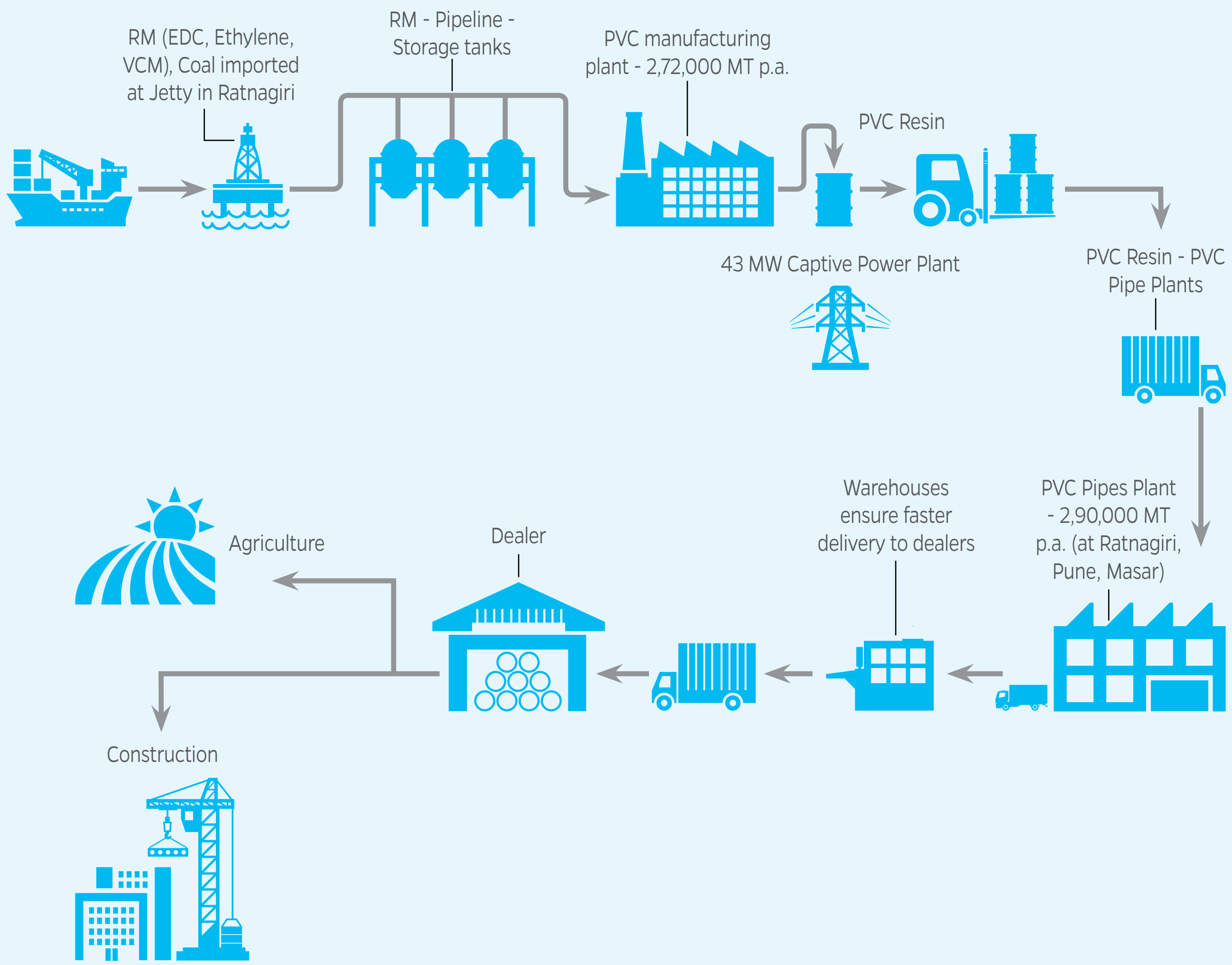
1 Cr
Houses proposed to be constructed by 2019

5 lakh
Ponds to be constructed for drought proofing

60%
Targeted coverage of sanitation in rural areas, up from 42% in October 2014

Strong Value Chain

We have integrated production plants that enable us to ensure a steady supply of raw material to control the quality of our pipes and fittings. The process starts with importing the raw material Ethylene dichloride (EDC), Ethylene, Vinyl Chloride Monomer (VCM) and coal from international markets. They are stored in bulk at our plant in Ratnagiri, and used for manufacturing PVC resin. The advantage of a captive power plant is that it ensures a steady power supply and reduces the manufacturing costs. The majority of the PVC resin manufactured is transported to our PVC pipes and fittings manufacturing plants. The rest is sold in the open market. At the PVC pipes and fittings plants, numerous products are manufactured which are transported to our dealers and various warehouses around the country.



People Make It Happen

In a business which involves manufacturing and customer interface for brand promotion and sales, it is critical to employ the right people who have the ability to leverage market opportunities.

At FIL, we understand the critical role that intellectual capital plays in maximising gains from the massive Indian opportunity. As a result, we are constantly investing in developing our peoples' capabilities through constant skill enhancement training and the adoption of a learning-based culture.

Fostering human capital

We focus on continuously upgrading and building the skills of our employees through various programmes which include orientation, internal and external skill training, managerial and leadership training. In addition, we have initiated digital training programmes to empower our employees to leverage digital technology. Competency mapping forms the basis of our training programmes, whereby the competency gaps of employees are identified and the necessary training is provided.

Safe and conducive work environment

We have undertaken initiatives towards ensuring a healthy and safe work environment for the physical and psychological well-being of our employees. At our manufacturing plants, we have regular safety-related training and drills conducted for our employees. We have incorporated relevant techniques and methods to prevent any kind of work-related hazard. We have also developed a standard work procedure for operations, maintenance and emergency response and control.


FIL team, Chinchwad, Pune

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Strong Governance and Transparency - Professional Management

At FIL, we have a high regard for governance and transparency. Throughout our journey, we have adhered to all the regulatory requirements and giving out necessary information across the public domain. We have developed a robust code of conduct that defines the responsibility and expectation from our employees.

FIL policies

We have well-defined policies with regard to sexual harassment of women at the workplace, whistle blower, corporate social responsibility, nomination and remuneration, related party transactions, Board diversity and material subsidiaries. We ensure that these policies are strictly followed.

Familiarisation programme for Independent Directors

All Independent Directors are provided with information related to the Company, their roles, rights, responsibilities within the Company, the nature of the industry in which the Company operates, and the business model. Periodic presentations and quarterly updates are provided to make them aware of the Company's progress. The Directors also have complete access to all information related to the Company and are given the opportunity to meet without the presence of the management.

Code of conduct

We have developed a robust code of conduct for our Directors and Senior Management guiding them to use due care and diligence while performing their duties and to recognise their primary responsibility towards our shareholders. Additionally, detailed information relating to the code of conduct has been provided to all the Directors comprising information of roles, functions, duties, appointment policy, etc.

Sharing Success - CSR

We feel business prosperity is sustainable by sharing with the needy and giving hope to people who often feel they don't have the right to be hopeful.

MMF transforms lives of children with Cerebral Palsy by making them self-dependent.

In FY17, we spent a total of ₹ 4.33 Cr towards CSR activities as against ₹ 3.17 Cr in FY16.

While we are committed to creating value, we are also dedicated to making a difference in communities of the people we live and work with. Mukul Madhav Foundation (MMF) is our CSR partner led by Mrs. Ritu P. Chhabria. The foundation works diligently in the areas of healthcare, education, community welfare and water conservation. MMF undertakes a comprehensive perspective planning to ensure the effectiveness of the activities. MMF's relentless efforts have been recognised and rewarded on a regular basis. This year, MMF was awarded the BT-CSR Excellence Award for its project – Working for Children with Cerebral Palsy in Satara. It also won the Water Company of the Year by The

Priyanka Indalkar, financially assisted by MMF, now runs a stationery shop

National CSR Leadership Congress & Awards for exemplary work in the area of water schemes in rural Maharashtra.

We have tremendous regard for the protection of the environment and ensure that all our plants adopt best manufacturing practices. Our Ratnagiri plant has received the Certificate of Merit – Believers Category by Frost and Sullivan's Green Manufacturing Excellence Award.

FIL green initiatives

ISO 14001
Certification received by the Ratnagiri plant for its stringent adherence to international environmental standards

ZERO effluent discharge
Achieved at the Ratnagiri plant

6 lakh
Cubic meters of water bodies (two lakes) managed by the Company

Healthcare

MMF focusses on providing financial assistance to patients, organises healthcare camps and supports medical institutions. MMF is associated with several hospitals like K.E.M., Ruby Hall Clinic, Sassoon General Hospital, Parkar Hospital, Bharati Vidyapeeth Dental College and Hospital and H V Desai Eye Hospital among others. Cerebral palsy is one of the key intervention areas in healthcare. MMF organises monthly camps, sponsors surgeries, donates wheelchairs and commodes, and provides rehabilitation through its four centres.

1,132

Children were provided with free cataract operations.

143

Children treated at 10 Pediatric cardiac camps in association with Healing Little Hearts, a registered charity in the UK at Ruby Hall Clinic, Pune. Financial assistance was provided to patients at 11 hospitals across the country.

59

Upgraded the existing Neonatal Intensive Care Unit (NICU) facility and helped set up a 59-bedded state-of-the-art Neonatal facility at Sassoon General Hospital, Pune. It is first of its kind in a Government Hospital in Maharashtra, which provides superior healthcare to sick neonates free of cost.

486

326 women in Ratnagiri and 160 in Pune benefited from subsidised mammography and colposcopy tests along with the provision for free consultation.

507

Organised monthly camps across various locations in Satara to screen children suffering from Cerebral Palsy. All these 507 children have been adopted.

The newly inaugurated NICU facility at Sassoon Hospital, Pune sponsored by FIL

Community welfare

MMF is associated with several social welfare institutions and assists them financially and donating necessary items. It has three skill development centres where tailoring and computer training are provided at subsidised rates. Various fund raisers and donation programmes are also organised to collect funds.

A fundraiser programme with Ustad Zakir Hussain

₹ 16,84,000

Given to 15 social institutions for monthly grocery expenses, sweaters, clothes and furniture.

₹ 36,50,000

To upgrade Pune Police Hospital with medical equipment and distribution of helmets and face masks to the Pune police force.

₹ 2,20,00,000

Raised at the third fundraising event for supporting cochlear implants, heart surgeries and other existing projects.

Education

MMF through Mukul Madhav Vidyalaya (MMV) provides quality education to children in Golap village, Maharashtra. MMV focusses on the holistic development of children through its modern education programme, and gives importance to extra-curricular activities such as German language, karate, music classes, computer literacy, etc. The concept of e-learning through tablet devices (100 nos.) was promoted by MMF in association with Poona North Rotary Charitable Trust. MMF also sponsors the education of several children and extends support to other schools.

₹ 43,90,000

Spent towards providing scholarships to children and bearing fellowship expenses of resident doctors at KEM Hospital, Pune.

14

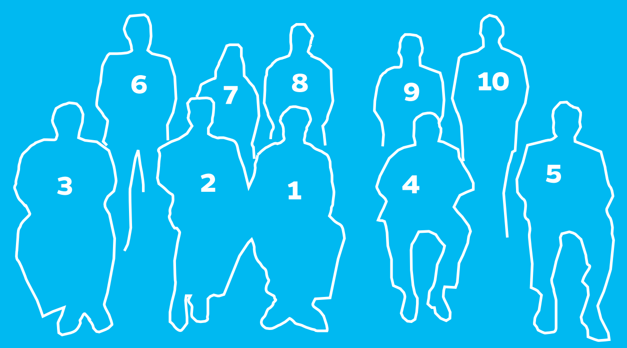
Teachers from schools in Mahabaleshwar, Panchgani, Masar and MMV were provided training to enhance their skills.

₹ 21,18,000

Spent on upgrading infrastructure of various Municipal and Zilla Parishad schools.

Kids from Mukul Madhav Vidyalaya

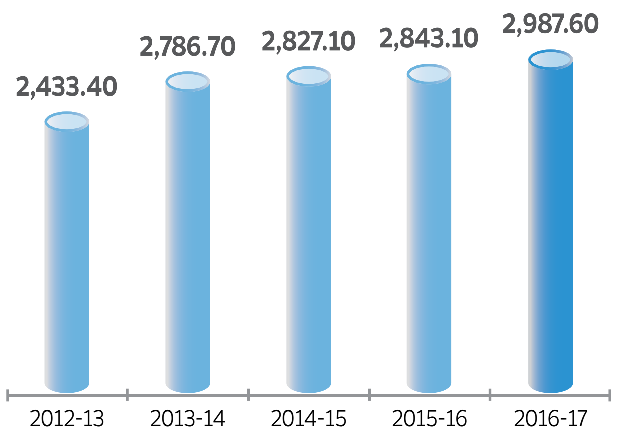
Board of Directors



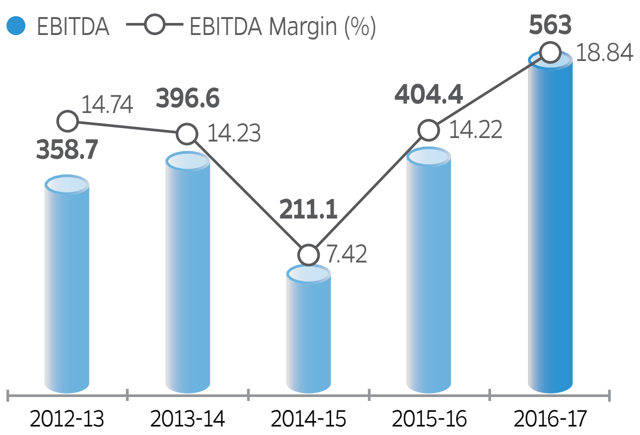
1. **Mr. Shrikrishna N. Inamdar**
   Independent Director
2. **Mr. Dara N. Damania**
   Independent Director
3. **Mr. Kanaiyalal N. Atmaramani**
   Independent Director
4. **Dr. Sunil U. Pathak**
   Independent Director
5. **Mr. Prabhakar D. Karandikar**
   Independent Director
6. **Mr. Sanjay Math**
   Managing Director
7. **Mrs. Ritu P. Chhabria**
   Non-Executive,
   Non-Independent Director
8. **Mr. Prakash P. Chhabria**
   Executive Chairman
9. **Mr. Sanjay S. Asher**
   Independent Director
10. **Mr. Anil V Whabi**
    Director – Finance &
    Chief Financial Officer

Performance Over the Years

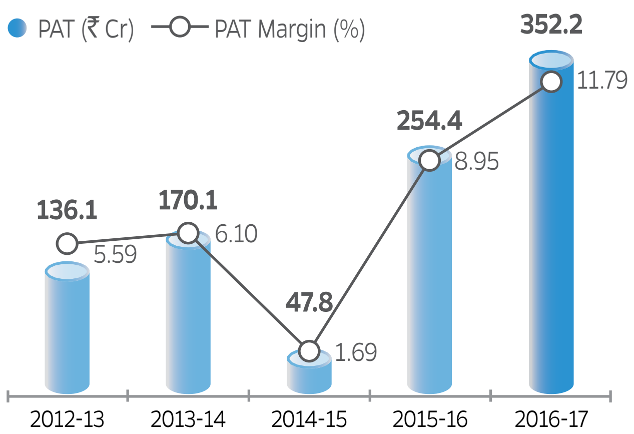
Total Revenue (₹ Cr)



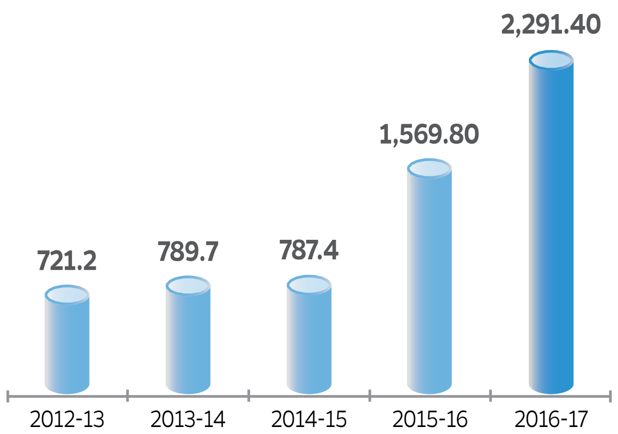
EBITDA (₹ Cr) **and EBITDA Margin** (%)



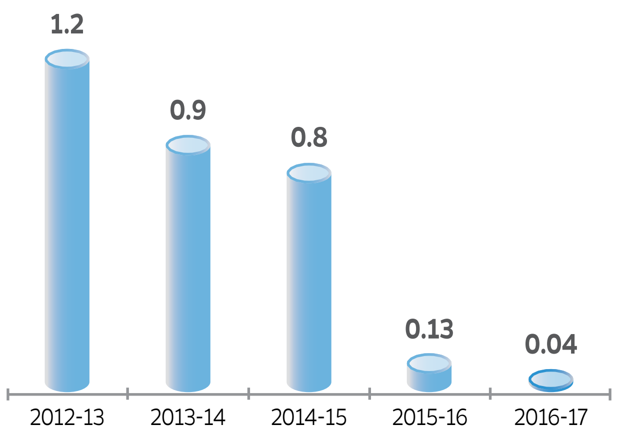
PAT and PAT Margin



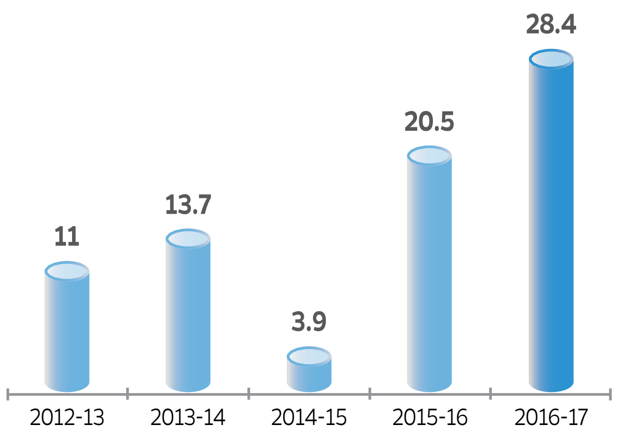
Net Worth (₹ Cr)



Debt : Equity



Earnings per share (₹)



Note: Financial numbers pertaining to the years 2015-16 and 2016-17 are as per Ind AS

Management Discussion and Analysis

Indian Economy

India is the fastest-growing G20 economy with expected growth of around 7.4% in FY18 against 7% in FY17. The acceleration of structural reforms, the move towards a rule-based policy framework and low commodity prices have provided a strong growth impetus. Recent deregulation measures and efforts to improve the ease of doing business have boosted foreign investment.

A comprehensive tax reform would promote inclusive growth. The much awaited Goods and Services Tax (GST) is on the verge of implementation. The effective implementation of GST would support competitiveness, investment and economic growth. GST will reduce the cascading effect of tax; it will boost India's competitiveness, investment and job creation. GST reform is designed to be initially revenue-neutral. The Government's plans to reduce the corporate income tax rate and broaden the tax base will serve the same objectives.

Moreover, as a consequence of the Centre's major economic reform 'demonetisation' and on the back of moderating inflation, market interest rates and yields on g-secs are expected to be lower in FY18 as compared to FY17. Coupled with the expectation of a good monsoon and high farm output may provide a boost to the Indian economy.[9]

Industry Structure and Developments

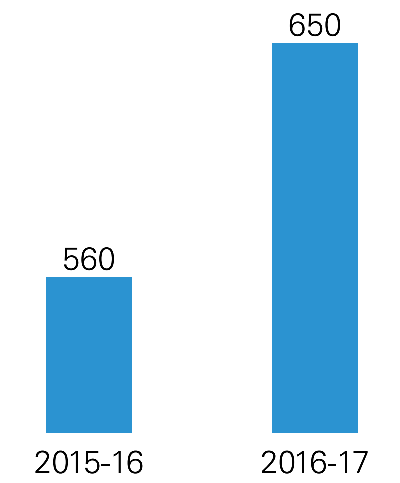
PVC Resin

Polyvinyl chloride (PVC) is the third largest plastic in production and consumption globally. A key feature of PVC is that it can be combined with additives and fabricated into wide variety of forms. These include pipes and fittings, profiles and tubes, windows and doors, sidings, insulation for wires and cables, films and sheets, flooring, toys and other moulded products.

In India, the PVC market is expected to witness a double digit growth rate in the coming years. Some of the major drivers contributing to this growth include high growth in the agricultural sector, building and construction sector, automobile industry and medical devices.[10]

Due to better supply conditions, the prices of EDC and ethylene, the inputs for PVC, were lower in FY17 as compared to FY16. In comparison, the higher price of PVC during the year resulted in better PVC/ EDC spread as shown below resulting in better performance of the segment.

PVC/EDC Spread (US$/MT)[11]



PVC Pipes and Fittings

The major end-users for PVC pipes and fittings in India are the agricultural sector for irrigation and non-agricultural sector for housing, commercial buildings and infrastructure projects. Demand from these sectors has been growing at a double digit rate, now with the added thrust and focus by the Government, the demand is likely to be more robust in the coming years.

Opportunities

Agriculture Sector

Agriculture plays a vital role in India's economy. Agriculture is the principle means of earning a livelihood for the majority of the rural population in India.

More than 50% of cultivated land in India is still dependent on monsoons. Hence, there is immense potential to improve the irrigation coverage.

Realising the need, the Government of India has already spelt out many initiatives to enhance the irrigation coverage and the productivity and profitability of the agricultural sector:[12]

- The Government has emphasised on bringing in additional land under irrigation.
- This year, ₹ 1,87,223 Cr has been allocated towards rural, agriculture & allied sectors under Union Budget, which constitutes to an increase of 20% over the previous year's allocation. MGNREGA allocation has also increased to its highest level at ₹ 48,000 Cr this year. The Long Term Irrigation Fund (LTIF) set up in NABARD under Pradhan Mantri Krishi Sinchai Yojana, for financing and fast tracking the implementation of incomplete major and medium irrigation projects has been allocated an additional corpus of ₹ 20,000 Cr, thus doubling the corpus to ₹ 40,000 Cr. Also, a new micro irrigation fund with a corpus of ₹ 5,000 Cr has been announced.
- Pradhan Mantri Krishi Sinchai Yojana would allow maximising the reach of irrigation across the country, thus enhancing the ambit of area covered under the irrigation projects.
- With over 3 Cr Kisan credit cards to be converted into RuPay cards in the next few months, the farmers may benefit immensely by virtue of trading their produce directly, without accessing bank credit.
- The coverage provided under the Fasal Bima Yojna Scheme has increased to 40% in the current year, projected to reach 50% in 2018-19 to protect farmers from any accidental damage.
- Also, the sixty days' interest waiver which is provided to the farmers on farm loans taken from cooperative banks would ensure that they have more cash at their disposal for purchases. Moreover, our Government is committed to doubling the farmers' income in the next five years.

Non agriculture Sector (Infrastructure and Housing)[13]

The Government is focusing on rural water and sanitation infrastructure, which will generate huge demand for PVC pipes. Sanitation coverage in rural India has gone up from 42% in October 2014 to 64% under the Swachh Bharat Mission (Gramin) and the pace is expected to continue. Villages with sanitation coverage are now being given priority for piped water supply. The development of 'Smart Cities' will be a further boost to PVC pipes demand in India due to the huge requirement of urban infrastructure in these cities.

With affordable housing assigned infrastructure status in FY18, demand for the same from the middle-income group in India is expected to rise. The Government is taking active steps to bridge the gap in supply. Refinancing by National Housing Board will also provide boost to housing sector. It is the mission of our Government to provide housing for all by year 2022. Introduction of RERA also augurs well for the housing sector. All these initiatives will result in high demand for PVC pipes and fittings.

New Products

At FIL, we aim to embrace the full potential of our brand equity and strong dealer network, by introducing new products in the pipes and fittings segment. At the end of FY17, the total number of SKUs stand at more than 1,400.

Lubrizol tie-up

During the year, the Company tied-up with the American company Lubrizol Corporation, inventors and the largest manufacturers of the CPVC compound worldwide. The agreement is for supply of CPVC compound to us for the production and sale of Finolex FlowGuard Plus pipes and fittings in India, mainly catering to the building and construction industry.

The tie-up will strengthen the Company's track record of providing superior products for the domestic market. Builders have also started using common CPVC pipes for both hot water and cold water application, instead of separate pipes. All initiatives by the Government mentioned above to promote housing sector will also create further demand for CPVC pipes and fittings.

Strategy

Expanding Footprint: The Company has more than 800 dealers and 18,000 retail outlets. Going forward, the Company plans to expand its distribution network in all geographies with higher focus in the northern and the eastern region.

Capacity Expansion: The Company is adding capacity for pipes and fittings every year and has reached 2,90,000 MT as of FY17. We remain on track with plans to increase capacity for pipes and fittings in the years to come to capture expected increase in demand.

Branding: While PVC pipes and fittings are of a commodity nature, branding still plays a very important role. With consistent supply of quality products over the years, the Finolex brand is well recognized and appreciated in the market. We strive to promote brand and quality consciousness amongst consumers to enable us to maintain the leadership position in market. In the previous year, ₹ 39 Cr, equivalent to more than 1% of sales was spent on advertisement, branding and sales promotion activities mainly in rural areas. Continuing with last year's initiative, in FY17, the Company conducted more than 300 training workshops, large meets including organised factory visits for dealers, retailers, farmers and plumbers.

Cash-n-Carry: We have been following Cash-n-Carry model for our sales .This approach has enabled us to keep the balance sheet light.

Financial Performance and Review

(₹ in Cr)

Particulars	Standalone		Consolidated	
	FY 2017	FY 2016	FY 2017	FY 2016
Revenue from Operations (incl. excise duty)	**2,987.64**	2,843.12	**2,987.64**	2,843.12
Profit Before Depreciation Interest & Tax (PBDIT)	**563.02**	404.44	**563.02**	404.44
Net Profit after tax	**352.18**	254.41	**354.85**	257.77
Net Fixed Assets (incl. CWIP)	**876.88**	856.26	**876.88**	856.26
Gross Debt	**94.18**	211.55	**94.18**	211.55
Current Investments	**56.56**	168.71	**56.56**	168.71
Net Debt	**37.63**	42.84	**37.63**	42.84
Gross Debt to Equity ratio	**0.04**	0.13	**0.04**	0.13

PBDIT increased by 39.21% on a y-o-y basis to ₹ 563.02 Cr from ₹ 404.44 Cr. A higher delta from the PVC resin segment led to higher operating margins. By end of FY17, entire long term debt was paid off and only short term debt remains in the books.

Segment-wise performance

PVC Resin

In FY17, the Company produced 2,51,710 MT of resin (FY16 - 2,46,902 MT). The capacity utilisation in FY17 was 93% v/s 91% in FY16. In FY17, the Company sold 87,236 MT of resin (FY16 - 1,06,771 MT) in the market and captively consumed 1,47,868 MT (FY17 – 1,41,407 MT). In terms of value, the revenue from the operations of the resin division was ₹ 1,756.67 Cr in FY17 against ₹ 1,628.68 Cr in FY16. The Company is on track to increase the captive consumption of PVC resin by increasing the PVC pipes and fittings capacity.

Margins improved in the PVC resin segment as spreads between EDC and PVC resin were better. This was due to increase in the price of PVC resin whereas the price of EDC was lower during FY17.

PVC Pipes and Fittings

The Company sold 2,09,419 MT of pipes and fittings in FY17 as against 2,08,764 MT in FY16. In terms of value, the sales of the pipes and fittings division was ₹ 2,216.87 Cr in FY17 against ₹ 2,030.51 Cr in FY16. Out of the total sales, approximately 70% was in the Agri sector and 30% was in the Non-Agri sector.

Power segment

The Company has set up a 43MW captive power plant at Ratnagiri in order to provide uninterrupted high quality power to its production facility. During FY17 the plant generated 211,502 MWh.

Finolex Plasson Industries Pvt. Ltd.

Finolex Plasson Industries Private Ltd. (FPIPL) is an associate company. FPIPL offers a wide range of products and solutions in the field of Precise Irrigation and Intensive Agriculture Cultivation. FPIPL's solutions include complete tailored Drip and Sprinkler Irrigation Systems and turnkey projects for all agriculture sectors such as Row Crops, Horticulture, Green Houses, Plantations, Orchards, Nurseries and more.

FPIPL's services include survey, planning and design facilities for drip, mini and micro sprinklers, foggers, misters, fertigation equipment, HDPE sprinkler pipes etc. for various field crops, horticulture crops, plantations, landscape, greenhouse and poly-house irrigation systems, etc.

The Company holds 46% stake in FPIPL while Finolex Group (excluding FIL) and Israel-based Plaschin Ltd. hold 20% and 34%, respectively. FPIPL is in the field of Micro Irrigation and has successfully executed irrigation systems in various parts of India.

Risks and Threats:

The Company has a well-documented risk management policy. This policy is reviewed by the management periodically and is appropriately modified wherever necessary. The volatile movements in exchange rates caused by major global developments undoubtedly have an impact on Indian companies. But for FIL, the foreign exchange exposures are naturally hedged by future earnings linked to foreign currency due to the import parity pricing of PVC resin. Since all our key raw materials including EDC, ethylene and VCM are a derivative of crude oil and these are imported, the volatility in global oil prices has a direct impact on our operations.

Based on the operations of the Company, new risks, if any, are identified, and appropriate steps are taken to mitigate them. The surplus cash generated during the course of business is sometimes invested with banks/ mutual funds. The detailed guidelines for investment of surplus amounts have been laid down and the Management reviews these regularly. The Company continues to accord the highest priority for safety in all its operations. All the manufacturing facilities and processes are subject to regular inspections. A safety audit is carried out regularly at the PVC resin plant at Ratnagiri, and preventive measures are taken to ensure high standards of safety are met. The Company has taken adequate insurance cover for all its plants as well as for third party liabilities.

Transparency in sharing information

Transparency refers to sharing information and acting in an open manner. Processes, instructions and information are directly accessible to those concerned, and enough information is provided to understand and monitor them. The Company believes in total transparency in sharing information about its business operations with all its stakeholders. The Company strives to provide the maximum possible information in the Management Discussion and Analysis which is a part of the Annual Report.

Internal Control Systems

The Company has put in place adequate internal control procedures, proportionate to the nature of business and size of operations for the smooth conduct of business. Internal audits are conducted at regular intervals at all the plants and cover key areas of operations. These audits are independent, objective and responsible for evaluating and improving the effectiveness of risk management, control and governance processes. An Audit Committee, consisting of five independent non-executive directors, monitors the performance of the internal audits. This is conducted on a periodical basis through audit plans, audit findings and the promptness of issue resolution through follow-ups.

Internal Financial Control

The Companies Act, 2013 has made significant changes in financial reporting requirements to bring it in line with international practices. The key requirements are entity level controls, financial reporting controls, operational controls and fraud prevention controls. The Company has in place all the required controls and the framework to identify key processes and evaluate efficiency of internal financial controls.

Human Resources

The Company continued to enjoy cordial and harmonious industrial relations. The human resources function reinforced our commitment towards well-being and development of employees through revamp and launch of several people processes such as performance and potential appraisals, talent management, learning and development initiatives for employees at every level and leadership development efforts.

Cautionary statement

In this Annual Report, we may have disclosed information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, may contain statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any statements, whether as a result of new information, future events or otherwise except as may be required by law.

Board of Directors' Report

To the Members,

Your directors have pleasure in presenting the thirty- sixth annual report together with the audited financial statements including consolidated financial statements for the year ended 31st March, 2017.

State of the Company's affairs:

Financial Results **(₹ in lakh)**

	Standalone 2016-17	Standalone 2015- 16	Consolidated 2016-17	Consolidated 2015-16
Profit before depreciation & finance charges	58,735.52	46,855.52	59,552.06	47,811.36
Less: Finance charges	1,534.47	4,470.97	1,534.47	4,470.97
Profit before depreciation and taxation	57,201.05	42,384.55	58,017.59	43,340.39
Less: i. Depreciation	5,504.62	5,057.36	5,504.62	5,057.36
ii Provision for taxation	16,478.48	11,886.50	17,028.24	12,505.86
Profit after depreciation and taxation	35,217.95	25,440.69	35,484.73	25,777.17
Add/(less): i. Retained earnings at the beginning of the year	88,445.19	70,284.11	90,510.41	72,012.20
ii. Remeasurement of defined benefit plans and income tax effect	(71.66)	(25.16)	(71.66)	(25.16)
iii. Share of Other Comprehensive Income (OCI) of Associate for the year	-	-	5.82	0.65
iv. Reversal of Impairment allowance on Investment	-	(279.31)	-	(279.31)
v. Transfer to General Reserve	-	(4,000.00)	-	(4,000.00)
vi. Dividend	(12,409.54)	(2,481.91)	(12,409.54)	(2,481.91)
vii. Tax on dividend	(2,526.29)	(496.23)	(2,526.29)	(496.23)
viii. Excess dividend tax reversed	(12.10)	3.00	(12.10)	3.00
Retained earnings at the end of the year	108,643.55	88,445.19	110,981.37	90,510.41
Earning per equity share:				
Basic (₹/share)	28.38	20.50	28.59	20.77
Diluted (₹/share)	28.38	20.50	28.59	20.77

Operations

The operational performance is summarized below:

	Standalone 2016-17	Standalone 2015- 16	Consolidated 2016-17	Consolidated 2015-16
Income - in ₹ lakh	301,197.51	288,276.41	301,081.63	288,183.71
Profit before tax - in ₹ lakh	51,696.43	37,327.79	51,580.55	37,234.49
Share of profit of associate before tax - in ₹ lakh	Nil	Nil	932.42	1,048.55
Profit after tax - in ₹ lakh	35,217.95	25,440.69	35,484.73	25,777.17
PVC Resin				
Production - in MTs	251,710	246,901	251,710	246,901
Sale - in MTs (excluding inter divisional):	87,235	106,771	87,235	106,771
Sale - in ₹ lakh (excluding inter divisional):	77,076.34	81,151.72	77,076.34	81,151.72
PVC Pipes and Fittings				
Production - in MTs	207,761	207,163	207,761	207,163
Sale - in MTs	209,419	208,764	209,419	208,764
Sale - in ₹ lakh	221,687.30	203,051.46	221,687.30	203,051.46
Power				
Production - in MWh	211,502	188,788	211,502	188,788

During the financial year, 10,000 MT capacity was added to PVC pipes & fittings and with this addition, the total capacity of PVC pipes and fittings stands at 2,90,000 MT p.a. The sales volume for PVC pipes & fittings was 2,09,419 MT for the financial year ended 31st March, 2017 as against 2,08,764 MT for the financial year ended 31st March, 2016. Total standalone income from operations was at ₹ 3,01,197.51 lakh for financial year ended 31st March, 2017 against ₹ 2,88,276.41 lakh for the financial year ended 31st March, 2016. Profit after tax was at ₹ 35,217.95 lakh for the financial year ended 31st March, 2017 as against ₹ 25,440.69 lakh for the financial year ended 31st March, 2016. During the year, the Company reduced total debt by ₹ 11,736.04 lakh. At the end of the financial year 2016-2017, the Company does not have any long term debt.

Dividend

Your directors have recommended dividend on equity shares @ 115 % (₹ 11.50 per equity share). The dividend on equity shares including corporate dividend tax, if approved by the Members, will absorb ₹ 17,176.20 lakh.

As per Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) 2015, the Company has formulated a Dividend Distribution Policy, which has been uploaded on the company's website www.finolexwater.com/investors/policies-code-of-conduct/

Transfer to reserves

The Non-Convertible Debentures of ₹ 10000 lakh issued by the Company on private placement basis have been redeemed during December, 2016. Therefore, your directors have proposed to transfer an amount of ₹ 7500 lakh from Debenture Redemption Reserve to General Reserve.

Deposits

Your Company has not accepted any deposits, described under Chapter V of the Companies Act, 2013. Hence no details to report pursuant to Rules 8 (5) (v) and (vi) of the Companies (Accounts) Rules, 2014.

Management discussion and analysis

Pursuant to Regulation 34 (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a management discussion and analysis report forms a part of this annual report.

Consolidation of financial statements

As at the end of the financial year, your Company does not have any subsidiary company. However, it does have two associate companies namely Finolex Plasson Industries Pvt. Ltd and Pawas Port Limited.

The consolidated financial statements as prepared pursuant to the provisions of section 129 of the Companies Act, 2013 (the "Act") and schedule III of the Companies Act, 2013 are annexed and form a part of this annual report.

Revision in financial statements

There has been no revision in the financial statements of the Company during the financial year 2016 – 2017.

Subsidiary and Associate Companies

As required under Rule 5 of the Companies (Accounts) Rules, 2014, Form AOC-1 of the statement containing salient features of the financial statements of the associate or joint venture companies is annexed and forms part of this annual report.

Pursuant to Rule 8(1) of the Companies (Accounts) Rules, 2014, the performance and financial position of the associate or joint venture companies included in the consolidated financial statements is annexed and forms part of this annual report.

During the financial year 2016-17 no company has become an associate of the Company.

The Company has also formulated the policy on material subsidiaries in alignment with the provisions of Regulation 16(i)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As required under Regulation 46 (2)(h) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Material Subsidiary Policy has been uploaded on the company's website www.finolexwater.com at the following link: www.finolexwater.com/investors/policies-code-of-conduct/.

Pursuant to Regulations 34(3) and 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the related party disclosures as specified in Para A of Schedule V are as below:

Sr. No.	In the accounts of	Disclosure of amounts at the year end and the maximum amount of loans/advances/investments outstanding during the year	
1	Holding Company	*Loans and advances in the nature of loans to subsidiary by name and amount.	No Holding Company.
		*Loans and advances in the nature of loans to associates by name and amount.	
		*Loan and advances in the nature of loans to firms/companies in which directors are interested by name and amount.	
2	Subsidiary	Same disclosures as applicable to the parent company in the accounts of subsidiary company.	No Subsidiary Company
3	Holding Company	Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of a loan.	No Holding Company

Directors' Responsibility Statement

Pursuant to section 134(5) of the Companies Act, 2013, your directors, on the basis of information and documents made available to them, confirm that:

a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit of the Company for that period;

c) the directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the directors have prepared the annual accounts on a going concern basis;

e) the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Corporate governance

A separate statement of corporate governance in the compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Oblidgation`s and Disclosure Requirements) Regulations, 2015 along with the compliance certificate obtained from M/s SVD & Associates, practicing company secretaries is annexed and forms part of this annual report.

Material changes and commitments

Your directors confirm that there are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company and the date of this report.

Contracts or arrangements with related parties

The particulars of related party transactions are stated in note no. 40 in the financial statements, Annexures 2, 3 and 5(vi) of this report.

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business of the Company. There are no materially significant related party transactions made by the Company with its Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained on a quarterly basis for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee for its approval on a quarterly basis. The statement is supported by a Certificate from the Chief Financial Officer.

The Company has developed a Related Party Transactions Manual, Standard Operating Procedures for the purpose of identifying and monitoring such transactions.

The Related Party Transactions Policy of the Company approved by the Board of Directors of the Company (the "Board") is displayed on the company's website www.finolexwater.com at the following link: ://www.finolexwater.com/policies-code-of-conduct/.

Risk management

During the financial year 2014-2015, your directors had constituted a Risk Management Committee. The details of the Committee and its terms of reference are set out in the Corporate Governance Report forming a part of the Board of Directors' Report.

The Company has a robust risk management framework to identify and evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting. The framework has different risk models which help in identifying risks trend, exposure and potential impact analysis at a Company level as also separately for business segments. Risk management forms an integral part of the business planning and forecasting. The key business risks identified by the Company and its mitigation plans are included in the management discussion and analysis report.

Internal financial control

Pursuant to Rule 8 (5)(viii) of the Companies (Accounts) Rules, 2014, the details in respect of adequacy of internal financial controls with reference to the financial statement are given below:

The Company has in place adequate internal control procedures, proportionate to the nature of the business and the size of operations, for the smooth conduct of business. These systems are implemented for safeguarding the assets, the prevention and detection of fraud and errors, the accuracy and completeness of the accounting records and timely preparation of reliable financial information.

The scope and authority of the internal auditors are defined by the audit committee from time to time. To maintain its objectivity and independence, our internal auditors M/s Sharp and Tannan reports their observations to the audit committee of the Board. The internal auditor monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of the internal auditor, process owners undertake corrective action in their respective areas which then strengthens the control. Audit observations and corrective actions thereon are presented to the audit committee of the Board.

Directors and key managerial persons

The Board of your Company is duly constituted with proper balance of executive directors, non-executive directors and independent directors.

Pursuant to Sections 149 (1) and 161 of the Companies Act, 2013 read with Rule 8 (5) (iii) of the Companies (Accounts) Rules, 2014, the details relating to directors and key managerial persons who were appointed or have resigned are reported as under:

Retirement of director

Mr.Saurabh S. Dhanorkar (DIN: 00011322), Managing Director retired from the services of the Company with effect from the close of business hours of 30th November, 2016.

Re-appointment of Director

Mr. Sanjay S. Math (DIN: 01874086) who was Director (Operation) upto 30th November, 2016 has been appointed as Managing Director of the Company with effect from 1st December, 2016 and his appointment was approved in the last annual general meeting.

Mrs. Ritu P. Chhabria (DIN:00062144), a non-executive and non-independent director retires by rotation as Director at the ensuing annual general meeting and being eligible, offers herself for re-appointment.

Appointment of Director

Appointment of Mr. Anil V. Whabi as whole-time director designated as Director – Finance

The Board at its meeting held on 26th August, 2016 appointed Mr. Anil V. Whabi (DIN 00142052) as Additional Director of the Company. In addition, he has been appointed as whole-time Director designated as Director – Finance for a period of five years from 26th August, 2016 to 25th August, 2021 and fixed his remuneration on the recommendation of the Nomination and Remuneration Committee. He holds office upto the ensuing annual general meeting.

The resolution for appointment of Mr. Anil V. Whabi as wholetime director including payment of his remuneration is contained in the notice of the ensuing annual general meeting.

Mr. Anil V .Whabi, aged 57 years, a science graduate from the University of Jodhpur and a Chartered Accountant from the Institute of Chartered Accountants of India has over 33 years of experience in various companies in the field of Finance, Account and Taxation .

Independent directors

The Members approved the appointments of Mr. Sanjay K. Asher, Mr. Kanaiyalal N. Atmaramani, Mr. Dara N. Damania, Mr. Shrikrishna N. Inamdar, Mr. Prabhakar D. Karandikar and Dr. Sunil U. Pathak as independent directors for a period of five years effective 20th September, 2014, they are not liable to retire by rotation. The terms and conditions of the appointment of independent directors are as per Schedule IV of the Companies Act, 2013. Pursuant to section 149(7) of the Companies Act, 2013, all independent directors have given declarations for the financial year 2017-2018 that they meet the criteria of independence as laid down under section 149 (6).

Key Managerial Personnel

During the financial year 2016-17, the following changes took place within Key Managerial Personnel.

1. Mr. Umesh M. Gosavi, resigned as Company Secretary and Compliance Officer with effect from 19th August, 2016. On his resignation he ceased to be the Key Managerial Person of the Company from the said date.
2. Mr. Anil V. Whabi was appointed as Additional Director. In addition, he has been appointed as whole-time Director designated as Director – Finance with effect from 26th August, 2016. He is also Chief Financial Officer of the Company with effect from 11th August, 2014 and also a Key Managerial Person.
3. Mr. Saurabh S. Dhanorkar retired as Managing Director with effect from 30th November, 2016 and ceased to be a Key Managerial Person of the Company from the said date.
4. Mr. Sanjay S. Math who was Director (operations) upto 30th November 2016 has been appointed as Managing Director with effect from 1st December, 2016. Therefore, he is also a Key Managerial Person.
5. Ms.Vidya R. Shembekar was appointed as Company Secretary and Compliance Officer with effect from 8th December, 2016. She is also a Key Managerial Person.

Training and familiarization programme for directors

The Board members are provided with necessary documents, reports and internal policies to enable them to familiarize themselves with the Company's procedures and practices.

Periodic presentations are made to the Board and Board Committee Meetings, on business and performance updates of the Company, the global business environment, business strategy and various risks involved.

Detailed presentations on the Company's business segments were made at separate meetings held by the independent directors during the year.

Quarterly updates on relevant statutory changes and landmark judicial pronouncements encompassing important laws are regularly presented to the Directors.

In compliance of Regulation 25 (7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has adopted the familiarization programme for independent directors with the aim to provide them with an insight into their roles, rights, responsibilities within the Company, the nature of the business of the Company and the business model of the Company.

The details of the familiarization programme for independent directors are available on the Company's website www.finolexwater.com/investors/Policities-code-of-conduct/.

Policy on directors' appointment and remuneration

The Company's Nomination and Remuneration Committee is governed by the terms of reference. The Company's nomination and remuneration policy includes directors' appointment and remuneration including the criteria for determining qualifications, positive attributes, independence of a director and other details are furnished in Annexure 1.

The Company's Nomination and Remuneration Policy is also available on the Company's Website www.finolexwater.com at the following link: www.finolexwater.com/investors/Policies-code-of-conduct/.

Annual evaluation by the Board of its own performance and that of its committees and individual directors

The Company has devised a nomination and remuneration policy for performance evaluation of independent, nonexecutive and executive directors. The criteria for this evaluation includes qualification, positive attributes, areas of expertise and the number of directorships and memberships held in various committees in other companies.

Remuneration of Directors and key managerial personnel

Pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details of remuneration of directors and key managerial personnel are as furnished in Annexure 2.

Particulars of Employees

Disclosure pertaining to remuneration and other details as required under section 197(12) of the Companies Act, 2013 read with rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are furnished in Annexure 3.

Auditors and Auditors' Report

Auditors

Pursuant to section 139 of the Companies Act, 2013 and the Rules made thereunder, M/s. P. G. Bhagwat, Chartered Accountants, Pune are entitled to hold office of statutory auditors for the first term of five years until the conclusion of the annual general meeting to be held in the year 2017.

The Board at its meeting held on 26th May, 2017 has, on recommendation of the Audit Committee considered the proposal for the reappointment of M/s. P.G.Bhagwat (Firm Regn. No.101118W) for the second five year term from the financial year 2017-18 (subject to ratification of their appointment at every annual general meeting) on such remuneration as shall be fixed by the Board.

M/s. P. G. Bhagwat has conveyed their consent and issued a certificate of eligibility pursuant to section 139 of the Companies Act, 2013. Your Directors recommend the appointment of M/s. P. G. Bhagwat, Chartered Accountants, Pune for the second five year term from the financial year 2017-18, from the conclusion of the annual general meeting of the Company to be held in 2017 until the conclusion of the annual general meeting to be held in 2022.

Appointment of cost auditors

The Board at its meeting held on 26th May, 2017 has, on recommendation of the Audit Committee, reappointed M/s. S. R. Bhargave & Co. as cost auditors to conduct an audit of cost accounting records of the Company for the financial year ending 31st March, 2018. Pursuant to the provisions of section 148 of the Companies Act, 2013 and rules made thereunder, the ratification by the Members is necessary for the payment of remuneration to the cost auditors. Your directors recommend the same.

Secretarial audit report

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. SVD & Associates, Practicing Company Secretaries in, Pune to undertake the secretarial audit of the Company. The secretarial audit report for the financial year 2016-17 is enclosed herewith and marked as Annexure 4.

There is no qualification, reservation or adverse remark or disclaimer made by the company secretary in practice in his Secretarial Audit Report for the financial year 2016-17.

Disclosures:

Pursuant to section 134(3) (a) to (q), certain items are required to be reported by the Company in the Directors' Report. Your directors are pleased to furnish the required details as under:

Committees of directors and key managerial persons

The details of the committee of the directors and key managerial persons pursuant to the SEBI (Listing Obilagations Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 are described in the corporate governance report of the annual report.

Audit Committee

The Audit Committee has been duly constituted as required under the provisions of the Companies Act, 2013 and the SEBI (Listing Obilagations Disclosure Requirements) Regulations, 2015.

The details pertaining to the composition of the Audit Committee, required to be given pursuant to Section 177 (8) of the Companies Act, 2013, are given in the corporate governance report section of the annual report on page no. 85. There are no instances of the Board not having accepted the recommendation of the Audit Committee during the financial year 2016-17.

Number of meetings of the Board

During the year under review, five meetings of the Board of Directors were held. The details of the meetings are provided in the corporate governance report on page no. 85.

Extract of Annual return

Pursuant to section 134(3)(a) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, the extract of annual return in the prescribed format MGT-9 is enclosed herewith and marked as Annexure 5.

Vigil mechanism / Whistle blower policy

Pursuant to section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obilagations Disclosure Requirements) Regulations, 2015, the Company has established a vigil mechanism known as the Whistle Blower Policy (the "WBP") to report genuine concerns to the Chairman of the Audit Committee. The WBP provides adequate safeguards against victimization of persons who use such mechanisms and ensures direct access to the Chairman of the Audit Committee. The details of the WBP are explained in the corporate governance report and also posted on the company's website. The Company affirms that no director or employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year.

Sexual harassment policy

The Company has in place a policy for prevention of sexual harassment of its employees at the workplace. In line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013, an Internal Complaints' Committee has been constituted by the Company to redress any complaints received regarding sexual harassment. Your directors state that during the year under review, there was no case filed pursuant to the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Insider Trading

In compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 and to preserve the confidentiality and prevent misuse of unpublished price sensitive information, the Company has adopted a Code of Conduct to Regulate, Monitor and Report Trading by Insiders ('Insider Trading Code') and a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ('Code of Fair Disclosure').

The Insider Trading Code is intended to prevent the misuse of Unpublished Price Sensitive Information by insiders and connected persons and ensure that the Directors and specified persons of the Company and their dependents shall not derive any benefit or assist others to derive any benefit from access to and possession of price sensitive information about the Company which is not in the public domain, that is to say, insider information.

The Code of Fair Disclosure ensures that the affairs of the Company are managed in a fair, transparent and ethical manner keeping in view the needs and interest of all the stakeholders.

Particulars of loans, guarantees or investments

Pursuant to section 186 of the Companies Act, 2013, the details, as applicable, of loans given, investments made or guarantees given are given in note no. 7 to the financial statements for the financial year 2016- 2017.

It is clarified that the Company has no loans/ advances and investments in its own shares.

Significant and material orders passed by the regulators or courts or tribunals

Pursuant to Rule 8 (5) (vii) of the Companies (Accounts) Rules, 2014, it is reported that no significant and material orders have been passed by the regulators or courts or tribunals impacting the going concern status of the Company and the Company's operations in the future.

Shares

Employee stock option scheme

The paid-up equity share capital of the Company as on 31st March, 2017 was ₹ 12,409.53 lakh. During the year under review, your directors confirm that no shares were issued under the subsisting Finolex Industries Limited – Employee Stock Option Scheme Plan (ESOP) of the Company.

Sweat equity shares and equity shares with differential voting rights

Your directors confirm that neither sweat equity shares nor equity shares with differential voting rights have been issued by the Company during the year under review.

The conservation of energy, technology absorption, foreign exchange earnings and outgo

Your Company is committed to achieve the highest standards of environmental excellence by adopting environmentally sustainable and effective operating systems and processes at its plants. Your Company has put into place the internationally acclaimed Environment Management System under ISO 14001 certification at Ratnagiri. Your Company, is in compliance with all applicable environmental regulations in respect of air, water, noise, hazardous waste, e-waste etc. to mitigate the potential environmental impact on the society.

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo required to be given under section 134(3) of the Companies Act, 2013, read with rule 8(3) of the Companies (Accounts) Rules, 2014 is enclosed herewith and marked as Annexure 6.

Business responsibility report

Business Responsibility Report for the year ended 31st March, 2017 as stipulated under Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is enclosed as Annexure 7.

Corporate social responsibility

Pursuant to section 135 of the Companies Act, 2013, the Board has constituted Corporate Social Responsibility (CSR) Committee and also framed the corporate social responsibility policy. The details of the CSR Committee are given in the corporate governance report section of the annual report.

The corporate social responsibility policy of the Company can be viewed on the company's website www.finolexwater.com at the following link www.finolexwater.com/policies-code-of-conduct/.

As a responsible corporate, your Company conducts its CSR Activities in health care, education, water conservation and community welfare with Company's CSR Partner Mukul Madhav Foundation ("MMF"). Your Company has 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 and Urse in the state of Maharashtra and Masar in the state of Gujarat.

The CSR activities carried out by your Company through MMF is headed by Mrs. Ritu P. Chhabria, Managing Trustee of Mukul Madhav Foundation, a driving force in accomplishing the activities on a day-to-day basis.

During the financial year 2016-17, your Company in association with MMF has incurred expenditure on various CSR activities aggregating ₹ 433.68 lakh against the mandatory CSR expenses of ₹ 419.12 lakh.

A detailed report on the CSR activities is enclosed as Annexure 8.

Cautionary statement

Statements in the Board of Directors' Report and the Management Discussion & Analysis describing the Company's objectives, expectations or forecasts may be within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting the selling price of finished goods, input availability and prices, changes in Government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

Acknowledgements

Your directors take this opportunity to place on record their sense of gratitude to the banks, financial institutions, central and state Government departments and their local authorities for their guidance and support. Your directors are also grateful to the customers, suppliers and business associates of the Company for their continued co-operation and support. Your directors express their deep appreciation for the commitment, dedication and hard work put in by the employees at all levels. Lastly, your directors are grateful for the confidence and faith shown in them by the shareholders of the Company.

For and on behalf of the Board of Directors

Place: Pune
Date: 26th May, 2017

Prakash P. Chhabria
Executive Chairman
DIN :00016017

Annexure 1 to Directors' Report

NOMINATION AND REMUNERATION POLICY.

1. PREAMBLE

1.1 Finolex Industries Limited (the 'Company') recognizes the importance of attracting, retaining and motivating personnel of high caliber and talent for the purpose of ensuring efficiency and high standard in the conduct of its affairs and achievement of its goals besides securing the confidence of the shareholders in the sound management of the Company. For the purpose of attaining these ends, the Company has constituted a Nomination and Remuneration Committee which is entrusted with the task of devising a transparent reasonable and fair policy of remuneration for its directors, key managerial personnel and other employees.

1.2 The Companies Act, 2013 vide sub-section (3) of section 178, the Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 49 of the Listing Agreement as amended by the Securities and Exchange Board of India vide Master Circular dated April 17, 2014 makes it mandatory for the Board of Directors of every listed company to constitute a Nomination and Remuneration Committee.

1.3 The objective of the Nomination and Remuneration Committee is to assist the Board of Directors of the Company and its controlled entities in fulfilling its responsibilities to shareholders by :

1.3.1. Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee, for appointment, as Independent Directors on the Board. The Committee, inter alia, considers qualification, positive attributes, area of expertise and number of Directorships and memberships held in various committees of other companies by such persons. The Board considers the Committee's recommendation and takes appropriate decision.

1.3.2. ensuring that the Board of Directors is comprised of individuals who are best able to discharge the responsibilities of directors in consonance with the Companies Act, 2013 and the norms of corporate governance; and

1.3.3. ensuring that the nomination processes and remuneration policies are equitable and transparent.

1.4 The responsibilities of the Committee include :

1.4.1 formulating a criteria for determining qualifications, positive attributes and independence of a director;

1.4.2 recommending to the Board of Directors a policy or recommendation, relating to the appointment and remuneration for the directors, key managerial personnel and other employees which includes one level below key managerial personnel;

1.4.3 formulating a criteria/ recommendation for evaluation of performance of independent directors and the Board of Directors and on the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director;

1.4.4 devising a policy/ recommendation on Board diversity; and

1.4.5 identifying persons who are qualified to become directors and who may be appointed as part of the 'senior management' or core management team of the Company in accordance with the criteria laid down, and recommending to the Board of Directors the appointment and removal of such personnel.

1.5 This Nomination and Remuneration Policy has been formulated with a view to:

1.5.1 Consider selection, appointment of directors including independent directors, key managerial personnel and one level below key managerial personnel in compliance of the provisions of the Companies Act, 2013 and Listing Agreement with stock exchange(s) and devise a transparent system of determining the appropriate level of remuneration throughout all levels of employees and teams in the Company;

1.5.2 encourage personnel to perform to their highest level;

1.5.3 provide consistency in remuneration throughout the Company; and

1.5.4 offer incentives on the premise of aligning the performance of the business with the performance of key employees and teams within the Company.

1.6 The Nomination and Remuneration Policy elucidates the types of remuneration to be offered by the Company and factors to be considered by the Board of Directors of the Company, Nomination and Remuneration Committee and management of the Company.

2. DEFINITIONS

Some of the key terms used in the Nomination and Remuneration Policy are as under :

2.1 'Board' means the Board of Directors of Finolex Industries Limited or the Company.

2.2 'Committee' means the Nomination and Remuneration Committee constituted by the Board of Directors of the Company in accordance with section 178 of the Companies Act, 2013.

2.3 'Director' means a director appointed on the Board of the Company including executive; non-executive; and independent directors.

2.4 'Employee' means every employee of the Company (whether working in India or abroad), including the directors in the employment of the Company.

2.5 'Key managerial personnel' includes managing director, or chief executive officer or manager and in their absence, a whole-time director; company secretary; and chief financial officer.

2.6 'Member' means a director of the Company appointed as member of the Committee.

2.7 'Nomination and Remuneration Policy' shall mean the policy of remuneration of directors, key managerial personnel and other employees of the Company formulated by the Nomination and Remuneration Committee.

2.8 'One Level below KMP or Senior management' means the personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management who are one level below the executive directors commonly known as the functional heads.

3. NOMINATION AND REMUNERATION COMMITTEE

3.1 The Committee shall be formed by the Board of the Company. It shall consist of three or more non-executive directors out of which not less than one-half shall be independent directors. The Board of the Company shall nominate directors as members of the Committee from time to time.

3.2 The Chairman of the Committee shall be an independent director but shall not be the Chairperson of the Company. He shall be present at the Annual General Meeting, to answer the shareholders' queries and may determine as to who should answer the queries.

3.3 The presently nominated members of the Committee are nominated by the Board of Director. The Board will nominate Directors on the Committee, from time to time.

3.4 In respect of the policy on Board Diversity, the Committee shall ensure that the Board has requisite number of independent, executive and other category of Directors as prescribed in the Companies Act, 2013, Rules made thereunder and Listing Agreement including amendments, as may be applicable from time to time.

4. LETTER OF ENGAGEMENT OR CONTRACT OF EMPLOYMENT

4.1 Non-executive directors shall enter into a letter of engagement with the Company, the terms and conditions of which shall be approved by the Board. The letter of engagement shall set forth the terms and conditions of the engagement, the performance expectations for the position, the remuneration package, the availability of the latter being contingent upon fulfillment of certain expectations of the Company measured by benchmarks of performance.

4.2 Executive directors, key managerial personnel and senior management employees shall enter into a contract/ employment contract or acceptance of appointment/ increment letter ("contract of employment") with the Company clearly setting out the terms and conditions of the remuneration package for such person. The contract of employment shall set out the expectations for the performance, the key performance indicators, measures and criteria for assessment or evaluation of performance.

4.3 The Committee and the Board must approve the contracts of employment for the senior management and directors.

4.4 The Board shall disclose the terms and conditions of any contract of employment in accordance with the law and the employment rules, as applicable from time to time.

5. REMUNERATION STRUCTURE

5.1 Remuneration to Executive Directors, Key Managerial Personnel and Senior Management

The Board shall, in consultation with the Committee approve and finalize the forms of remuneration to be offered to executive and non executive directors, key managerial personnel, senior management and other employees. The remuneration package shall be composed of amounts that are fixed and variable and the endeavor of the Board and the Committee shall be to strike a balance between the fixed and variable components and thereby promote sustainable value for the Company and its shareholders over time.

5.1.1 Fixed Remuneration

The contract of employment entered into by the executive directors, key managerial personnel and senior management employees with the Company shall demarcate a fixed gross annual salary or base salary payable to the employee. The fixed remuneration or salary shall be determined according to complexities of the position and role of the employee, the relevant laws and regulations, conditions prevalent in the labour market and the scale of the business relating to the position. The fixed remuneration will reflect the core performance requirements and expectations of the Company.

5.1.2 Performance based remuneration or incentive or Ex-gratia bonus based payments

The performance or incentive or Ex-gratia bonus based payments shall form part of the variable component of the salary payable to the employee. In addition to the fixed remuneration, the Company shall implement a system of bonuses and incentives reflecting short and long term performance objectives appropriate to the working of the Company and designed to lay emphasis on the direct relationship between performance and remuneration. Performance based remuneration shall be proportionate to and contingent upon the attainment of specific performance targets by employees in the Company. Incentive-based payments take into account factors such as performance of the employee, his conduct, responsibilities, position and role and shall be calculated as a percentage of the fixed remuneration.

5.1.3 Severance Fees or Termination Benefits

Each contract of employment entered into by the executive directors, key managerial personnel and senior management employees with the Company shall demarcate in advance the entitlement to payment upon termination of employment for each employee or shall part of employee's service contract or appointment letter. Making of such payments shall be approved by the Board and the Committee and shall be in consonance with the Nomination and Remuneration Policy of the Company.

5.1.4 Employee Benefits

The Company shall comply with all legal and industrial obligations in determining the benefits available with employees, namely short-term benefits such as salaries, social security contributions, bonuses, post-employment benefits such as gratuity, other long-term employee benefits.

5.2 REMUNERATION TO NON-EXECUTIVE DIRECTORS

The Nomination and Remuneration Committee and/ or Board of Directors shall carry out performance review of each of the Director atleast once a year. According to the performance of each Director, the Company shall pay remuneration to non-executive directors in such a manner so as to attract and maintain high quality members on the Board. Non-executive directors shall receive a fixed remuneration, for their service. Nonexecutive directors shall not be entitled to any performance-based incentives, bonus payments or retirement benefits. Board of Directors shall be authorised to decide any other mode of remuneration, as may be agreed upon by resolution passed by the Board at the meeting.

6. DISCLOSURE

6.1 The Nomination and Remuneration Policy shall be disclosed in the Board's report of the Company prepared in accordance with sub-section (3) of section 134 of the Companies Act, 2013.

6.2 Payments to non-executive directors shall be either disclosed in the Annual Report of the Company and/ or put up on the website of the Company and reference drawn thereto in the Annual Report as per mandatory requirement. Further, the number of shares and convertible instruments held by non-executive directors shall be disclosed by the Company in its Annual Report.

6.3 With regard to payment of remuneration, the section on the corporate governance of the Annual Report of the Company shall contain the following disclosures, namely:

6.3.1 All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc;

6.3.2 Details of fixed component and performance linked incentives, along with the performance criteria;

6.3.3 Service contracts, notice period, severance fees; and

6.3.4 Stock option details, if any - and whether issued at a discount as well as the period over which accrued and over which exercisable.

7. REVIEW AND IMPLEMENTATION

7.1 The Key Managerial Person shall conduct an evaluation of performance for all employees on an annual basis to monitor and review, and if necessary, revise the appropriateness of each remuneration package.

7.2 The remuneration package payable to the employees of the Company shall be approved by the Committee or Board, as may be applicable from time to time.

7.3 The Committee shall be responsible for monitoring the implementation of the policy, conducting a review of the same from time to time and advising the Board on the mode of revision of the policy such as inclusion of long-term incentives that would contribute towards creating a sustainable value for shareholders of the Company. Any amendment in the Act, Rules will be applicable from the date of the notification. This policy will be deemed to be amended from such date. Chairman of the Committee shall be authorised to amend the policy from time to time.

Annexure 2 to Directors' Report

The information required under section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014 are given below:

i) The percentage increase in remuneration of each director, chief financial officer, company secretary or manager, if any, in the financial year 2016-17, the ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2016-17 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sr. No	Name of Director/KMP and Designation	Remuneration of Directors/ KMP for Financial year 2016-17 ₹	Percentage increase / (decrease) in Remuneration in the Financial year 2016-17	Ratio of remuneration of each director to the median remuneration of employees (times)
1	Mr. Prakash P. Chhabria Executive Chairman	115,270,680	20%	251.68
2	Mr. Saurabh S. Dhanorkar Managing Director and KMP (upto 30/11/2016)	19,415,777	Not Applicable*	42.39
3	Mr. Sanjay S. Math Managing Director (with effect from 01/12/2016)	25,855,318	43%	56.45
4	Mr. Anil V. Whabi, Director - Finance (with effect from 26/08/2016)	12,754,627	60%	27.85
5	Mr. Sanjay K. Asher Non- Executive Director	1,780,000	82%	3.89
6	Mr. Kanaiyalal N. Atmaramani Non- Executive Director	1,900,000	67%	4.15
7	Mrs. Ritu P. Chhabria Non- Executive Director	1,780,000	89%	3.89
8	Mr. Dara N. Damania Non- Executive Director	1,840,000	61%	4.02
9	Mr. Shrikrishna N. Inamdar Non- Executive Director	2,440,000	69%	5.33
10	Mr. Prabhakar D. Karandikar Non- Executive Director	2,140,000	62%	4.67
11	Dr. Sunil U. Pathak Non- Executive Director	2,140,000	47%	4.67

Sr. No	Name of Director/KMP and Designation	Remuneration of Directors/ KMP for Financial year 2016-17 ₹	Percentage increase / (decrease) in Remuneration in the Financial year 2016-17	Ratio of remuneration of each director to the median remuneration of employees (times)
12	Mr. Umesh M Gosavi Company Secretary and KMP (upto 19/8/2016)	1,584,463	Not Applicable*	3.46
13	Ms.Vidya R. Shembekar Company Secretary and KMP (w.e.f. 8/12/2016)	1,083,174	Not Applicable*	2.37

* Not Applicable since remuneration was paid for the part of the year.

ii) The median remuneration of employees of the Company during the financial year 2016-17 was ₹ 4,58,000 per annum;

iii) In the financial year 2016-17, there was an increase of 7.72% in the median remuneration of employees;

iv) There were 1,221 permanent employees on the rolls of the Company as on 31st March, 2017;

v) Relationship between average increase in remuneration and company performance: The Profit before Tax for the financial year 2016-17 increased by 39 % whereas the increase in median remuneration was 7.72%. The remuneration increase is in line with the market trend in the industry. Performance pay is linked to organization performance in addition to individual performance;

vi) The key parameters for any variable component of remuneration availed by the directors: Commission is the variable component in the remuneration of Directors. As per Nomination and Remuneration Policy of the Company, the amount of commission is calculated on the basis of the performance evaluation of the Directors;

vii) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year 2016-17 was 11.06%, whereas the increase in the managerial remuneration for the same financial year was 27.11%;

viii) It is hereby affirmed that the remuneration paid to the Directors is as per the Nomination and Remuneration Policy of the Company for directors and key managerial personnel.

Annexure 3 to Directors' Report

Information as per Rule 5(2) of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014.

Sr. No.	Name	Designation/Nature of Duties	Qualifications	Age (yrs.)	Total Experience	Date of Commencement of Employment	Gross remuneration Paid 2016-17 ₹	Last employment held by such employee before joining the Company	% of equity shares held by the employee	Whether Employee is relative of any director if yes, give name of such director
1	Mr. Prakash P. Chhabria	Executive Chairman	B.Sc. (Intl. Business) USA	54	32	13.03.1992	11,52,70,680	Finolex Cables Limited	0.138	Mrs. Ritu P. Chhabria
2	Mr. Saurabh S.Dhanorkar	Managing Director (upto 30th November, 2016)	B.Com. (Hons), FCA	61	38	14.06.1983	1,94,15,777	Kirloskar Brothers Ltd	0.004	No
3	Mr. Sanjay S. Math	Managing Director (effective 1st December, 2016)	B.E. (Chem.), DMS	62	42	13.12.2011	2,58,55,318	I.G.Petrochemicals Ltd	0.002	No
4	Mr. Anil V. Whabi	Director - Finance (effective 26th August, 2016)	B.Sc., ACA	57	33	11.08.2014	1,27,54,627	Kotkar Energy Dynamics Pvt. Ltd.	0	No
5	Mr. Diptesh Patel	Chief Information Officer	B.Sc, MSM	45	22	07-Nov-15	95,28,240	JSW Steel Ltd	0	No
6	Mr. Nitin G. Kulkarni	President- Sales & Marketing	B.Com, MBA - Marketing	50	29	19-Dec-14	72,65,040	HSIL Ltd	0	No
7	Mr. Manoj Jain	Vice President- Finance	B.Sc, CA	47	20	02-Mar-15	64,47,756	Johnson Controls India	0	No
8	Mr. Jayanta Sinha	Vice President - Sales & Marketing	B.Sc, MBA - Marketing	50	23	01-Sep-14	57,80,328	Elder Pharmaceuticals Ltd	0	No
9	Mr. Arun H. Sonawane	President- Operation Pipes & Fittings	DME, DIBM, DBM	62	38	21-Sep-12	50,94,672	Jain Irrigation Systems Ltd	0	No
10	S. S. Mulye	Vice President-PVC O&M	B.E.-MECH	56	35	01-Oct-91	35,01,939	Gharda Chemicals Ltd.	0	No

Note:
The nature of employment of the above directors is permanent and contractual.
During the financial year 2016-17 no employee received remuneration in excess of whole time directors.

Annexure 4 to Directors' Report

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March, 2017
[Pursuant to section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Finolex Industries Limited
Gat No. 399, Village Urse,
Taluka Maval, Pune-410506

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Finolex Industries Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder (in so far as they are made applicable);

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (not applicable to the company during the audit period);

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (not applicable to the Company during the Audit Period);

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (not applicable to the Company during the Audit Period);

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 – The in-house Investor Services Centre of the Company, registered with SEBI as a Category II Share Transfer Agent, provides share registration and related services.

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (not applicable to the Company during the Audit Period); and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (not applicable to the Company during the Audit Period).

vi) The specific laws applicable to the Company:-

a) Indian Boiler Act, 1923;

b) Petroleum Act, 1934 and Petroleum Rules, 2002

We have also examined compliance with the applicable clauses and regulations of the following:

(i) Secretarial Standards issued by 'The Institute of Company Secretaries of India'; and

(ii) The Listing Agreement entered into by the Company with Stock Exchange(s) pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act,

Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period:

I. Company has Redeemed 1,000, 10.9% Secured Redeemable Non-convertible Debentures of ₹ 10,00,000/- each on 31st December, 2016.

For **SVD & Associates**
Company Secretaries

Sridhar G. Mudaliar
Partner
FCS No: 6156
C P No: 2664

Place: Pune
Date: 26th May, 2017

Note: This report is to be read with letter of even date by the Secretarial Auditors, which is annexed as Annexure A and forms an integral part of this report.

'ANNEXURE A'

To,
The Members,
Finolex Industries Limited
Gat No. 399, Village Urse,
Taluka Maval, Pune-410506

Our Secretarial Audit Report of even date is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.

3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.

4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, etc.

Disclaimer

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **SVD & Associates**
Company Secretaries

Sridhar G. Mudaliar
Partner
FCS No: 6156
C P No: 2664

Place: Pune
Date: 26th May, 2017

Annexure 5 to Directors' Report

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2017
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN:-	L40108PN1981PLC024153
ii)	Registration Date	28th March, 1981
iii)	Name of the Company	Finolex Industries Limited
iv)	Category/sub-category of the Company	Public Limited Company
v)	Address of the Registered office and contact details	Gat No.399, Village urse, Taluka Maval, District Pune 410 506, Maharashtra State. Tel No.02114-237251 Fax No.02114-237252 E-mail: investors@finolexind.com
vi)	Whether listed company Yes/ No	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Finolex Industries Limited, In-House STA, Investor Relations Centre,D 1/10 MIDC, Chinchwad, Pune 411019. Tel no. 020-27408200, Fax No.020-27479000, E-mail : investors@finolexind.com, Website: www.finolexwater.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and description of Main Products/ Services	NIC Code of the Product/Service	% to total turnover of the Company
1	PVC	20131	25.79%
2	PVC PIPES & FITTINGS	22209	74.20%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of Shares held	Applicable Section
1	FINOLEX PLASSON INDUSTRIES PRIVATE LIMITED Gat No 399 Urse Tal-Maval Dist-Pune, 410506 Maharashtra	U41000PN1992PTC067896	ASSOCIATE	46.35	2(6)
2.	PAWAS PORT LIMITED D 1/10, MIDC. Chinchwad, Pune 411 019, Maharashtra	U45203PN2007PLC130990	ASSOCIATE	49.99	2(6)

IV SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year i.e. on 1st April, 2016				No. of Shares held at the end of the year i.e. on 31st March, 2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	1376249	0	1376249	1.11	1376249	0	1376249	1.11	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt (s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	63737448	0	63737448	51.36	63737448	0	63737448	51.36	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other….	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (1):-	**65113697**	**0**	**65113697**	**52.47**	**65113697**	**0**	**65113697**	**52.47**	**0.00**
(2) Foreign									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other….	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2):-	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**65113697**	**0**	**65113697**	**52.47**	**65113697**	**0**	**65113697**	**52.47**	**0**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	7666036	8878	7674914	6.18	10087214	8878	10096092	8.14	1.95
b) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
c) Alternate Investment Funds	842927	0	842927	0.68	1022881	0	1022881	0.82	0.15
d) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
e) FIIs	6399736	700	6400436	5.16	4982126	700	4982826	4.02	-1.14
f) Banks / FI	32518	3251	35769	0.03	43614	3251	46865	0.04	0.01
g) Insurance Companies	0	400	400	0.00	0	400	400	0.00	0.00
h) Provident Funds/ Pension Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
j) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
k) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1):-	**14941217**	**13229**	**14954446**	**12.05**	**16135835**	**13229**	**16149064**	**13.02**	**0.96**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	6137704	50944	6188648	4.99	6779547	50677	6830224	5.50	0.52
ii)Overseas	0	400	400	0.00	0	400	400	0.00	0.00

Category of Shareholders	No. of Shares held at the beginning of the year i.e. on 1st April, 2016				No. of Shares held at the end of the year i.e. on 31st March, 2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	13948923	9143978	23092901	18.61	13138527	8782545	21921072	17.66	-0.94
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	13593092	35500	13628592	10.98	11842064	20500	11862564	9.56	-1.42
c) Others (specify)									
Clearing member	60642	0	60642	0.05	468755	0	468755	0.38	0.33
NRI	414667	207388	622055	0.50	1110877	204884	1315761	1.06	0.56
Trustees	1400	0	1400	0.00	1244	0	1244	0.00	-0.00
/Finolex Industries Limited Employees Welfare Trust	0	432600	432600	0.35	0	432600	432600	0.35	0.00
Sub-total (B)(2):-	**34156428**	**9870810**	**44027238**	**35.48**	**33341014**	**9491606**	**42832620**	**34.52**	**-0.96**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**49097645**	**9884039**	**58981684**	**47.53**	**49476849**	**9504835**	**58981684**	**47.53**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0	0.00
Grand Total (A+B+C)	**114211342**	**9884039**	**124095381**	**100.00**	**114590546**	**9504835**	**124095381**	**100.00**	**0.00**

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year i.e.1st April, 2016			Share holding at the end of the year i.e. 31st March, 2017			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	AMIT KATARA	18782	0.02	0	18782	0.02	0.00	0.00
2	AMIT KATARA	950	0.00	0	950	0.00	0.00	0.00
3	AMRITA KATARA	22125	0.02	0	22125	0.02	0.00	0.00
4	AMRITA MUKESH KATARA	950	0.00	0	950	0.00	0.00	0.00
5	AMIT KATARA	5400	0.00	0	5400	0.00	0.00	0.00
6	KATARA AMRITA MUKESH	3500	0.00	0	3500	0.00	0.00	0.00
7	KATARA ARUNA MUKESH	146720	0.12	0	146720	0.12	0.00	0.00
8	KATARA ARUNA MUKESH	111000	0.00	0	111000	0.00	0.00	0.00
9	KATARA MUKESH DOLUMAL	23030	0.02	0	23030	0.02	0.00	0.00
10	KATARA MUKESH DOLUMAL	3500	0.00	0	3500	0.00	0.00	0.00
11	AMIT KATARA	15500	0.01	0	15500	0.01	0.00	0.00
12	AMRITA KATARA	15500	0.01	0	15500	0.01	0.00	0.00
13	DEEPAK KISHAN CHHABRIA	80921	0.07	0	80921	0.07	0.00	0.00
14	KAVITA SANJAY RAHEJA	37002	0.03	0	37002	0.03	0.00	0.00
15	KAVITA SANJAY RAHEJA	55877	0.05	0	55877	0.05	0.00	0.00
16	KISHAN PARSRAM CHHABRIA	170342	0.14	0	170342	0.14	0.00	0.00
17	KISHAN PARSRAM CHHABRIA	200	0.00	0	200	0.00	0.00	0.00
18	PRIYA VIJAY CHHABRIA	60200	0.05	0	60200	0.05	0.00	0.00
19	RISHI VIJAY CHHABRIA	1350	0.00	0	1350	0.00	0.00	0.00
20	SUNITA KISHAN CHHABRIA	153592	0.12	0	153592	0.12	0.00	0.00
21	VIJAY KISHAN CHHABRIA	200	0.00	0	200	0.00	0.00	0.00
22	VIJAY KISHAN CHHABRIA	106150	0.09	0	106150	0.09	0.00	0.00
23	VINI DEEPAK CHHABRIA	26400	0.02	0	26400	0.02	0.00	0.00
24	GAYATRI PRAKASH CHHABRIA	74825	0.06	0	74825	0.06	0.00	0.00
25	HANSIKA HIYA PRAKASH CHHABRIA	66975	0.05	0	66975	0.05	0.00	0.00
26	PRAKASH PRALHAD CHHABRIA	170549	0.14	0	170549	0.14	0.00	0.00
27	PRAKASH PRALHAD CHHABRIA	200	0.00	0	200	0.00	0.00	0.00
28	PRALHAD PARSRAM CHHABRIA	59	0.00	0	59	0.00	0.00	0.00
29	RITU PRAKASH CHHABRIA	4450	0.00	0	4450	0.00	0.00	0.00
30	ORBIT ELECTRICALS PRIVATE LIMITED	23330901	18.80	0	23330901	18.80	0.00	0.00
31	KATARA DENTAL PVT.LTD.	213950	0.17	0	213950	0.17	0.00	0.00
32	FINOLEX CABLES LIMITED	40192597	32.39	0	40192597	32.39	0.00	0.00
	Total at the end of the year (or on the date of separation, if separated during the year)	65113697	52.47	0	65113697	52.47	0.00	0.00

(iii) Change in Promoters' Shareholding (please specify if there is no change)

Sl No.	Name of Promoters	Shareholding		Date	Increase/ Decrease in Share holding	Reason	Cumulative Shareholding during the year (01-04-2016 to 31-03-2017)	
		No of Shares at the beginning /end of the year	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	At the beginning of the year	65113697	52.47	0	0	0	0	0
2	Datewise increase/decrease in promoters shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonds/swet equity etc.)	No change in shareholding during the year						
3	At the end of the year	65113697	52.47	0	0	0	65113697	52.47

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters)

Sl No.	Name of Shareholder	Shareholding		Date	Increase/ Decrease in Share holding	Reason	Cumulative Shareholding during the year (01-04-2016 to 31-03-2017)	
		No of Shares at the beginning /end of the year	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Anuj Anantrai Sheth	4681002	3.77	1-Apr-16		No change		
		4681002	3.77	31-Mar-17			4681002	3.77
2	DSP Blackrock MICRO Cap Fund	1506185	0.76	1-Apr-16				
				21-Oct-16	50000	Transfer	1556185	1.25
				11-Nov-16	23618	Transfer	1579803	1.27
		1579803	1.27	31-Mar-17			1579803	1.27
3	Hiten Anantrai Sheth	1500000	1.21	1-Apr-16		No change		
		1500000	1.21	31-Mar-17			1500000	1.21
4	Gagandeep Credit Capitals Pvt. Ltd	1389500	1.12	1-Apr-16		No change		
		1389500	1.12	31-Mar-17			1389500	1.12
5	Franklin India Smaller Companies Fund	1527252	1.23	1-Apr-16				
				26-Aug-16	321	Transfer	1527573	1.23
				11-Nov-16	219	Transfer	1527792	1.23
				18-Nov-16	10688	Transfer	1538480	1.24
				25-Nov-16	14786	Transfer	1553266	1.25
				2-Dec-16	84000	Transfer	1637266	1.32
				10-Feb-17	-354523	Transfer	1282743	1.03
		1282743	1.03	31-Mar-17			1282743	1.03
6	Finolux Auto Private Limited	1184658	0.95	1-Apr-16		No change		
		1184658	0.95	31-Mar-17			1184658	0.95
7	Prescient Securities Limited	1050000	0.85	1-Apr-16		No change		
		1050000	0.85	31-Mar-17			1050000	0.85
8	DSP Blackrock Emerging Stars Fund	842927	0.68	1-Apr-16				
				13-May-16	43056	Transfer	885983	0.71
				16-Sep-16	54000	Transfer	939983	0.76
				23-Sep-16	39231	Transfer	979214	0.79
				11-Nov-16	11724	Transfer	990938	0.80
				18-Nov-16	1000	Transfer	991938	0.80
				25-Nov-16	20065	Transfer	1012003	0.82
				2-Dec-16	10878	Transfer	1022881	0.82
		1022881	0.82	31-Mar-17			1022881	0.82
9	FIL Investments (Mauritius) Limited	0	0.00	1-Apr-16				
				10-Jun-16	17734	Transfer	17734	0.01
				17-Jun-16	236581	Transfer	254315	0.20
				30-Jun-16	89652	Transfer	343967	0.28
				22-Jul-16	6881	Transfer	350848	0.28
				29-Jul-16	6186	Transfer	357034	0.29
				5-Aug-16	21443	Transfer	378477	0.30
				12-Aug-16	54836	Transfer	433313	0.35
				19-Aug-16	11949	Transfer	445262	0.36
				2-Sep-16	7585	Transfer	452847	0.36
				7-Oct-16	64380	Transfer	517227	0.42
				16-Dec-16	895	Transfer	518122	0.42
				23-Dec-16	2484	Transfer	520606	0.42
				30-Dec-16	45279	Transfer	565885	0.46
				6-Jan-17	1871	Transfer	567756	0.46
				13-Jan-17	4653	Transfer	572409	0.46
				20-Jan-17	103440	Transfer	675849	0.54
				27-Jan-17	124760	Transfer	800609	0.65
				3-Feb-17	175335	Transfer	975944	0.79
		975944	0.79	31-Mar-17			975944	0.79
10	SBI Emerging Businesses Fund	240958	0.19	1-Apr-16				
				20-May-16	150000	Transfer	390958	0.32
				27-May-16	190938	Transfer	581896	0.47
				3-Jun-16	150000	Transfer	731896	0.59
				10-Jun-16	124145	Transfer	856041	0.69
				3-Feb-17	43959	Transfer	900000	0.73
		900000	0.73	31-Mar-17			900000	0.73

(v) Shareholding of Directors and Key Managerial Personnel:

Sl No.	Name of Director/ KMP	Shareholding: No of Shares at the beginning /end of the year	Shareholding: % of total shares of the Company	Date	Increase/ Decrease in Share holding	Reason	Cumulative Shareholding during the year (01-04-2016 to 31-03-2017): No. of Shares	Cumulative Shareholding during the year (01-04-2016 to 31-03-2017): % of total shares of the Company
1	Mr. Prakash P. Chhabria Executive Chairman	170749	0.138	1-Apr-16		No transaction		
		170749	0.138	31-Mar-17			170749	0.138
2	Mr. Sanjay K. Asher Director	0	0	1-Apr-16	0	No shares held	0	0
		0	0	31-Mar-17	0		0	0
3	Mr. Kanaiyalal Atmaramani Director	0	0	1-Apr-16	0	No shares held	0	0
		0	0	31-Mar-17	0		0	0
4	Mrs. Ritu Prakash Chhabria Director	4450	0.004	1-Apr-16		No transaction		
		4450	0.004	31-Mar-17			4450	0.004
5	Mr. Dara N.Damania Director	900	0.001	1-Apr-16		No transaction		
		900	0.001	31-Mar-17	0		900	0.001
6	Mr. Saurabh S. Dhanorkar Managing Director (upto 30-11-2016)	5381	0.004	1-Apr-16		No transaction		
		5381	0.004	31-Mar-17	0		5381	0.004
7	Mr. Shrikrishna N. Inamdar Director	2000	0.002	1-Apr-16		No transaction		
		2000	0.002	31-Mar-17	0		2000	0.002
8	Mr. Prabhakar D.Karandikar Director	0	0	1-Apr-16	0	No shares held	0	0
		0	0	31-Mar-17	0		0	0
9	Mr. Sanjay S.Math Managing Director (effective 1st December, 2016)	3000	0.002	1-Apr-16		No transaction		
		3000	0.002	31-Mar-17	0		3000	0.002
10	Mr. Sunil U.Pathak Director	300	0.000	1-Apr-16		No transaction		
		300	0.000	31-Mar-17	0		300	0.000
11	Mr. Anil V. Whabi Director- Finance	0	0	1-Apr-16	0	No shares held	0	0
		0	0	31-Mar-17	0		0	0
12	Mr. Umesh M. Gosavi Genenal Manager (Legal) and Company Secretary (upto 19-08-2016)	0	0	1-Apr-16	0	No shares held	0	0
		0	0	31-Mar-17	0		0	0
13	Ms. Vidya R. Shembekar Genenal Manager (Legal) and Company Secretary	0	0	1-Apr-16	0	No shares held	0	0
		0	0	31-Mar-17	0		0	0

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in lakh)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	21,171.20	-	-	21,171.20
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	293.83	-	-	293.83
Total (i+ii+iii)	21,465.03	-	-	21,465.03
Change in Indebtedness during the financial year				
• Addition	68,632.36	-	-	68,632.36
• Reduction	(80.632.89)	-	-	(80.632.89)
Net Change	(12,000.53)	-	-	(12,000.53)
Indebtedness at the end of the financial year				
i) Principal Amount	9,418.47	-	-	9,418.47
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	46.02	-	-	46.02
Total (i+ii+iii)	**9,464.49**	**-**	**-**	**9,464.49**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

₹

Sr. No.	Particulars of Remuneration	Mr. Prakash P. Chhabria Executive Chairman	Mr. Saurabh S. Dhanorkar Managing Director (Upto 30-11-2016)	Mr. Sanjay S.Math Managing Director (effective 1st December, 2016)	Mr. Anil Whabi Director - Finance	Total Amount
1	**Gross salary**					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	20,533,761	8,769,826	8,471,544	8,314,198	46,089,329
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	3,055,850	19,200	810,002	9,600	3,894,652
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission	90,000,000	10,000,000	16,000,000	4,000,000	120,000,000
	- as % of profit	1.69%	0.19%	0.30%	0.08%	2.26%
	- others, specify					
5	Others, please specify- Retirement benefits	1,681,069	626,751	573,772	430,829	3,312,421
	Total (A)	**115,270,680**	**19,415,777**	**25,855,318**	**12,754,627**	**173,296,402**
	Ceiling as per the Act: ₹ 5312.50 lakh(being 10% of the net profit of the Company as per Section 198 of the Companies Act, 2013.					

B. Remuneration to other directors:

₹

Sl. no.	Particulars of Remuneration	Name of Directors							Total Amount
		Mr. Sanjay K. Asher	Mr. Kanaiyalal N. Atmaramani	Mrs.Ritu P. Chhabria	Mr. Dara N. Damania	Mr. Shrikrishna N.Inamdar	Mr. Prabhakar D. Karandikar	Dr. Sunil U. Pathak	
1	Independent Directors								
	• Fee for attending board / committee meetings	280,000	400,000	-	340,000	440,000	640,000	640,000	2,740,000
	• Commission	1,500,000	1,500,000	-	1,500,000	2,000,000	1,500,000	1,500,000	9,500,000
	• Others, please specify								
	Total (1)	1,780,000	1,900,000	-	1,840,000	2,440,000	2,140,000	2,140,000	12,240,000
2	Other Non-Executive Directors								
	• Fee for attending board / committee meetings	-	-	280,000	-	-	-	-	280,000
	• Commission	-	-	1,500,000	-	-	-	-	1,500,000
	• Others, please specify- Retirement benefits	-			-	-	-	-	-
	Total (2)								**1,780,000**
	Total (B)=(1+2)	**1,780,000**	**1,900,000**	**1,780,000**	**1,840,000**	**2,440,000**	**2,140,000**	**2,140,000**	**14,020,000**
	Total Managerial Remuneration								
	Overall Ceiling as per the Act	Ceiling as per the Act: ₹ 5843.75 lakh (being 11% of the net profit of the Company as per Section 198 of the Companies Act, 2013.							

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Umesh M. Gosavi Company Secretary (upto 19th August 2016)	Ms. Vidya Shembekar Company Secretary (effective from 8th December 2016)	Total
1	Gross salary			
a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	413,527	528,888	942,415
b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	1,095,521	500,965	1,596,486
c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify Retirement benefits	75,415	53,321	128,736
	Total	**1,584,463**	**1,083,174**	**2,667,637**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

No instances of penalties/Punishment/Compounding of offence or Other officers in default

Type	Section of the Companies Act		Brief Description		Details of Penalty / Punishment/ Compounding fees imposed		Authority [RD / NCLT/ Court		Appeal made, if any (give Details)
A: Company									
Penalty	-	-	-	-	-	-	-	-	-
Punishment	-	-	-	-	-	-	-	-	-
Compounding	-	-	-	-	-	-	-	-	-
B: Directors									
Penalty	-	-	-	-	-	-	-	-	-
Punishment	-	-	-	-	-	-	-	-	-
Compounding	-	-	-	-	-	-	-	-	-
C. Other Officers in default									
Penalty	-	-	-	-	-	-	-	-	-
Punishment	-	-	-	-	-	-	-	-	-
Compounding	-	-	-	-	-	-	-	-	-

Annexure 6 to Directors' Report

A Conservation of energy

a) Energy Conservation measures taken:

VCM, PVC and CPP Plant

- Gave Motor Feeder control supply through UPS to avoid de-latching of electromagnetic contactors, due to Voltage dip, which otherwise used to result in tripping of crucial service motors in cracker unit leading further to plant shutdown. One such trip results in approximate 70 MT production loss.
- Indirect heat recovery from hot effluent of Poly reactors implemented for line 1 and 2 in this year on similar basis as for line 3 in last year. Direct heat recovery system was not working due to fouling of air heater coils and cleaning not possible without a major shutdown. The Plate Heat Exchanger (PHE) used for indirect heat transfer is periodically cleaned and operation continued without down time. This has resulted in steam saving of 0.8 ton per hour.
- Ceramic insulators were replaced with Polymeric insulators at 220 KV voltage level to avoid corona. This avoided chances of insulator failure thereby avoiding unwanted trip at 220 KV level.
- Three poly reactors' internal surface was electro-polished to improve heat transfer coefficient thereby reducing reaction time by 45 minutes to result in increased productivity.
- Second PVC cooling tower was upgraded with high surface area fills fitting in available space to lower down approach to wet bulb temperature which resulted in improved cooling water supply temperature.
- A PHE installed to replace a shell and tube interchanger in recycle Ethylene Di Chloride (EDC) chlorination inlet versus outlet streams saved 0.4 ton per hour steam. Former one could not work efficiently as the Long Mean Temperature Difference (LMTD) of heat transfer is very low.
- In Ethylene terminal facility added new low capacity cooling water pumps to cater to the normal demand. High capacity pumps were designed for re-liquefaction load which were being run for normal demand also. With this change there is a power saving of 25 kWh.

b) Additional investments proposals if any, being planned for reduction in consumption of energy.

- Presently Demineralised Water (DM) water from Off sites is pumped to Captive Power Plant (CPP) with multistage pumps. As head requirement for this duty is less, it is proposed either to modify existing pumps with less number of stages or to install a new low head pump for required duty so as to save power consumption.
- Upgradation of one cell of PVC cooling tower with Gelvanised Iron (GI) structure replacing old timber structure for higher durability and increased air volume. This will improve the cooling water approach by 0.5 degree.

Impact of the measures at a) and b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

- Resulted in reduction in consumption of energy and cost of production of goods.

Technology absorption

Research and Development (R&D)

Specific areas in which R&D efforts have been put in by company are:

- A continuous process for reduction of Chloro-acetaldehyde (CAA) impurity in furnace EDC to replace the batch process avoiding the losses encountering due to double handling of EDC. Caustic requirement for this process of CAA destruction is also reduced to as good as NIL resulting in saving in caustic.
- A pellet machine is installed to convert garden garbage into useful fuel pellets. This system is comprised of shredders, a conveyor feeder and a pellet machine & a cyclone dust controller to reduce dusting during shredding operation. These pellets are used in specially made stoves for preparing food in employee canteen. This is in line with company's policy of opting for renewable energy sources wherever possible.
- C type drift eliminators replaced with S type drift eliminators in one of 4 cells of power plant sea water cooling tower. This reduced the drift losses by 90%, thereby reducing sea water induced corrosion of nearby structure.
- Acoustic hood installed for two Aerzen air blowers (K4801 A,B) in the PVC conveying system resulted in reduction of noise level from 105 dB to 93 dB.
- CPP coal transfer tower T4 in coal handling system supporting the coal transfer belt is covered with PVC sheets in north end to avoid sea water corrosion.

1 Benefits derived as a result of the above R&D

-Improvement in reaction efficiencies

- Improvement in on stream time

- Conservation of base material

- Environmental protection and effluent quality improvement

2 Future plans

- S type drift eliminators will be installed in remaining three cells of the sea water cooling tower of power plant to reduce drift losses thereby reducing sea water induced corrosion of surrounding structure..

- Installation of additional Antioxidant dosing system in Monomer recovery plant to dose antioxidants at compressor discharge header to control Auto-polymerization.
- Installation of PHE instead of shell tube condenser for Recovered VCM condensation in Monomer recovery unit to overcome frequent condenser fouling problem.
- Upgradation of cooling tower in Recycle water plant to pultruded- FRP tower for durability and stoppage of wood in repair work.
- A humidity meter will be installed in air cooling duct of the turbo generator for in time identification of leak of water cooler tubes.
- A moisture analyzer will be installed in Lube oil and control oil circuit to identify Lube oil cooler tube leak in time to avoid turbo generator bearing failure.
- To improve safety, an interlock will be provided such that Boilers' ESP doors can be opened for any maintenance only if and when ESP transformer is isolated.

3 In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

a. the details of technology imported b. the year of import c. whether the technology been fully absorbed; and d. if not fully absorbed, areas where absorption has not taken place, and the reasons thereof.	No technology imported during last three years.

4 the expenditure incurred on Research and Development

a. Capital b. Recurring c. Total d. Total R & D expenditure as a percentage of total turnover	The development work is carried out by the concerned departments on an ongoing basis. The expenses and the cost of assets are grouped under the respective heads.

(B) Foreign exchange earnings and outgo:

The Foreign Exchange earnings and outgo during the financial year 2016-17 was as under

Foreign Exchange earnings ₹ Nil.

Foreign Exchange outgo ₹ 158,009.51 Lakh.

Annexure 7 to Directors' Report

Business Responsibility Report 2016-17

[Pursuant to regulation 34(2) (f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")]

Introduction:

Finolex Industries Limited (FIL) has adopted a stakeholder centric sustainability framework to strategically drive its sustainability initiatives. The disclosures made in this report provide transparent and relevant information on FIL's efforts and performance against the nine principles of Business Responsibility. Adopting best practices, FIL also makes detailed disclosures on its sustainability initiatives and performance through its Sustainability Report.

Section A: General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	L40108PN1981PLC024153
2.	Name of the Company	FINOLEX INDUSTRIES LIMITED
3.	Registered address	Gat No.399, Village Urse, Taluka Maval, District Pune 410 506 Maharashtra State, India.
4.	Website	www.finolexwater.com
5.	Email id	investors@finolexind.com
6.	Financial year reported	2016-17
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	National Industrial Classification 2008 20131-PVC 22209-PVC Pipes & Fittings
8.	Three key products/services of the Company (as in the balance sheet)	PVC, PVC Pipes & Fittings Power
9(i).	Number of international locations	Nil
9(ii).	Number of National locations	3 manufacturing units in India at Ratnagiri, and Urse in Maharashtra State and Masar in Gujarat State
10.	Markets served by the Company – Local/State/National/International	National: Pan India

Section B: Financial Details of the Company

1.	Paid up capital (₹ Lakh)	12,409.54
2.	Total turnover (₹ Lakh)	3,01,197.51
3.	Total profit after taxes (₹ Lakh)	35,217.95
4.	Total Spending of Corporate Social Responsibility (CSR) as a percentage of profit after tax (%)	Budget : ₹ 419.12 Lakh i.e. 2% (based on average net profits of the last 3 financial years computed as per Section 198 of the Companies Act, 2013). Actual: ₹ 433.68 Lakh
5.	List of CSR activities in which expenditure in above 4 has been incurred	The major areas in which CSR expenditure has been incurred include on: Health Care, Education, Water conservation, Environment and Promotion of rural sports

Section C: Other details

1.	Does the Company have any Subsidiary Company / Companies?	FIL does not have any subsidiary Company.
2.	Do the Subsidiary Company/Companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Not applicable.
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business participating in the BR initiatives of the Company? If yes then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

Section D (1) : Business Responsibility Information

1.a.	Director responsible for implementation of BR policies, Director Identification Number (DIN)	01874086
	Director responsible for implementation of BR policies (Name)	Mr.Sanjay.S.Math
	Director responsible for implementation of BR policies (Designation)	Managing Director
1.b.	BR Head (DIN, if applicable)	01874086
	BR Head (Name)	Mr.S.S.Math
	BR Head (Designation)	Managing Director
	BR Head (Telephone number)	+91-2352-238027-30
	BR Head (email id)	investors@finolexind.com

Section D (2) (a) : BR Information - Principle-wise (as per NVGs) BR Policy/Policies (Yes/No)

#

P1	Policy on Ethics, Transparency and Accountability
P2	Policy for providing goods and services that are safe, and contribute to sustainability throughout their life cycle
P3	HR Policies for promoting the wellbeing of all employees
P4	Protection of all stakeholders
P5	Respect and Promotion of Human Rights
P6	Safety Health and Environment Policy
P8	Policy on Corporate Social Responsibility
P9	Provide value to the customers and consumers in a responsible manner

		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy/policies for....#	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3.	Does the policy conform to any national /international standards? If yes, specify?	Yes	Yes Bureau of Indian standards (BIS)	Yes	Yes This policy conforms to guidelines of Companies Act, 2013	Yes	Yes	Yes	Yes	Yes

		P1	P2	P3	P4	P5	P6	P7	P8	P9
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/ CEO/ Appropriate Board Director?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
5.	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
6.	Indicate the link for the policy to be viewed online?	The following policies are available on FIL's website. www.finolexwater.com • Policy on Sexual Harassment of Women at the Workplace • Whistle Blower Policy. • Corporate Social Responsibility Policy. • Nomination and Remuneration Policy. • Related Party Transactions Policy. • Policy on Board Diversity. • Policy on Material Subsidiaries. • Policy for determining materiality disclosures • Policy for preservation of documents • Code of Fair Disclosure and Conduct • Code of Conduct for Directors and Senior Management • Safety, Health and Environment Policy The remaining policies being internal documents are only available to the respective stakeholders								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
8.	Does the Company have an in-house structure to implement the policy/policies?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders grievances related to the policy/policies?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	The Department Heads are responsible for the effective implementation of the policies. The Compliance/Legal Department monitors the adherence to implementation of the policies.								

Section D 2 (b): If the answer to the question at serial number 1 against any principle is 'No', please explain why : (Tick up to 2 options)

		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the principles	-	-	-	-	-	-	-	-	-
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on the specified principles	-	-	-	-	-	-	-	-	-
3.	The Company does not have the financial/ manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within the next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year. .	-	-	-	-	-	-	-	-	-
6.	Other reasons (Please specify)	-	-	-	-	-	-	-	-	-

Principle-wise Index

Section D (3): Governance related to Business Responsibility (BR)

3.a.	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3- 6 months, Annually, More than 1 year	BR updation and upgradation is a continuous process. The management reviews and monitors the performance of the BR. The Board of Directors reviews the BR once a year.
3.b.	Does the Company publish a BR or a Sustainability Report? Is there a hyperlink to view the report? How frequently is it published?	BR Report Frequency: Annual www.finolexwater.com/investors/compliance-report/

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle No.	Description	Reported
1.1	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to The Group/Joint Ventures/Suppliers/ Contractors/NGOs /Others?	Yes.
1.2	How many stakeholder complaints have been received in the past financial year and what percentage were satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	The Company received complaints from 17 investors during the year 2016-17. There were no complaints pending from the investors at the beginning of the year 2016-17. All 17 complaints received during the year were redressed satisfactorily.
2.1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities. (A) PVC (B) PVC Pipes and Fittings (C) Power	The Company is constantly taking efforts to achieve high standards towards the environment and social concerns. The manufacturing process and end use of the products are environmental friendly and comply with applicable environment norms.
2.2	For each product, provide the following details in respect of resource used (energy, water, raw material etc.) per unit of product(optional):	
	Reduction during sourcing/ production/ distribution achieved since the previous year throughout the value chain?	The production processes of the Company are cost effective and use the scarce resources economically
	Has reduction during usage by consumers (energy, water) been achieved since the previous year?	
2.3	Does the company have procedures in place for sustainable sourcing (including transportation)? (a) If yes, what percentage of your inputs were sourced sustainably? Also, provide details thereof, in about 50 words or so.	Yes. The PVC production of the Company is mainly captively consumed . The Company has taken various steps to minimize transportation costs. The Company continuously exercises and practices the recycling and reusing of waste.
2.4	Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? (a) If yes, what steps have been taken to improve the capacity and capability of local and small vendors?	Yes. The Company has a policy of procuring goods and services from nearby suitable sources of supply. The Company ensures that it engages local villagers and small businesses around its plants in a variety of productive employment, especially through hiring vehicles, handling material, housekeeping and waste-handling contracts.

Principle No.	Description	Reported
2.5	Does the company have a mechanism to recycle products and waste? If yes what percentage is recycled of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	Yes. The Company has successfully achieved its goal for zero discharge of its treated effluent outside the Ratnagiri plant, partly by recycling it back in the system and by using the remaining for irrigation of tree plantation within the plant premises. The Pipes and Fittings manufacturing plants do not generate any effluents and are free from pollution. (Zero Effluent discharge, Effluent treatment plant, Effluent recycle plant, tree plantation etc.)
3.1	Please indicate the total number of employees	There were 1221 permanent employees on the Company's payroll as on 31st March, 2017.
3.2	Please indicate the total number of employees hired on temporary/contractual/casual basis	2265
3.3	Please indicate the number of permanent women employees	There were 30 permanent women employees on the Company's payroll as on 31st March, 2017.
3.4	Please indicate the number of permanent employees with disabilities	NIL
3.5	Do you have an employee association that is recognized by the management	Yes, Finolex Kamgar Sanghatana for Ratnagiri plant Finolex Pipes Employees Union for Urse plant
3.6	What percentage of your permanent employees are members of this recognized employee association?	17%
3.7	Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the bend of the financial year.	NIL

No.	Category	No of complaints filed during the financial year	No of complaints pending as on the end of the financial year
1	Child labour/forced labour/ involuntary labour	NIL	NIL
2	Sexual harassment	NIL	NIL
3	Discriminatory employment	NIL	NIL

3.8	What percentage of your under mentioned employees were given safety & skill up gradation training in the last year?	As a part of process safety management, all employees are covered under training. The training is a continuous process.
(a)	Permanent Employees	85%
(b)	Permanent Woman Employees	87%
(c)	Casual/Temporary/Contractual Employees	90%
(d)	Employees with Disabilities	NIL

Principle No.	Description	Reported
4.1	Has the company mapped its internal and external stakeholders? Yes/No	Yes
4.2	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.	All the stakeholders are important to the Company. It has internal processes to balance their expectations.
4.3	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.	Yes. The Company has undertaken various projects in the following areas: drives to eradicate hunger, poverty and malnutrition, promoting preventive health care and sanitation and making safe drinking water available, promoting education, including vocational skills so that women can be better equipped to work towards being financially independent.
5.1	Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?	All aspects of human rights are included in the Company's policy. The Company encourages the sharing of process and product innovations and extending it to benefit the industry and key members of its value chain.
5.2	How many stakeholder complaints have been received in the past financial year and what percent were satisfactorily resolved by the management?	The Company received complaints from 17 investors during the year 2016-17. There were no complaints from the of investors at the beginning of the year 2016-17. All 17 complaints received during the year were redressed satisfactorily.
6.1	Does the policy related to Principle 6 cover only the company or does it extend to the Group/ Joint Ventures/Suppliers/Contractors/ NGOs/others.	The Company's environment, health and safety (EHS) policy covers the entire Company.
6.2	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give a hyperlink for the webpage etc.	Yes. The Company is compliant with applicable pollution norms.
6.3	Does the company identify and assess potential environmental risks? Y/N	Yes
6.4	Does the company have any project related to the Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	The Company strives to minimize the impact of its operations and ensures in uses natural resources in a responsible manner. Furthermore, the Company is committed to preserving the environment.
6.5	Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give a hyperlink for the web page etc.	The Company is committed to preserving the environment.
6.6	Are the emissions/waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Yes. The return/ reports are submitted to the authorities from time to time.

Principle No.	Description	Reported
6.7	Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on the end of the Financial Year.	None
7.1	Is your company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with:	The Company is a member of the following chambers: Mahratta Chamber of Commerce, Industries and Agriculture Indo-American Chamber of Commerce Indo-German Chamber of Commerce Indian Merchants' Chamber Federation of Indian Chamber of Commerce and Industry.
7.2	Have you advocated/lobbied through the above associations for the advancement or improvement of the public ? Yes/No; if yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others)	No.
8.1	Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes, give details thereof.	The Company has undertaken various projects in the following areas: drives to eradicate hunger, poverty and malnutrition, promoting preventive health care and sanitation and making safe drinking water available, promoting education, including vocational skills so that women can be better equipped to work towards being financially independent.
8.2	Are the programmes/projects undertaken through an in-house team/own foundation/external NGO/ Government structures/any other organization?	The various programmes/projects are undertaken by the Company in association with it's CSR partner Mukul Madhav Foundation
8.3	Have you done any impact assessment of your initiative?	The Company has the practice of reviewing its CSR initiatives through an internal arrangement and guidance of the CSR committee and its CSR partner Mukul Madhav Foundation.
8.4	What is your company's direct contribution to community development projects- Amount in ₹ and the details of the projects undertaken.	During the financial year 2016-17 the Company has spent ₹ 433.68 lakh mainly in the areas of Health Care, Education, Water conservation, Environment and Promotion of rural sports

Principle No.	Description	Reported
8.5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	Yes, The Company continues to support initiatives to provide medical care needs necessary for children and villagers. Multiple interactions are held with communities through village meetings, meetings with local administration and officials from the respective departments to understand the primary necessities. The Company encourages regular feedback from the beneficiaries to continuously improve facilities and specialized services in locations where there is a demand.
9.1	What percentage of customer complaints/ consumer cases are pending as on the end of financial year.	No major complaints/cases are pending at the end of the financial year.
9.2	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)	Yes. All mandatory information as per local laws are displayed on the product along with additional information on the usage of the product.
9.3	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti- competitive behavior during the last five years and pending as on the end of the financial year. If so, provide details thereof, in about 50 words or so.	N/A
9.4	Did your Company carry out any consumer survey/consumer satisfaction trends?	Yes, The customer satisfaction survey is carried out by the Company from time to time.

Annexure 8 to Directors' Report

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2016-17

1	A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs and the composition of CSR Committee.	Please refer Directors Report and weblink mentioned therein
2	Average net profit of the Company for last three financial years (₹ in Lakh)	20956.05
3	Prescribed CSR expenditure (₹ in Lakh) (two percent of the amount mentioned in item 2 above)	419.12
4	Details of CSR spent during the financial year (₹ in Lakh):	
	Total amount spent during the financial year	433.68
	Amount unspent, if any	---
	Manner in which the amount spent during the financial year	

DETAILS OF AMOUNT SPENT ON CSR ACTIVITIES DURING THE FINANCIAL YEAR 2016-17

Sr. No.	Projects or programs (1) Local area or other: (2) Specify the state and district where projects or programs undertaken	Name/ details of the implementing agency	CSR Project/ Nature of Activity	Budget for the F.Y. 2016-17 ₹ in Lakh	Actual expenditure for F.Y. 2016-17 ₹ in Lakh
			HEALTHCARE (i)		
1	Pune	Mukul Madhav Foundation	Providing medical equipments, air conditioners, furniture and other facilities at NICU at Sassoon General Hospital.	240.00	281.98
2	Urse	Mukul Madhav Foundation	Civil work for toilet block at ZP school-Urse	5.00	4.98
3	Pune	Mukul Madhav Foundation	Meeting expenditure on cataract surgeries of poor patients at H.V. Desai Eye Hospital.	25.00	25.00
4	Masar	Mukul Madhav Foundation	Sanitation facilities provided to the school at Masar	12.00	12.10
5	Ratnagiri	Mukul Madhav Foundation	Expenses incurred for Waingani, Kolambe Grampanchayat & various other water schemes.	31.75	23.86
6	Ratnagiri	Mukul Madhav Foundation	Financial assistance for medical treatment to needy patients.	5.00	1.89

Sr. No.	Projects or programs (1) Local area or other: (2) Specify the state and district where projects or programs undertaken	Name/ details of the implementing agency	CSR Project/ Nature of Activity	Budget for the F.Y. 2016-17 ₹ in Lakh	Actual expenditure for F.Y. 2016-17 ₹ in Lakh
7	Ratnagiri	Mukul Madhav Foundation	Mammography camp through Parkar Hospital, Ratnagiri.	3.00	3.18
8	Ratnagiri	Mukul Madhav Foundation	Providing Spectacles and organised school health camps.	0.75	0.13
9	Ratnagiri	Mukul Madhav Foundation	Comprehensive annual maintenance of Mammography machine.		4.20
			EDUCATION (ii)		
10	Dehradun	Mukul Madhav Foundation	Assistance in improving quality of education in Rimcollian Old Boys Association, Dehradun	6.00	9.00
11	Pune	Mukul Madhav Foundation	Providing educational assistance and scholarships to poor & deserving students of various colleges at Pune.	30.00	3.11
12	Chennai	Mukul Madhav Foundation	Financial assistance for therapy center for autistic children at Sankalp, Chennai	8.00	10.00
13	Abhor Village- Masar	Mukul Madhav Foundation	Providing infrastructure for school at Abhor village.	7.00	1.47
14	Masar & Ratnagiri	Mukul Madhav Foundation	Infrastructure for conducting sewing classes and computer education	7.50	0.85
15	Ratnagiri	Mukul Madhav Foundation	Financial assistance to various NGO's for social programs, trainings, for women, differently abled persons & sports and cultural events for fisherman community.	7.00	7.44
16	Ratnagiri	Mukul Madhav Foundation	Providing Computers for School at Ratnagiri.		4.11
17	Ratnagiri	Mukul Madhav Foundation	Excellent performance awards for students.	0.40	0.30
18	Ratnagiri	Mukul Madhav Foundation	Project Pawas Gram Sudharak Seva		1.16
19	Ratnagiri	Mukul Madhav Foundation	Providing infrastructure and maintenance of school		11.08
			FACILITIES TO OLD AGE HOME (iii)		
20	Ratnagiri	Mukul Madhav Foundation	Providing foodgrains to old age homes through NGO's.	1.32	1.37
			ENVIRONMENT (iv)		
21	Rede Village- Solapur	Mukul Madhav Foundation	Jalasandharan project at Rede Village, Solapur- Water conservation project for drinking water	10.00	7.80
22	Pune	Mukul Madhav Foundation	Distribution of Eco Friendly Bags through cleanliness drive	12.00	12.00
23	Masar & Ratnagiri	Mukul Madhav Foundation	Tree Plantation at Abhor village.	2.00	1.86
24	Ratnagiri	Mukul Madhav Foundation	Expenses for cleanliness drive	1.40	0.83
			PROMOTE RURAL SPORTS (vii)		
25	Ratnagiri	Mukul Madhav Foundation	Sports kits for Panchkroshi villages.	0.25	0.17
26	Ratnagiri	Mukul Madhav Foundation	Expenses incurred for various sports tournaments to promote rural sports	3.75	3.81
			Grand Total	**419.12**	**433.68**

Responsibility statement

The Responsibility Statement of the Corporate Social Responsibility Committee of the Board of Directors of the Company is reproduced below:

The implementation and monitoring of the Corporate Social Responsibility (CSR) Policy, is in compliance with the CSR objectives and policy of the Company.

Sanjay S. Math
Managing Director
DIN: 01874086
Member, CSR Committee

Prakash P. Chhabria
Executive Chairman
DIN: 00016017
Chairman, CSR Committee

Place: Pune
Date: 26th May, 2017

PRACTICING COMPANY SECRETARY'S CERTIFICATE

To,
The Members of Finolex Industries Limited

We have examined the compliance of conditions of corporate governance by Finolex Industries Limited (hereinafter referred "the Company"), for the year ended on 31st March, 2017 as stipulated in relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosures requirements) Regulations, 2015.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Regulations, as applicable.

We further state that such compliance is neither an assurance as to the future viability of the Company nor efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Pune
Date: 26th May, 2017

For **SVD & Associates**
Company Secretaries

Sridhar G. Mudaliar
Partner
FCS No: 6156
C P No: 2664

Corporate Governance

Compliance Report for the year 2016-17

1. A brief statement on the Company's philosophy on code of governance:

The Company has always strived to achieve optimum performance at all levels by adhering to corporate governance practices, such as:

- Fair and transparent business practices.
- Effective management control by the Board.
- An optimum combination of promoter, executive, independent and woman directors on the Board.
- Accountability for performance.
- Monitoring of executive performance by the Board.
- Compliance of laws.
- Transparent and timely disclosure of financial management information.

2. Board of Directors ("the Board") and Board procedure:

Composition and category of directors:

The Board consists of 10 directors. The Company has an optimum combination of three executive, one woman non-executive and non-independent director and six non-executive independent directors.

The Board was represented by four executive directors. Mr. Prakash P. Chhabria is Executive Chairman from the promoter group of the Company. Mr. Saurabh S. Dhanorkar was Managing Director (upto 30th November, 2016), Mr. Sanjay S. Math was whole-time Director designated as Director - Operations upto 30th November 2016 and is a Managing Director with effect from 1st December, 2016 and Mr. Anil V. Whabi, is Director – Finance with effect from 26th August, 2016 in the category of the executive directors.

The appointment of Mrs. Ritu P. Chhabria, as the woman director ensures compliance with corporate governance norms.

The Board is represented by six non-executive independent directors namely Mr. Sanjay K. Asher, Mr. Kanaiyalal N. Atmaramani, Mr. Dara N. Damania, Mr. Shrikrishna N. Inamdar, Mr. Prabhakar D. Karandikar and Dr. Sunil U. Pathak.

The details of the directors' attendance at the meetings of the Board, other committees of the Board, the annual general meeting held during the financial year 2016-2017, committee positions held in the various committees of the Company and outside directorships and committee positions held by the directors are given in Table 1.

	Mr. Prakash P. Chhabria	Mr. Sanjay K. Asher	Mr. Kanaiyalal N. Atmaramani	Mrs. Ritu P. Chhabria	Mr. Dara N.Damania	Mr. Anil V. Whabi	Mr. Shrikrishna N. Inamdar	Mr. Prabhakar D. Karandikar	Mr. Sanjay S. Math	Dr. Sunil U. Pathak	Mr. Saurabh S. Dhanorkar
	Executive Chairman (Whole-time Director)	Independent Director	Independent Director	Non-independent Non-Executive Director	Independent Director	Director - Finance (Whole-time Director)*	Independent Director	Independent Director	Managing Director*	Independent Director	Managing Director*
Board Meetings attendance during the year 2016-2017											
Attendance	5	5	4	5	4	2	5	5	5	4	3
Attendance at thirty fifth annual general meeting held on 11th August, 2016											
AGM attended	Yes	Yes	No	Yes	Yes	NA	Yes	Yes	Yes	Yes	Yes
Committee Positions held attendance during the financial year 2016-17 in Finolex Industries Limited											
Audit Committee											
Membership	Not Member	Not Member	Member	Not Member	Member	Not Member	Member	Member	Not Member	Member	Not Member
Attendance	NA	NA	4	NA	3	NA	4	4	NA	3	NA
Stakeholders' Relationship Committee											
Membership	Member	Not Member	Member	Not Member	Member	Not Member	Member	Member	Not Member	Member	NA
Attendance	4	NA	4	NA	3	NA	4	4	NA	3	
Nomination and Remuneration Committee											
Membership	Not Member	Member	Member	Not Member	Member	Not Member	Member	Member	Not Member	Member	Not Member
Attendance	NA	4	4	NA	3	NA	4	4	NA	3	NA
Corporate Social Responsibility Committee											
Membership	Member	Not Member	Not Member	Member	Not Member	Not Member	Not Member	Not Member	Not Member	Member	Member
Attendance	4	NA	NA	4	NA	NA	NA	NA	2	3	2
Risk Management Committee											
Membership	Member	Not Member	Not Member	Not Member	Not Member	Member	Not Member	Not Member	Member	Member	Member
Attendance	No meeting was held during the financial year 2016-2017										
Finance Committee											
Membership	Member	Member	Not Member	Not Member	Not Member	Member	Not Member	Not Member	Member	Member	Member
Attendance	No meeting was held during the financial year 2016-2017										
Share Transfer Committee											
Membership	Member	Not Member	Not Member	Not Member	Not Member	Member	Not Member	Member	Member	Member	Member
Attendance	21	NA	NA	NA	NA	14	NA	10	9	12	10
Directorships in other companies											
Chairman	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Director	6	18	2	Nil	6	1	5	9	Nil	1	1
Committee position in other companies											
Chairman	Nil	4	Nil	Nil	5	Nil	2	1	Nil	Nil	Nil
Member	Nil	17	4	Nil	13	Nil	5	12	Nil	Nil	Nil
No.of shares of ₹10 each held of the Company	170749	0	0	4450	900	Nil	2000	Nil	3000	300	5381

* Outside directorships include directorships in public and private limited companies.
* None of the Independent Directors on the Board are serving as Independent Directors in more than seven listed companies.

* Mr. Saurabh S. Dhanorkar, Managing Director retired from the services of the Company with effect from the close of business hours of 30th November, 2016.

* Mr. Sanjay S. Math who was Director (Operations) has been appointed as the Managing Director of the Company with effect from 1st December, 2016.

* Mr. Anil V. Whabi who was President – Finance & CFO has been appointed as Whole-time Director designated as Director – Finance & CFO of the Company with effect from 26th August, 2016.

* The necessary disclosures regarding Committee positions have been made by all the Directors. As required under regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the disclosure includes membership/chairmanship of audit committee and stakeholder relationship committee (listed and unlisted public companies)

* The composition of the Board of Directors is in accordance with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

No. of Board Meetings held during the year

During 2016-2017, five Board meetings were held viz. 21st May, 2016, 11th August, 2016, 26th August, 2016, 8th December, 2016 and 4th February, 2017. The time gap between two meetings was not more than 120 days.

Disclosure of relationships between directors inter-se

None of the directors are relatives of each other except Mr. Prakash P. Chhabria, Executive Chairman and Mrs. Ritu P. Chhabria, woman non-executive director, they are related to each other by marriage.

No of shares and convertible instruments held by non-executive directors

The Company does not have any convertible instruments.

The details of shares held by the executive and non-executive directors are given in Table 1.

Web link where details of familiarization programmes imparted to independent directors is disclosed

http://www.finolexwater.com/wp-content/uploads/2015/07/File-5-Directors-familarization-program1.pdf

Audit committee:

Composition, members' name and chairperson

- As on 31st March, 2017, the Audit Committee (the "Committee") consisted of 5 (five) independent directors viz. Mr. Shrikrishna N. Inamdar (Chairman of the Committee), Mr. Kanaiyalal N. Atmaramani, Mr. Dara N. Damania,, Mr. Prabhakar D. Karandikar and Dr. Sunil U. Pathak.

- All members of the Audit Committee are financially literate and have accounting or related financial management expertise.

- Required information for review was placed before the Audit Committee meetings held during the year.

Meetings and attendance during the year:

During 2016-17, the Audit Committee met 4 (four) times viz. 20th May, 2016, 26th August, 2016, 8th December, 2016 and 4th February, 2017.

The details of the Director's attendance at the Audit Committee meetings during the year are given in Table 1.

Mr. Umesh M. Gosavi who was the Company Secretary resigned from the services of the Company with effect from the close of business hours of 19th August, 2016 and in his place, Ms.Vidya Shembekar was appointed as General Manager (Legal) & Company Secretary of the Company with effect from 8th December, 2016. Ms.Vidya Shembekar acts as secretary to the committee.

Brief description of terms of reference:

Terms of reference and other requirements of the Audit Committee pursuant to the provisions of section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are as under:

- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Review and monitor the auditor's independence, performance and effectiveness of the audit process.
- Examination and review of the quarterly and annual financial statement and the auditors' report thereon, before submission to the Board.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- Monitoring the end use of funds raised through public offers and related matters.
- Investigate any matter the Board has referred. For this purpose, it will have the power to obtain professional advice from external sources, and have full access to the information contained in the records of the Company.
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval with particular reference to:
    a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
    b. Changes, if any, in accounting policies and practices and reasons for the same.
    c. Major accounting entries involving estimates based on exercise of judgement by the management.
    d. Significant adjustments made in the financial statements arising out of audit findings.
    e. Compliance with listing and other legal requirements relating to financial statements.
    f. Disclosure of any related party transactions.
    g. Qualifications in the draft audit report.
- Reviewing, with the management, the statement of uses / application of funds raised through a public issue, rights issue or preferential issue etc.
- Reviewing the statement of funds utilized for the purposes other than those stated in the offer document/prospectus / notice.
- Reviewing the report submitted by the monitoring agency and monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing with the management, the performance of the statutory and internal auditors, the adequacy of the internal control systems.
- Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of the internal audit.
- Discussion with internal auditors of any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature, and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of the audit as well as a post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, members (in case of non-payment of declared dividend) and creditors.
- To review the functioning of the Whistle Blower mechanism.
- Approval of appointment of the Chief Financial Officer (the "CFO") (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate.
- Carrying out any other function as may be delegated to it by the Board.

Nomination and Remuneration committee

Composition, name of members and Chairperson:

The six independent directors namely Mr. Sanjay K. Asher, Mr. Kanaiyalal N. Atmaramani, Mr. Dara N. Damania, Mr. Shrikrishna N. Inamdar (Chairman of the Committee), Mr. Prabhakar D. Karandikar and Dr. Sunil U. Pathak are the members of the Nomination and Remuneration Committee.

Brief description of terms of reference

The terms of reference of the Nomination and Remuneration Committee cover all the areas mentioned in section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Part D of Schedule II thereto.

The objective of the Nomination and Remuneration Committee is to assist the Board of the Company and its controlled entities in fulfilling its responsibilities to members by:

- considering the skill sets required by the Board, and to ensure that such people contribute to the decisions and policies that will eventually define the company. The Committee also considers qualifications, positive attributes, areas of expertise and the number of Directorships and Memberships held in various committees of other companies by such persons. The Board considers the Committee's recommendation and takes the appropriate decision.

- ensuring that the Board of Directors is comprised of individuals who are best able to discharge the responsibilities of the Directors in consonance with the Companies Act, 2013 and the norms of corporate governance; and
- ensuring that the nomination process and remuneration policies are equitable and transparent.
- The responsibilities of the Committee include:
  - formulating a criteria for determining qualifications, positive attributes and independence of a Director, and recommending to the Board a policy relating to the appointment and remuneration for the Directors, key managerial personnel and other employees.
  - formulating a criteria for evaluation of performance of the Independent Directors and the Board of Directors.
  - devising a policy that ensures the Board consists of diverse individuals
  - identifying persons who are qualified to become Directors and who may be appointed as part of the 'senior management' of the Company in accordance with the criteria laid down, and recommend to the Board the appointment and removal of such personnel.
  - recommending extension or continuation of the terms of appointment of the Independent Directors based on evaluation of their performance.

Meetings and attendance during the year

During the year, four meetings of the Nomination and Remuneration Committee were held on 21st May, 2016, 26th August, 2016, 8th December, 2016 and 4th February, 2017. The attendance details are given in Table 1.

Nomination and Remuneration Policy

The nomination and remuneration policy of the Company on recommendation by the Nomination and Remuneration Committee was approved by the Board and the same is in place. The same is annexed as Annexure 1 of the Directors' Report. It is given on the Company's website at www.finolexwater.com at link http//www.finolexwater.com/policies-code-of-conduct.

Remuneration of Directors

None of the non-executive directors have any pecuniary relationship or transaction vis-à-vis the Company. Mr. Prakash P. Chhabria, Executive Chairman and Mrs. Ritu P. Chhabria, Woman Non-executive Director are related to each other by marriage.

Criteria of making payment to non-executive directors.

The criteria of making payment to Non-executive Directors is given on the Company's website at the following link: http://www.finolexwater.com/wp-content/uploads/2015/08/FIL-Policies-Master-document_revised.pdf

Details of remuneration paid to the Executive Directors for the financial year 2016-2017 are given below:

Particulars	Mr. Prakash P. Chhabria, Executive Chairman (₹)	Mr. Sanjay S. Math, Managing Director (w.e.f. 1.12.2016) (₹)	Mr. Anil V. Whabi, KMP, Director Finance (w.e.f. 26.08.2016) (₹)	Mr. Saurabh S. Dhanorkar Managing Director (upto 30.11.2016) (₹)
Salary and Allowance	2,14,35,467	85,47,290	77,20,239	80,67,843
Contribution of PF	12,92,485	4,40,555	3,38,016	4,32,711
Superannuation/Special allowance	–	–	–	–
Gratuity fund	3,88,584	1,33,217	1,35,012	1,94,040
Performance incentive/ Bonus	21,54,144	7,34,256	5,61,360	7,21,183
Total	25,270,680	98,55,318	87,54,627	94,15,777
Commission payable	9,00,00,000	1,60,00,000	40,00,000	1,00,00,000
Notice period	6 months	3 months	3 months	3 months
Service Contract	Five years	Five years	Five years	Retired on 30.11.2016

The details of remuneration paid / to be paid to the Non-executive Directors and the number of shares held by them are given below:

Sr. No.	Name	Remuneration (₹)		Shares held
		Commission (₹ in lakh)	Sitting fees (₹ in lakh)	
1.	Mr. Sanjay K. Asher	15.00	2.80	Nil
2.	Mr. Kanaiyalal N. Atmaramani	15.00	4.00	Nil
3.	Mrs. Ritu P. Chhabria	15.00	2.80	4450
4.	Mr. Dara N. Damania	15.00	3.40	900
5.	Mr. Shrikrishna N. Inamdar	20.00	4.40	2,000
6.	Mr. Prabhakar D. Karandikar	15.00	6.40	Nil
7.	Dr. Sunil U. Pathak	15.00	6.40	300

The Non-executive Directors are not getting any remuneration from the Company except the sitting fees and commission as approved by the Board from time to time. All Independent Directors are experts in their respective fields and their services are beneficial to the Company.

No stock options were issued during the financial year 2016-2017.

Stakeholders' Relationship Committee:

Composition, members' names and chairperson:

Pursuant to the provisions of section 178 of the Companies Act, 2013 and Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Part D of Schedule II thereto, the Stakeholders' Relationship Committee is constituted as under:

As on 31st March, 2017, the Stakeholders' Relationship Committee consisted of six directors viz. Mr. Kanaiyalal N. Atmaramani (Chairman of the committee), Mr. Dara N. Damania, Mr. Shrikrishna N. Inamdar, Mr. Prabhakar D. Karandikar and Dr. Sunil U. Pathak the Non-executive Directors and Mr. Prakash P. Chhabria, the Executive Chairman of the Company.

Ms. Vidya Shembekar, Company Secretary is the compliance officer of the Company.

Brief description of the Terms of Reference

The terms of reference of the Stakeholders' Relationship Committee shall be as follows:

- To resolve grievances of the stakeholders in relation to transfer of shares, non-receipt of annual report and non receipt of declared dividends etc.
- To review and note that the certificate has been received from the Practicing Company Secretary in compliance of Regulation 40 (9) to (11) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- To review the half yearly report of the in-house Share Transfer Agent in terms of SEBI circular No.CIR/MIRSD/7/2012 dated 5th July, 2012.
- To review and note the status of Investor Complaints.
- To review and note the status of unclaimed dividends.
- To take necessary action on the matters delegated by the Board from time to time.

During 2016-17, four (4) meetings of the Stakeholders' Relationship Committee were held viz. 21st May, 2016, 26th August, 2016, 8th December, 2016 and 4th February, 2017. The attendance for the same is given in Table 1.

Details of shareholders' complaints

No. of complaints received during the financial year 2016-17	No. of complaints resolved to the satisfaction of the complainants	No. of pending complaints at the end of the financial year i.e. on 31st March, 2017
17	17	0

Risk Management Committee

Composition, members' names and chairperson

The Board at its meeting held on 26th July, 2014 has constituted the Risk Management Committee. As on 31st March, 2017, the Risk Management Committee consisted of four directors viz. Mr. Prakash P. Chhabria (Chairman of the Committee), Mr. Sanjay S. Math, Mr. Anil Whabi and Dr. Sunil U. Pathak.

Pursuant to Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is not included in top 100 listed entities determined on the basis of market capitalization on the BSE and NSE as at the end of the financial year on 31st March, 2017.

Brief description of the Terms of Reference

The Terms of Reference of the Risk Management Committee shall be as follows:

a. The Risk Management Committee (RMC) shall have at least three directors or members of the Committee.

b. RMC shall review the Risk Management plan and policy at its meeting and inform the Board about the risk assessment and minimization procedure.

c. The Board may delegate monitoring and reviewing of the risk management plan and such other functions as it deems fit to the RMC and/or the Executive Chairman and or Managing Director as may be necessary for effective implementation of the Risk Management Plan/Policy.

d. To take necessary actions on the matters delegated by the Board from time to time.

Meeting and Attendance

No meeting of the Risk Management Committee was held during the year 2016-17.

Corporate Social Responsibility (CSR) Committee

Composition, members' names and chairperson

As required under section 135 of the Companies Act, 2013, the Company has constituted the Corporate Social Responsibility Committee.

As on 31st March, 2017, the Corporate Social Responsibility Committee consisted of four directors viz. Mr. Prakash P. Chhabria (Chairman of the Committee), Mrs. Ritu Chhabria, Mr. Sanjay S. Math (w.e.f. 1st September, 2016) and Dr. Sunil U. Pathak.

Meetings and attendance during the year:

During 2016-17, four (4) meeting of the Corporate Social Responsibility Committee were held viz. on 21st May, 2016, 26th August, 2016, 8th December, 2016 and 4th February, 2017.

The details of attendance of the Corporate Social Responsibility Committee meetings by the Directors during the year is given in Table 1.

Brief description of Terms of Reference

Terms of Reference of the Corporate Social Responsibility Committee shall be as follows:

a) Formulate and recommend to the Board a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 (the "Act") as amended.

b) Recommend the amount of expenditure to be incurred on the activities referred to in above.

c) Monitor the Corporate Social Responsibility Policy of the Company from time to time.

d) Monitor and ensure that the surplus arising out of CSR projects or programs or activities shall not form part of the business profits of a Company.

e) Ensure that all the income generated by way of CSR activities is credited back to the CSR corpus.

f) Review and comply with the requirements of the provisions of the Act and rules made there under and periodical disclosure requirements.

Share Transfer Committee

Composition, members' names and chairperson

As on 31st March, 2017, the Share Transfer Committee consisted of five directors viz. Mr. Prakash P. Chhabria (Chairman of the Committee), Mr. Sanjay S. Math (w.e.f. 1st September, 2016), Mr. Anil V.Whabi (w.e.f. 1st September,, 2016) Mr. Prabhakar D. Karandikar and Dr. Sunil U. Pathak.

Brief description of the Terms of Reference

- Consider and approve the transfer and transmission of securities i.e. shares, debentures and other security documents.
- Consider and approve the issue of duplicate share certificates.
- Consider and approve split, consolidation of share/debenture certificates and issue fresh share certificates and debenture certificates.
- Consider any other assignment as directed by the Board.
- Consider and approve dematerialization and rematerialization of securities.
- To take necessary actions on the matters delegated by the Board from time to time.

During 2016-17, twenty four (24) meetings of the Share Transfer Committee were held. The details of attendance of the Share Transfer Committee meetings by the Directors during the year is given in Table 1

Finance Committee

Composition, members' names and chairperson

As on 31st March, 2017, the Finance Committee consisted of five directors viz. Mr. Prakash P. Chhabria (Chairman of the Committee), Mr. Sanjay S. Math (wef 1st September, 2016), Mr. Anil Whabi (wef 1st September, 2016), Mr. Sanjay K. Asher and Dr. Sunil U. Pathak.

Brief description of the Terms of Reference

- To consider and review various financial proposals for financial investments, borrowings and to give recommendations to the Audit Committee/ Board; and
- To take necessary actions on matters delegated by the Board from time to time.

Meetings and Attendance

No meeting of the Finance Committee was held during the year 2016-2017.

Independent Directors' Meeting

The Independent Directors had a meeting on 4th February, 2017 without the attendance of the Non-Independent Directors and members of the Management. All the Independent Directors were present at the meeting except Dr. Sunil U. Pathak. At the Meeting, they –

a. Reviewed the performance of the Non-Independent Directors and the Board as a whole.

b. Reviewed the performance of the Chairperson of the Company, taking into account the views of the Managing Director and Executive Directors.

c. Assessed the quality, quantity and timeliness of the flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

The Independent Directors held a unanimous opinion that the Executive Directors are senior business managers with vast experience in their respective field. Their knowledge and experience was found to be extremely useful for the Company. The Independent Directors are highly knowledgeable both on products and the regions of the Company's operations and were found to be very competent, experienced, engaging, committed and participative. They have demonstrated their good listening skills and have been found to be logical, cogent, convincing and highly observant.

The level of engagement amongst the Directors is very high. The Board has a diversity of experience and each member has sound domain knowledge in their respective fields. The Directors have a well-co-ordinated, harmonious working relationship. All Directors are professional, they add value, contribute to the high quality of discussions at meetings, with a view to continually probe avenues for sustainable growth. The Chairperson provides effective leadership to the Board, encourages active engagement, participation and discussion by all Members and communicates effectively. He is seen to be meticulous, caring and well prepared for the meetings. He is an active listener and provides meaningful contribution to the development of strategy.

The information provided by the Company's management is complete, of high quality and furnished with full disclosures in a professional and timely manner.

Code of Conduct and Ethics

The Company's Code of Conduct provides guidelines to be followed by all members of the Board of Directors and Senior Management to ensure the highest standards of professional conduct. Members of the Board of Directors and Senior Management have affirmed compliance with the Code of Conduct and Ethics for the year ended 31st March, 2017 on behalf of themselves and to the best of their knowledge, on behalf of all the employees reporting to them. The said Code can be viewed on the Company's website at the following link: http://www.finolexwater.com/wp-content/uploads/2015/08/Code-of-Conduct-Finolex-Industries-Limited.pdf. A declaration signed by the Managing Director of the Company to this effect is given below:

Declaration regarding compliance by the Board members and Senior Management Personnel with the Company's Code of Conduct

As required under Regulation 34(3) read with Para D of the Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby declare that the Company has adopted a Code of Conduct and Ethics for all Board Members and Senior Management of the Company. The Code is available on the Company's website.

I further declare that the Company has in respect of the financial year ended 31st March, 2017, received from all the Board Members and Senior Management Personnel of the Company, an affirmation of compliance with the Code, as applicable to them.

For Finolex Industries Limited
Sanjay S. Math
Managing Director
DIN: 01874086

Place: Pune
Date: 5th May, 2017

Equity Shares lying in the Suspense Account

In compliance with Para F of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the information relating to the equity shares lying in the suspense account of the Company confirms that no shares of the Company are lying in the Suspense Account.

Related Party Disclosures:

Pursuant to Regulation 53 (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Related Party Disclosure is given in note no. 40 of notes to accounts on page no. 167 of the annual report.

There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interest of the Company. The Company does not have any subsidiary but has associate companies. Transactions with related parties are entered into by the Company in the normal course of business and at an arm's length basis. The details of the transactions are periodically placed before the Audit Committee for review and approval. Members may refer to the notes to the accounts for details of related party transactions.

The Board of Directors of the Company has, on the recommendation of the Audit Committee, adopted a policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act, 2013, the Rules framed thereunder including the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Related Party Transactions policy has been uploaded on the Company's website at www.finolexwater.com/policies

Disclosures relating to:

1) Accounting Treatment

The Company has complied with all applicable Accounting Standards in the preparation of financial statements pursuant to schedule III of the Companies Act, 2013. There are no audit qualifications in the Company's financial statements for the year under review

2) Compliance with Regulations of capital market

The Company has complied with the requirements of the Regulatory Authorities on Capital Markets. There are no instances of non-compliance by the Company on any matters related to capital markets. No penalty or strictures been imposed on the Company by the Regulatory Authorities or any statutory authority, on any matter related to capital markets, during the last three years.

3) Whistle Blower Policy

In line with the best Corporate Governance practices, the Company has put in place a system through which the Directors, employees and business associates may report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct and Ethics without fear of reprisal. The Company has put in place a process by which employees and business associates have direct access to the Audit Committee Chairperson, Managing Director, Chairperson of the Board and Compliance Officer.

The Whistle-blower Policy has been displayed on the Company's notice board and is also uploaded on the Company's website at www.finolexwater.com/policies.

No person has been denied access to the Chairman or members of the Audit Committee.

4) Managing Director and Chief Financial Officer's certificate

The Managing Director and Chief Financial Officer have furnished a compliance certificate to the Board of Directors under Regulation17(8) (read with Part B of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

5) Policy for determining 'material' subsidiaries

Pursuant to Regulation 16 (1) (c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a policy on material subsidiaries. The policy is available on the Company's website: http://www.finolexwater.com/wp-content/uploads/2015/08/FIL-Policies-Master-document_revised.pdf

6) Disclosure of commodity price risks and commodity hedging activities Commodity price risk and hedging:

For the pipes and PVC industry, the price and costs are linked to and are dependent on:

a. same underlying commodity (crude oil) and

b. demand supply for each component in the value chain

Due to strong interdependence, any major change in the price of one input or output, affects the price of the rest of the components in the value chain, albeit with a short time lag. Due to this, margins are only temporarily affected whether positively or negatively, until the price reaches an equilibrium. Generally, over a period of one year, the impact of this price movement gets compensated, and results in normal margins. Hence, the commodity price movements are a temporary risk which do not need to be hedged.

Foreign exchange risk and hedging:

PVC pricing is on import parity and the import parity value of sales of the Company approximately equates the USD payable on a six monthly rolling basis due to which a natural hedge exists. Hence, the Company does not generally need to resort to hedging by way of forward contracts, options, etc.

7) Compliance or otherwise of any requirement of the Corporate Governance Report

The Company has complied with the requirements of Corporate Governance and has made disclosures to the extent required and applicable to it, as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. They are listed below:

- The discretionary requirements of modified opinion(s) in the audit report, separate posts of the Chairperson and the Chief Executive Officer, reporting of the internal auditor directly to the Audit Committee of Para E of Schedule II have been adopted.
- Sub-paras 2 to 10 of Para C of Schedule V;
- Regulations 17 to 27; and
- Regulation 46(2) (b) to (j)

8) Practicing Company Secretary's Corporate Governance Certificate

The Company has obtained a certificate from M/s.SVD & Associates, practicing Company Secretary confirming compliance of the conditions of Corporate Governance as stipulated in Para E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Certificate is annexed to this Report.

9) General body meetings:

a) The location and time where the last three Annual General Meetings were held

Year	2013-2014	2014-2015	2015- 2016
Date of AGM	20/9/2014	29/8/2015	11/8/2016
Time	11.00 a.m.	11.00 a.m.	10.00 a.m.
Place of AGM	Kirloskar Institute of Advanced Management Studies, Gat No.356 & 357, Near Tata Foundry, Maval, Village Dhamane, Taluka Maval, District Pune 410 506.	Kirloskar Institute of Advanced Management Studies, Gat No.356 & 357, Near Tata Foundry, Maval, Village Dhamane, Taluka Maval, District Pune 410 506.	Kirloskar Institute of Advanced Management Studies, Gat No.356 & 357, Near Tata Foundry, Maval, Village Dhamane, Taluka Maval, District Pune 410 506.

b) The details of special resolutions passed in the previous three Annual General Meetings

	Date of AGM		Item of special resolution
1	20.9.2014	1	To obtain approval for the creation of any kind of mortgage(s), hypothecation(s), and/or charge(s), in addition to the mortgage(s), hypothecation(s), pledge(s) and / or charge (s) already created, from time to time and by way of first/exclusive charge(s) / second or subsequent charge(s) of any nature whatsoever, and on such terms and conditions as the Board may deem fit, on all or any part of the movable and/or immovable properties of the Company.
		2	To obtain approval for borrowing any sum or sums of money, from time to time, where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed, at any time, the aggregate of the paid-up capital of the Company and its free reserves (that is to say reserves not set apart for any specific purpose), provided that the total amount so borrowed shall not at any time exceed ₹ 2,000 crores (Rupees two thousand crores) over and above.
		3	To obtain approval for making offer(s) or invitation(s) to subscribe to secured/unsecured redeemable Non-Convertible Debentures ("NCDs") on a private placement basis, in one or more tranches during the year on such terms and conditions, as may be decided by the Board within the overall borrowing limits of the Company.
		4	To obtain approval for a sum not exceeding one percent per annum of the net profits of the Company calculated in accordance with the provisions of section 198 of the Companies Act, 2013, be paid to and distributed by way of commission amongst the Directors other than the Managing Director or whole time directors of the Company.
2	29.8.2015		To accord consent to the Board for making offers or invitations to subscribe to secured Non-convertible Debentures on a private placement basis in one or more tranches during a period of one year from the date of passing of the resolution within the overall borrowing limits of the Company.
3	11.8.2016		To accord consent to the Board for making offers or invitations to subscribe to secured Non-convertible Debentures on a private placement basis in one or more tranches during a period of one year from the date of passing of the resolution within the overall borrowing limits of the Company.

All resolutions were passed by majority.

c) Any Special resolution passed last year through postal Ballot details of voting pattern

No special resolution was passed during the year under review through postal ballot.

d) Person who conducted the postal ballot – details of voting pattern

No postal ballot conducted during the year under review.

e) Whether any special resolution is proposed to be conducted through a postal ballot:

No special resolution was proposed through a postal ballot.

f) Procedure for postal ballot

No special resolution is proposed through the postal ballot.

Means of communication:

- The quarterly results were published during the year under review in leading national and regional newspapers.
- The quarterly results are uploaded on the Company's website www.finolexwater.com and on the BSE and NSE websites.
- The official news releases of the Company are displayed on the BSE and NSE websites.
- Presentations made to institutional investors or analysts are available on the Company's website.
- The Management Discussion and Analysis Report is forming part of the Annual Report.

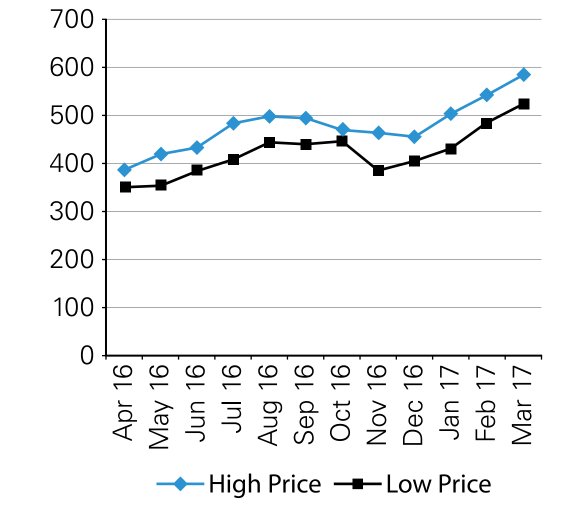
10) General shareholder information:

a	Annual General Meeting date, time and venue	Date: 11th August, 2017 Time: 11.00 a.m. Venue: Kirloskar Institute of Advanced Management Studies, Gat No. 356 & 357, Near Tata Foundry Maval, Village Dhamane, Taluka Maval, District Pune 410 506.
b	Financial year	Announcement of quarterly results of 2017-18 & Annual General Meeting: Quarterly results by 14th August, 2017, 14th November, 2017, 14th February, 2018 and 30th May, 2018 and Annual General Meeting by the end of September, 2018.
c	Dividend Payment date	21st August, 2017
d	Book closure period	From Saturday, 29th July, 2017 to Friday, 11th August, 2017 (both days inclusive)
e	The name and address of each stock exchange(s) at which the Company's securities are listed and a confirmation about payment of the listing of fees	Equity Shares National Stock Exchange of India Limited 5, Exchange Plaza Bandra-Kurla Complex Bandra (East), Mumbai 400051 Equity Shares: BSE Limited Floor 25, P. J. Towers Dalal Street Mumbai 400 001 The Company has paid all due listing fees.
f	Stock Code:	BSE: Equity- 500940/FINOLEXIND NSE : Equity- FINPIPE
g	Market Price data of Equity Shares- High, low during each month in the last financial year 2016-2017	(see table below)

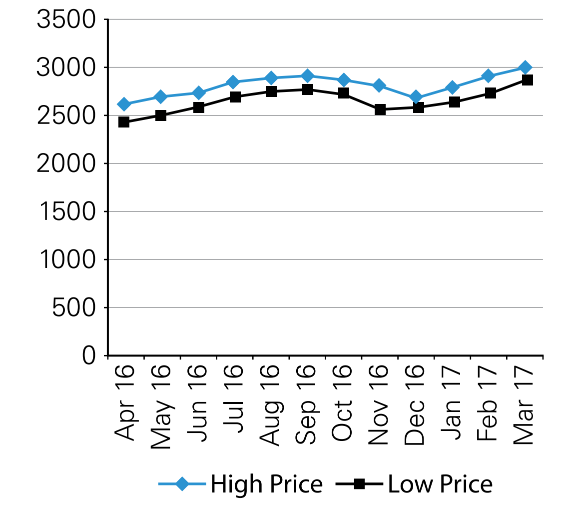
Month	BSE		NSE	
	High ₹	Low ₹	High ₹	Low ₹
Apr-16	387.00	351.00	386.5	351.00
May-16	420.00	355.00	422.00	355.25
Jun-16	432.50	385.95	432.80	387.00
Jul-16	483.85	410.00	484.00	427.15
Aug-16	497.50	444.50	497.50	441.20
Sep-16	495.00	440.00	487.00	444.00
Oct-16	470.95	446.50	472.00	443.25
Nov-16	463.00	385.00	487.10	381.00
Dec-16	456.00	405.00	457.00	411.00
Jan-17	504.00	430.70	503.90	430.10
Feb-17	540.90	483.20	545.00	483.00
Mar-17	583.50	525.00	582.40	527.65

h Performance in comparison with broad based indices such as BSE Sensex, CRISIL Index etc.

Monthly high/low price of Company's equity shares on BSE



Monthly high/low price of S&P BSE Sensex



i In case the securities are suspended from trading, the directors report shall explain the reasons thereof.

Not Applicable

j Registrar to an issue and share transfer agent

In-house Share Transfer Agent (STA) Registered with SEBI

SEBI Registration no. INR000001765

Investor Relations Centre

D 1/10, MIDC, Chinchwad, Pune 411 019

k Share transfer system

The share transfer committee attends to share transfer formalities normally once a fortnight. Demat requests are confirmed within 15 days from the date of receipt of request, if found in order.

l Distribution of shareholding

Category	Total investor	% of total B	Total Shares	% of total D
A	B	C	D	E
1-500	116245	94.74	16063468	12.94
501-1000	4287	3.49	3149167	2.54
1001-2000	1267	1.03	1811171	1.46
2001-3000	307	0,25	774426	0.62
3001-4000	127	0.10	447994	0.36
4001-5000	87	0.07	408888	0.33
5001-10000	142	0.12	1035705	0.83
ABOVE 10000	247	0.20	100404562	80.92
TOTAL	**122709**	**100.00**	**124095381**	**100.00**

m Dematerialization of shares and liquidity

Depository / Physical	No of shares	% of total shares
NSDL	62435787	50.31
CDSL	52154759	42.03
Physical	9504835	7.66
Total	**124095381**	**100.00**

Shares are regularly traded on BSE and NSE.

n Outstanding GDR,ADR or warrants or convertible instruments, conversion date and likely impact on equity

No such issue made by the Company.

o Commodity price risk or foreign exchange risk and hedging activities

The details are included in this report on page no. 95

p Plant locations

<u>PVC, PVC Pipes and Power Plants</u>:

Ranpar – Pawas Road

District Ratnagiri 415 616 Maharashtra State

<u>PVC Pipes and Fittings Plants</u>:

1. Gat No.399, Urse, Taluka Maval, District – Pune 410 506 Maharashtra State
2. D 1/10 MIDC, Chinchwad, Pune 411019 Maharashtra State

<u>PVC Pipes Plant</u>:

Village Masar, Taluka Padra, District Vadodara 391 421 Gujarat State

q Address for correspondence

Investor Relations Center

D 1/10 MIDC, Chinchwad, Pune 411 019 Maharashtra State, India

11. Other disclosures:

Disclosure required		
a	Disclosures on materially significant related party transactions that may have potential conflict with the interests of the listed entity at large	No such transactions
b	Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the Board or any statutory authority, on any matter related to capital markets, during the last three years	No such cases
c	Details of establishment of vigil mechanism, whistle blower policy, and affirmation that no personnel has been denied access to the audit committee	Vigil mechanism and the whistle blower policy are in place. No personnel has been denied access to the Audit Committee
d	Details of compliance with mandatory requirements and adoption of the non-mandatory requirements	The Company has complied with the applicable mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has adopted following non-mandatory requirements as specified in Part E or Schedule II of the SEBI (Listing Obligation & Disclosure requirements) Regulation, 2015. a. The Company has an Executive Chairman. b. During 2016-17, there was no audit qualification in the Auditors' Report on the Company's Financial Statement. c. The Chairman and Managing Director of the Company are different persons. The internal auditor is a permanent invitee to the Audit Committee and regularly attends the meetings of the Audit Committee.
e	Web link where policy for determining 'material' subsidiaries is disclosed	http://www.finolexwater.com/wp-content/uploads/2015/08/FIL-Policies-Master-document_revised.pdf
f	Web link where policy on dealing with related party transactions is disclosed	http://www.finolexwater.com/wp-content/uploads/2015/08/FIL-Policies-Master-document_revised.pdf
g	Disclosure of commodity price risks and commodity hedging activities	The details included in this report.

12. Non-compliance of any requirement of the Corporate Governance Report of sub-paras (2) to (10) of Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

N/A

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FINOLEX INDUSTRIES LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Finolex Industries Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Account) Rules, 2014 and amendments thereof.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March 2017, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss Statement, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account.

   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Account) Rules, 2014 and amendments thereof.

   (e) On the basis of the written representations received from the directors as on 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed pending litigations and the impact on its financial position - refer note 41 to the standalone Ind AS financial statements.

ii. The Company did not have any long-term contracts including derivative contracts, having any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. The company has provided the disclosure regarding Specified Bank Notes (SBN) in Note 48 to the standalone Ind AS financial statements as per notification no. G.S.R. 308(E), dated 30th March 2017 issued by the Ministry of Corporate Affairs and these are in accordance with the books of account maintained by the Company.

For M/s **P.G.BHAGWAT**
Chartered Accountants
Firm's Registration No.: 101118W

Abhijeet Bhagwat
Partner
Membership No. 136835

Pune
26th May 2017

Annexure A to the Independent Auditors' Report

Referred to in paragraph 1 under the heading, "Report on Other legal and Regulatory Requirements" of our report on even date:

(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets are being physically verified by the management at regular intervals based on the programme of verification which in our opinion is reasonable. Part of the major fixed assets has been verified by the management in the current year and discrepancies noticed on such physical verification were not material and the same have been properly dealt with in the books of account.

(c) The title deeds of immovable properties are held in the name of the company.

(ii) Physical verification of inventory has been conducted by the management during the current year. In our opinion, the interval of such verification is reasonable. Discrepancies noticed on physical verification were not material and the same have been properly dealt with in the books of account.

(iii) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 in the current year. Accordingly, clause (iii) (a), (b) and (c) are not applicable to the Company.

(iv) According to the information and explanations provided to us, in respect of loans, investments, guarantees, and security; provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.

(v) According to information and explanation provided to us, the Company has not accepted deposits, hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, are not applicable to it. According to information and explanation provided to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.

(vi) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under sub-section (I) of section 148 of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of records with a view to determine whether they are accurate and complete.

(vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax ,cess and any other statutory dues with the appropriate authorities. According to the information and explanation provided to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31st March, 2017, for a period more than six months from the date they became payable.

(b) According to the information and explanation provided to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax or cess which have not been deposited on account of any dispute except those mentioned below:

Name of the Statute	Nature of Dues	Amount (in Lakh)	Period to which the amount relates	Forum where dispute is pending
Customs Act, 1962	Customs Duty	26.94	2000-01	CESTAT
Customs Act, 1962	Customs Duty	1,170.55	2013-14	Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty	181.62	1998-99, 2005-06,2010-11,2012-13, 2013-14	CESTAT
Central Excise Act, 1944	Excise Duty	30.31	2008-09, 2012-13	Additional Commissioner
		55.23	2005-06, 2008-09, 2011-12, 2014-15, 2016-17	Assistant Commissioner (Appeals)
		1597.17	1998-99, 2006-07, 2007-08, 2014-15	Commissioner
		4.61	2012-13	Assistant Commissioner
Central Excise Act, 1944	Excise Duty	40.44	1996-97, 1999-2000	High Court
Finance Act, 1994	Service Tax	26.76	2007-08, 2010-11	CESTAT
Finance Act, 1994	Service Tax	642.72	2001-02, 2006-07,2008-2009, 2010-11	Commissioner
		27.79	2007-08, 2008-09, 2009-10, 2010-11	Deputy Commissioner
Finance Act, 1994	Service Tax	489.12	2005-06	High Court

(viii) Based on our audit procedures and according to the information and explanation provided to us, the Company has not defaulted in repayment of dues to a financial institution, bank, government or dues of debenture holders.

(ix) According to information and explanation provided to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) in the current year. According to the information and explanations given to us, term loans availed by the company were, prima facie applied for the purpose for which the loans were obtained.

(x) Based upon the audit procedures performed by us and according to the information and explanations provided to us by the management, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported to us during the year.

(xi) According to the information and explanation provided to us, the managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.

(xii) The Company is not a Nidhi Company and accordingly, Clause (xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanation provided to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 wherever applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) According to the information and explanation provided to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

(xv) According to the information and explanation provided to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.

(xvi) According to the information and explanation provided to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For M/s **P.G.BHAGWAT**
Chartered Accountants
Firm's Registration No.: 101118W

Abhijeet Bhagwat
Partner
Membership No. 136835

Pune
26th May 2017

Annexure B to the Independent Auditors' Report

Referred to in paragraph 2 (f) under the heading, "Report on Other legal and Regulatory Requirements" of our report on even date:

Report on the Internal Financial Controls

Under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Finolex Industries Limited ("the Company") as of 31st March 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M/s **P.G.BHAGWAT**
Chartered Accountants
Firm's Registration No.: 101118W

Abhijeet Bhagwat
Partner
Membership No. 136835

Pune
26th May 2017

Balance Sheet As at 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Note No.	March 31, 2017	March 31, 2016	April 1, 2015
A ASSETS				
1 Non-current assets				
(a) Property, plant and equipment	6.1	**85,166.25**	84,697.98	86,457.77
(b) Capital work-in-progress	6.1	**2,174.85**	661.55	1,039.75
(c) Intangible assets	6.2	**346.56**	266.62	318.81
(d) Financial assets				
i) Investments	7	**116,560.86**	64,849.92	66,480.87
ii) Loans	8	**1.26**	0.45	2.09
iii) Other financial asset	9	**5,731.85**	5,243.49	135.16
(e) Current tax assets (net)		**4,072.47**	708.05	4,370.21
(f) Other non-current assets	10	**3,624.20**	1,735.02	1,373.05
Sub-total non-current assets		**217,678.30**	158,163.08	160,177.71
2 Current assets				
(a) Inventories	11	**55,740.03**	44,722.23	55,865.11
(b) Financial assets				
i) Investments	12	**5,655.79**	16,870.89	5,559.51
ii) Trade receivables	13	**5,249.29**	1,762.93	4,870.45
iii) Cash and cash equivalents	14	**1,634.44**	1,041.16	1,230.02
iv) Loans	15	**18.76**	22.86	16.08
(c) Current tax assets (net)		**-**	1,781.04	1,759.05
(d) Other current assets	16	**9,277.39**	10,501.81	10,511.15
Sub-total current assets		**77,575.70**	76,702.92	79,811.37
3 Non-current assets held for sale	17	**-**	-	75.00
Total assets		**295,254.00**	234,866.00	240,064.08
B EQUITY AND LIABILITIES				
1 Equity				
(a) Equity share capital	18	**12,409.54**	12,409.54	12,409.54
(b) Other equity	19	**216,729.71**	1,44,575.41	123,379.07
Total equity		**229,139.25**	156,984.95	135,788.61
LIABILITIES				
2 Non current liabilities				
(a) Financial liabilities				
i) Borrowings	20	**-**	-	18,328.52
ii) Other financial liabilities	21	**34.90**	39.21	39.01
(b) Provisions	22.1	**1,114.63**	1,121.70	864.12
(c) Deferred tax liabilities (net)	24	**13,161.07**	12,760.79	11,193.90
(d) Government grants	23	**6,134.62**	5,275.74	-
Sub-total non-current liabilities		**20,445.22**	19,197.44	30,425.55
3 Current liabilities				
(a) Financial liabilities				
i) Borrowings	25	**9,418.47**	11,171.20	40,340.14
ii) Trade payables	26	**22,747.86**	24,318.75	20,000.11
iii) Other financial liabilities	27	**5,559.12**	14,422.71	8,219.94
(b) Other current liabilities	28	**7,275.69**	8,230.83	5,197.21
(c) Provisions	22.2	**123.06**	109.41	92.52
(d) Government grants	23	**545.33**	430.71	-
Sub-total current liabilities		**45,669.53**	58,683.61	73,849.92
Total liabilities		**66,114.75**	77,881.05	104,275.47
Total equity and liabilities		**295,254.00**	234,866.00	240,064.08

Summary of significant accounting policies 3
Notes to financial statements form an integral part of financial statements.

As per our report of even date For FINOLEX INDUSTRIES LIMITED
For M/s. P. G. Bhagwat
Chartered Accountants
FRN 101118W

Abhijeet Bhagwat
Partner
M.No. 136835

Anil V. Whabi
Director - Finance & CFO
DIN: 00142052

Prakash P. Chhabria
Executive Chairman
DIN: 00016017

Sanjay Asher — DIN: 00008221
Kanaiyalal N. Atmaramani — DIN: 00129768
Ritu P. Chhabria — DIN: 00062144
Dara N. Damania — DIN: 00403834
Shrikrishna N. Inamdar — DIN: 00025180
Prabhakar D. Karandikar — DIN: 02142050
Dr. Sunil U. Pathak — DIN: 00049315

Vidya Shembekar
Company Secretary
M. No. ACS 8944

Sanjay S. Math
Managing Director
DIN: 01874086

Place: Pune
Date: May 26, 2017

Statement of profit and loss for the year ended March 31, 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

	Particulars	Note No.	2016-17	2015-16
	Income			
I	Revenue from Operations	29	**298,763.71**	284,312.39
II	Other income	30	**2,433.80**	3,964.02
III	**Total Income (I+II)**		**301,197.51**	288,276.41
IV	**Expenses**			
	Cost of materials and components consumed	31	**205,374.42**	197,552.40
	Changes in inventories of finished goods, stock-in -trade and work-in-progress	32	**(5,890.69)**	3,337.79
	Employee benefit expenses	33	**10,489.24**	9,249.89
	Finance costs	34	**1,534.47**	4,470.97
	Depreciation and amortisation expense	35	**5,504.62**	5,057.36
	Other expenses	36	**32,489.02**	33,728.60
	Total expenses (IV)		**249,501.08**	253,397.01
V	**Profit before exceptional items and tax (I-IV)**		**51,696.43**	34,879.40
VI	Exceptional items	46	**-**	(2,447.79)
VII	**Profit before tax (V-VI)**		**51,696.43**	37,327.19
VIII	**Tax Expense**			
	Current tax	24	**15,933.82**	10,266.76
	Deferred tax	24	**544.66**	1,619.74
IX	**Profit for the period (VII-VIII)**		**35,217.95**	25,440.69
X	**Other Comprehensive Income (OCI)**			
A	Items that will not be reclassified to profit or loss			
A (i)	Re-measurement of defined benefit plans		**(109.59)**	(38.48)
	Income tax effect		**37.93**	13.32
A (ii)	Equity instruments through OCI		**51,850.02**	(1,004.21)
	Income tax effect		**105.92**	39.47
	Net items of OCI not to be reclassified to profit or loss		**51,884.28**	(989.90)
B	**Items that will be reclassified to profit or loss**			
B(i)	Items that will be reclassified to profit or loss		**-**	-
	Income tax effect		**-**	-
	Net items of OCI to be reclassified to profit or loss (Total of X-A +X-B)		**-**	-
XI	**Total Comprehensive Income for the period (IX+X)**		**87,102.23**	24,450.79
XII	**Earnings per equity share**	38		
	Basic ₹		**28.38**	20.50
	Diluted ₹		**28.38**	20.50

Summary of significant accounting policies 3
Notes to financial statements form an integral part of financial statements.

As per our report of even date For FINOLEX INDUSTRIES LIMITED
For M/s. P. G. Bhagwat
Chartered Accountants
FRN 101118W

Abhijeet Bhagwat
Partner
M.No. 136835

Anil V. Whabi
Director - Finance & CFO
DIN: 00142052

Prakash P. Chhabria
Executive Chairman
DIN: 00016017

Sanjay Asher — DIN: 00008221
Kanaiyalal N. Atmaramani — DIN: 00129768
Ritu P. Chhabria — DIN: 00062144
Dara N. Damania — DIN: 00403834
Shrikrishna N. Inamdar — DIN: 00025180
Prabhakar D. Karandikar — DIN: 02142050
Dr. Sunil U. Pathak — DIN: 00049315

Vidya Shembekar
Company Secretary
M. No. ACS 8944

Sanjay S. Math
Managing Director
DIN: 01874086

Place: Pune
Date: May 26, 2017

Statement of cash flows for the year ended March 31, 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

	Particulars	2016-17	2015-16
I	**Cash flows from operating activities**		
	Profit before tax	51,696.43	37,327.19
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation and amortisation expense	5,504.62	5,057.36
	Debit balances written off	58.53	99.67
	Profit on sale of investments (net)	(902.85)	(1,564.00)
	(Gain)/Loss on fair valuation of investment	72.78	(51.83)
	(Profit)/loss on sale of assets (net)	1.53	259.61
	Dividend income	(671.01)	(492.66)
	Finance income	(217.01)	(639.33)
	Exchange fluctuation (Gain)/ Loss - net	(667.03)	305.65
	Difference of deferred sales tax loan and net present value	-	(1,056.68)
	Finance costs	1,367.02	4,231.20
	Operating profit before working capital changes	56,243.01	43,476.18
	Working capital adjustments:		
	(Increase)/Decrease in trade and other receivables and pre payments	(2,901.52)	2,611.85
	(Increase)/Decrease in inventories	(11,017.80)	11,142.89
	Increase/(Decrease) in trade and other payables	(1,391.07)	9,204.46
		40,932.62	63,527.02
	Income tax paid	(17,517.20)	(6,626.58)
	Net cash flows from operating activities	23,415.42	56,900.44
II	**Investing activities**		
	Proceeds from sale of property, plant and equipment	80.44	134.31
	Purchase of property, plant and equipment	(9,441.30)	(3,261.11)
	(Purchase) and sale of financial instruments	12,290.17	(9,273.14)
	Interest received	217.01	639.33
	Dividend received	671.01	492.66
	Receipt of government grants	973.50	3,544.69
	Net cash flows from /(used in) investing activities	4,790.83	(7,723.26)
III	**Financing activities**		
	Interest paid	(1,614.83)	(4,406.86)
	Repayment of short term borrowings - net	(11,736.04)	(40,701.37)
	Exchange fluctuation Gain /(Loss) - net	482.03	(1,352.34)
	Dividends and dividend distribution tax paid	(14,744.13)	(2,905.47)
	Net cash flows used in financing activities	(27,612.97)	(49,366.04)
IV	**Net increase in cash and cash equivalents [I+II+III]**	593.28	(188.86)
V	**Cash and cash equivalents at the beginning of the year**	1,041.16	1,230.02
VI	**Cash and cash equivalents at year end (Refer note 14) [IV+V]**	1,634.44	1,041.16

Notes to financial statements form an integral part of financial statements.

As per our report of even date For FINOLEX INDUSTRIES LIMITED
For M/s. P. G. Bhagwat
Chartered Accountants
FRN 101118W

Abhijeet Bhagwat
Partner
M.No. 136835

Anil V. Whabi
Director - Finance & CFO
DIN: 00142052

Prakash P. Chhabria
Executive Chairman
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Sanjay Asher — DIN: 00008221
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Prabhakar D. Karandikar — DIN: 02142050
Dr. Sunil U. Pathak — DIN: 00049315

Vidya Shembekar
Company Secretary
M. No. ACS 8944

Sanjay S. Math
Managing Director
DIN: 01874086

Place: Pune
Date: May 26, 2017

Statement of Changes in Equity for the year ended March 31, 2017

A. Equity Share Capital

	March 31, 2017	March 31, 2016
Balance as at beginning of the year	12,409.54	12,409.54
Changes in equity share capital during the year	-	-
Balance as at end of the year	12,409.54	12,409.54

B. Other Equity

	Reserves and Surplus					Items of OCI	Total
	Securities premium	Retained earnings	General reserve	Share capital buyback reserve	Debenture redemption reserve	Equity instruments through OCI	
As at 1 April 2016	15,126.81	88,445.19	31,950.22	2,517.93	7,500.00	(964.74)	144,575.41
Profit for the period		35,217.95					35,217.95
Other Comprehensive Income for the year							-
Remeasurement gains (losses) on defined benefit plan (Refer Note 39)		(71.66)					(71.66)
Gains (losses) on equity instruments designated at FVOCI						51,955.94	51,955.94
Total comprehensive income	**15,126.81**	**123,591.48**	**31,950.22**	**2,517.93**	**7,500.00**	**50,991.20**	**231,677.64**
Dividends (Refer Note 19)		(12,409.54)					(12,409.54)
Dividend distribution tax (Refer Note 19)		(2,538.39)					(2,538.39)
Transfer from Debenture redemption reserve			7,500.00		(7,500.00)		-
At 31 March 2017	**15,126.81**	**108,643.55**	**39,450.22**	**2,517.93**	**-**	**50,991.20**	**216,729.71**

For the year ended March 31, 2016

	Reserves and Surplus					Items of OCI	
	Securities premium	**Retained earnings**	**General reserve**	**Share capital buyback reserve**	**Debenture redemption reserve**	**Equity instruments through OCI**	**Total**
As at 1 April 2015	15,126.81	70,284.11	27,950.22	2,517.93	7,500.00		123,379.07
Profit for the period		25,440.69					25,440.69
Other comprehensive income for the year							-
Remeasurement gains (losses) on defined benefit plan		(25.16)					(25.16)
Gains (losses) on equity instruments designated at FVOCI						(964.74)	(964.74)
Total comprehensive income	**15,126.81**	**95,699.64**	**27,950.22**	**2,517.93**	**7,500.00**	**(964.74)**	**147,829.86**
Dividends (Refer Note 19)		(2,481.91)					(2,481.91)
Dividend distribution tax (Refer Note 19)		(493.23)					(493.23)
Transfer from retained earnings		(4,000.00)	4,000.00				-
balance utilised during the year		(279.31)					(279.31)
At 31 March 2016	**15,126.81**	**88,445.19**	**31,950.22**	**2,517.93**	**7,500.00**	**(964.74)**	**144,575.41**

Notes to financial statements form an integral part of financial statements.

As per our report of even date For FINOLEX INDUSTRIES LIMITED
For M/s. P. G. Bhagwat
Chartered Accountants
FRN 101118W

Abhijeet Bhagwat
Partner
M.No. 136835

Place: Pune
Date: May 26, 2017

Anil V. Whabi
Director - Finance & CFO
DIN: 00142052

Vidya Shembekar
Company Secretary
M. No. ACS 8944

Prakash P. Chhabria
Executive Chairman
DIN: 00016017

Sanjay S. Math
Managing Director
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Dara N. Damania DIN: 00403834
Shrikrishna N. Inamdar DIN: 00025180
Prabhakar D. Karandikar DIN: 02142050
Dr. Sunil U. Pathak DIN: 00049315

Notes to the financial statements

1. Corporate Information

Finolex Industries Limited ('FIL' or 'the Company') is a company incorporated and domiciled in India and its equity shares are listed on Bombay Stock Exchange and National Stock Exchange. Its registered office is situated at Gat No.399, Village Urse, Taluka Maval, District Pune, India.

The company is engaged in the business of manufacturing PVC pipes & fittings, manufacturing of PVC resin and power generation.

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on May 26, 2017.

2. Basis of Preparation

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act 2013 ('Act'), read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Rules').

The financial statements have been prepared on accrual basis and under historical cost convention, except for financial assets and financial liabilities that have been measured at fair value.

For all periods up to and including the year ended March 31, 2016, the company prepared its financial statements in accordance with generally accepted accounting principles in India ('Indian GAAP'), including the Accounting Standards ('AS' of 'Indian GAAP') specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. These financial statements for the year ended March 31, 2017 are the first financial statements that the Company has prepared in accordance with Ind AS. Refer Note 4 for information on first time adoption of Ind AS by the Company.

The financial statements are presented in ₹ and all values are rounded to the nearest Lakh (₹ 00,000), except when otherwise indicated.

3. Summary of significant accounting policies

3.1 Fair value measurement

The Company measures financial instruments, such as non-current and current investments, at fair value, at each balance sheet date. Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed in Note 42.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement, such unquoted financial assets measured at fair value, and for non-recurring measurement, such as non-current assets held for sale.

External valuation experts are involved for valuation of significant assets and liabilities.

3.2 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reliably measured, regardless when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty other than excise duty.

The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to inventory risk.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually when goods are dispatched or on delivery, as per the terms of sale. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Interest Income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss.

Dividends

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

3.3 Foreign currencies

The Company's financial statements are presented in Indian Rupees ('₹'), which is its functional currency.

3.3.1 Transactions and balances

Initial recognition: Transactions in foreign currency are initially recorded at the functional currency spot rate of exchange at the date the transaction first qualifies for recognition.

3.3.2 Translation and exchange differences

Monetary items: Monetary assets and liabilities denominated in foreign currencies are translated at their respective functional currency exchange rate prevailing at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit or loss.

3.4 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant.

3.5 Taxes

3.5.1 Current income tax

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities; on the basis of the taxable profits computed for the current accounting period in accordance with Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date.

Current income tax relating to items recognised in other comprehensive income or directly in equity is recognised in other comprehensive income or in equity, respectively, and not in the Profit or Loss. The Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.5.2 Deferred Tax

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

  Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

  The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.6 Non-current assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and the fair value less costs to sell (except for financial instruments, which are measured at fair value). The criteria for held for sale classification is regarded met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the plan for sale will be made or that the plan will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

Assets and liabilities classified as held for sale are presented separately as current items in the Balance Sheet.

3.7 Property, plant and equipment

The Company has opted to disclose the previous GAAP (Indian GAAP) carrying value of Property, plant and equipment ('PPE') as the deemed cost under Ind-AS as at April 1, 2015.

Property, plant and equipment and capital work in progress, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of purchase price, directly attributable cost of bringing the asset to its working condition for the intended use and and borrowing costs, if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals; the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Depreciation is calculated on a straight-line basis over the useful lives as specified in Schedule II to the Companies Act, 2013 which are as follows:

Asset	Useful life (in years)
Plant and machinery	3 to 25
Building	60
Factory Building	30
Furniture and fixtures	10
Office equipment's	5
Vehicles	8

In the case of Captive Power Plant the management, based on a technical evaluation, has estimated the life of asset to be 25 years which is lower than the life prescribed in Schedule – II.

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The management undertakes a review of the residual values, useful lives and methods of depreciation of property, plant and equipment at the end of each reporting period and adjustments are made whenever necessary.

3.8 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

3.8.1 Company as a lessee

Finance leases that transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit and loss on a straight-line basis over the lease term.

3.8.2 Company as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.9 Borrowings costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.10 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

The intangible assets are amortised over a period of 6 years using straight line method.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

3.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.11.1 Financial assets

3.11.1.1 Classification

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through comprehensive income ('FVOCI') or fair value through other profit or loss ('FVTPL').

3.11.1.2 Initial recognition and measurement

Financial assets are recognised initially at fair value plus, in the case of financial assets not classified as fair value through profit or loss ('FVTPL'), transaction costs that are attributable to the acquisition of the financial asset. Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets shall be recognised using trade date or settlement date accounting.

3.11.1.3 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

a) At amortised cost

b) At fair value through Other Comprehensive Income ('FVTOCI')

c) At fair value through profit or loss ('FVTPL')

(a) Financial assets classified as measured at amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ('EIR') method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance expense/ (income) in the profit and loss statement. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade receivables, security and other deposits receivable by the company.

(b) Financial assets classified as measured at FVOCI

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such instruments are measured at fair value at initial recognition as well as at each reporting date fair value movements are recognised in the Other Comprehensive Income ('OCI'). Interest income, impairment losses and reversals and foreign exchange gain or loss are recognised in the statement of profit and loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit and loss. Interest earned on such instruments is reported as interest income using the EIR method.

Further, the Company may make an irrevocable election at initial recognition, to classify as FVOCI, particular investments in equity instruments (except equity instruments held for trading) that would otherwise be measured as FVTPL. The Company makes such an election on an instrument-by-instrument basis. Such instruments are measured at fair value on initial recognition as well as at each reporting date. All fair value changes are recognised in OCI. There is no recycling of amounts from OCI to statement of profit and loss, even on de-recognition. However, the company may transfer the cumulative gain/loss within equity. Dividend received on these equity investments is recorded in the profit and loss statement.

(c) Financial assets classified as measured at FVTPL

A Financial asset shall be measured at FVTPL, unless it is measured at amortised cost or at FVOCI. The Company classifies all equity or puttable financial instruments held for trading as measured at FVTPL. Such instruments are measured at fair value at initial recognition as well as at each reporting date. The fair value changes are recognised in the statement of profit and loss. Further, the Company may make an irrevocable election to designate a financial asset as FVTPL, at initial recognition, to reduce or eliminate a measurement or recognition inconsistency.

3.11.1.4 De-recognition

A financial asset (or, where applicable, a part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's Balance Sheet) when the rights to receive cash flows from the asset have expired; or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the group has transferred substantially all the risks and rewards of the asset, or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3.11.1.5 Impairment of financial assets

The Company applies expected credit loss ('ECL') model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets measured at amortised cost
- Financial assets measured at FVOCI, except investments in equity instruments designated as such by the Company.
- Trade receivables under Ind-AS 18

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss.

The impairment loss/ (gain) is recognised in the statement of profit and loss, except for impairment loss/ (gain) on financial assets measured at FVOCI, which shall be recognised in the OCI.

3.11.2 Financial liabilities

3.11.2.1 Classification

Financial liabilities are classified, at initial recognition, as subsequently measured at amortised cost or at fair value through profit or loss ('FVTPL').

3.11.2.2 Initial recognition and measurement

Financial liabilities are recognised initially at fair value net of, in the case of financial liabilities not classified as fair value through profit or loss ('FVTPL'), transaction costs that are attributable to the issue of the financial liability. Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

(a) Financial liabilities at FVTPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as such upon initial recognition. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the group that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated as such upon initial recognition at the initial date of recognition, if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognized in OCI. These gains/ loss are not subsequently transferred to the statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

The Company has not designated any financial liability as at fair value through profit and loss.

(b) Financial liabilities at amortised cost

This is the most relevant category to the Company. The Company generally classifies interest bearing borrowings as financial liabilities carried at amortised cost. After initial recognition, these instruments are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Notes to the financial statements

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

3.11.2.3 De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

3.11.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.12 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

Raw materials Purchase cost on a moving weighted average basis

Finished goods and work in progress Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

3.13 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

3.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, balances with banks and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

3.15 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.16 Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company.

A contingent liability can arise for obligations that are possible, but it is yet to be confirmed whether there is present obligation that could lead to an outflow of resources embodying economic benefits.

The Company discloses contingent liability when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or a sufficiently reliable estimate of the amount of the obligation cannot be made.

The Company does not recognise a contingent liability but only makes disclosures for the same in the financial statements.

3.17 Provision for employment benefits

3.17.1 Defined contribution plans

The Company has the following defined contribution plans: state governed provident fund scheme and employee state insurance scheme. The contributions paid and payable under the scheme are recognised in the period when the employee renders the related service.

3.17.2 Defined benefit plans

Post-employment benefit in the form of gratuity fund scheme is a defined benefit plan. The present value of obligation under the scheme is determined based on actuarial valuation using the projected unit credit method ('PUCM'). The scheme is funded with an insurance company in the form of a qualifying insurance policy.

Re-measurements, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the statement of profit and loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment and
- The date on which the Company recognises related restructuring costs

Notes to the financial statements

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation under 'employee benefit expenses' in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

Refer Note 39 for additional disclosures relating to Company's defined benefit plan.

3.17.3 Provision for compensated absences

Provision for short term compensated absences is recognised for accumulated leaves that are expected to be utilized within a period of twelve months from the balance sheet date. Long term compensated absences are provided for on the basis of an actuarial valuation, using projected unit credit method, as at each reporting date.

4. First time adoption of Ind AS

These financial statements, for the year ended March 31, 2017, are the first financial statements prepared by the Company in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with Indian GAAP.

Accordingly, the Company has prepared financial statements that comply with Ind AS at March 31, 2017, along with comparative period data for the year ended March 31, 2016. In order to prepare the first financial statements in accordance with Ind AS, the opening Ind AS financial statements was prepared as at April 1, 2015, being the date of transition to Ind AS.

The principal adjustments made by the Company in restating its Indian GAAP financial statements, including the Balance Sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016, are explained in the following explanatory notes for first time adoption of Ind AS.

Exemptions and exceptions applied

Ind AS 101 allows first time adopters certain exemptions and exceptions from the retrospective application of certain requirements under Ind AS.

The Company has applied the following exemptions and exceptions in translating its Indian GAAP financial statements:

- Since there is no change in the functional currency, the Company has elected to continue with the carrying value of all its property, plant and equipment and intangible assets, as recognised in its Indian GAAP financial statements, as the deemed cost at the date of transition.
- The Company has elected to continue with the carrying value of its investments in associates, as recognised in its Indian GAAP financial statements, as the deemed cost at the date of transition.
- The company has determined the classification and measurement of financial assets on the basis of

the facts and circumstances that existed as at April 1, 2015, the date of transition to Ind AS.

- The Company has designated investments in equity instruments as measured at fair value through other comprehensive income on the basis of the facts and circumstances that exist at April 1, 2015, the date of transition to Ind AS.
- The Company has designated current investments as measured at fair value through profit or loss on the basis of the facts and circumstances that exist at April 1, 2015, the date of transition to Ind AS.
- The Company has assessed all arrangements for determining whether any of the arrangements contains a lease, in accordance with Appendix C of Ind AS 17-Leases, based on the facts and circumstances existing at April 1, 2015, the date of transition to Ind AS.
- The Company has classified certain investments in equity instruments as non-current assets held for sale, on the basis of the facts and circumstances that exist at April 1, 2015, the date of transition to Ind AS. The same has been measured at fair value as at April 1, 2015. Any difference between its fair value thus computed and the carrying value under Indian GAAP was recognised directly in retained earnings as at April 1, 2015.
- The Company has applied the requirements for de-recognition of financial instruments, as required in Ind AS 109-Financial Instruments prospectively for financial transactions occurring on or after April 1, 2015, the date of transition to Ind AS.
- The Company shall continue to measure and disclose the sales tax deferral loan as per Indian GAAP principles until it is repaid, as Ind AS 101 prohibits retrospective recognition of benefit of the government loan at a below market rate of interest.

Estimates

The estimates as at April 1, 2015 and as at March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any difference in accounting policies).

The estimates used by the Company to present these amounts in accordance with principles of Ind AS reflect conditions as at April 1, 2015 and for the year ended March 31, 2016.

Notes to the financial statements

Reconciliation of equity as at April 1, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

	Assets	Notes	Indian GAAP	Regrouping	Re-measurement	Ind-AS
A	**ASSETS**					
1	**Non-current assets**					
	(a) Property, plant and equipment	4	86,457.77	-	-	86,457.77
	(b) Capital work-in-progress		1,039.74	-	0.01	1,039.75
	(c) Intangible assets	4	318.81	-	-	318.81
	(d) Financial Assets					
	i) Investments	4.1	12,461.09	(75.00)	54,094.78	66,480.87
	ii) Loans	4.3	1,510.29	(1,508.20)	-	2.09
	iii) Other financial assets	4.3	-	135.16	-	135.16
	(e) Current tax assets (net)	4.5	4,370.19	-	0.02	4,370.21
	(f) Other non current assets	4.4	-	1,373.04	0.01	1,373.05
	Sub-total non-current assets		**106,157.89**	**(75.00)**	**54,094.82**	**160,177.71**
2	**Current assets**					
	(a) Inventories		55,865.10	-	0.01	55,865.11
	(b) Financial assets					-
	i) Investments	4.1	5,505.00	-	54.51	5,559.51
	ii) Trade receivables		4,870.44	-	0.01	4,870.45
	iii) Cash and cash equivalents		1,230.03	-	(0.01)	1,230.02
	iv) Loans	4.3	12,286.28	(12,270.20)	-	16.08
	(c) Current tax assets (net)	4.5	-	1,759.05	-	1,759.05
	(d) Other Current Assets		-	10,511.15	-	10,511.15
	Sub-total current assets		**79,756.85**	**-**	**54.52**	**79,811.37**
3	Non-current assets held for sale	4.1	-	75.00	-	75.00
	Total assets		**185,914.74**	**-**	**54,149.34**	**240,064.08**
B	**EQUITY AND LIABILITIES**					
1	**Equity**					
	(a) Equity Share Capital		12,409.54	-	-	12,409.54
	(b) Other Equity	4.10	66,330.45	-	57,048.62	1,23,379.07
	Total equity		**78,739.99**	**-**	**57,048.62**	**1,35,788.61**
	LIABILITIES					
2	**Non current liabilities**					
	(a) Financial liabilities					
	i) Borrowings	4.6	18,365.80	-	(37.28)	18,328.52
	ii) Other financial liabilities		-	39.01	-	39.01
	(b) Provisions		864.12	-	-	864.12
	(c) Deferred tax liabilities (net)	4.13	11,077.76	-	116.14	11,193.90
	(d) Other non-current liabilities	4.7	39.01	(39.01)	-	-
	Sub-total non-current liabilities		**30,346.69**	**-**	**78.86**	**30,425.55**
3	**Current liabilities**					
	(a) Financial liabilities					
	i) Borrowings		40,340.14	-	-	40,340.14
	ii) Trade payables		20,000.10	-	0.01	20,000.11
	iii) Other financial liabilities	4.8	-	8,219.94	-	8,219.94
	(b) Other current liabilities	4.8	13,417.16	(8,219.94)	(0.01)	5,197.21
	(c) Provisions	4.9	3,070.66	-	(2,978.14)	92.52
	Sub-total current liabilities		**76,828.06**	**-**	**(2,978.14)**	**73,849.92**
	Total liabilities		**107,174.75**	**-**	**(2,899.28)**	**104,275.47**
	Total equity and liabilities		**185,914.74**	**-**	**54,149.34**	**240,064.08**

Notes to the financial statements

Reconciliation of total comprehensive income for the year ended March 31, 2016

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Notes	Indian GAAP	Regrouping	Re-measurement	Ind-AS
Income					
Revenue from operations					
Sale of Products		279,154.22	-	-	279,154.22
Less : Excise duty		36,120.94	-	(36,120.94)	-
Sale of Products (net)	4.14	243,033.28	-	36,120.94	279,154.22
Operating income	4.1	2,249.82	-	2,908.35	5,158.17
		245,283.10	-	39,029.29	284,312.39
Other income		3,912.18	-	51.84	3,964.02
Total Revenue (I)		**249,195.28**	**-**	**39,081.13**	**288,276.41**
Expenses					
Cost of raw materials and components consumed	4.14	161,384.82	46.65	36,120.93	1,97,552.40
Changes in inventories of finished goods, stock-in -trade and work-in-progress		3,337.79	-	-	3,337.79
Employee benefits expense	4.11	9,340.37	(52.00)	(38.48)	9,249.89
Finance costs		4,464.34	(13.96)	20.59	4,470.97
Depreciation and amortisation expense		5,057.36	-	-	5,057.36
Other Expenses		33,709.29	19.31	-	33,728.60
Total expenses (II)		**217,293.97**	**-**	**36,103.04**	**253,397.01**
Profit before exceptional items and tax (I-II)		**31,901.31**	**-**	**2,978.09**	**34,879.40**
Exceptional items		(2,447.79)	-	-	(2,447.79)
Profit before tax		**34,349.10**	**-**	**2,978.09**	**37,327.19**
Tax expense					
Current tax		10,266.76	-	-	10,266.76
Deferred tax		722.92	-	896.82	1,619.74
Total tax expense		**10,989.68**	**-**	**896.82**	**11,886.50**
Profit for the year		**23,359.42**	**-**	**2,081.27**	**25,440.69**
Other comprehensive income	4.12				
A. Items that will not be reclassified to profit or loss					
Re-measurement of defined benefit plans	4.11	-	-	(38.48)	(38.48)
Income tax effect		-	-	13.32	13.32
Net gain / (loss) on FVOCI equity instruments	4.1	-	-	(1,004.21)	(1,004.21)
Income tax effect		-	-	39.47	39.47
Net items of OCI not to be reclassified to profit or loss (A)		**-**	**-**	**(989.90)**	**(989.90)**
B. Items that will be reclassified to profit or loss					
Items that will be reclassified to profit or loss		-	-	-	-
Income tax effect		-	-	-	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods (B)		**-**	**-**	**-**	**-**
Total other comprehensive income for the year, net of tax [A+B]		**-**	**-**	**(989.90)**	**(989.90)**
Total comprehensive income for the year, net of tax		**23,359.42**	**-**	**1,091.37**	**24,450.79**

Notes to the financial statements

Reconciliation of equity as at March 31, 2016

(All amounts in ₹ Lakhs, unless otherwise stated)

Assets	Notes	Indian GAAP	Regrouping	Re-measurement	Ind-AS
A ASSETS					
1 Non-current assets					
(a) Property, plant and equipment	4	84,697.96	-	0.02	84,697.98
(b) Capital work-in-progress	4	661.56	-	(0.01)	661.55
(c) Intangible assets	4	266.62	-	-	266.62
(d) Financial Assets					
i) Investments	4.1	12,038.19	-	52,811.73	64,849.92
ii) Loans	4.3	6,978.96	(6,978.51)	-	0.45
iii) Other financial assets	4.3	-	5,243.49	-	5,243.49
(e) Current tax assets (net)	4.5	708.03	-	0.02	708.05
(f) Other non current assets	4.4	-	1,735.02	-	1,735.02
Sub-total non-current assets		**105,351.32**	**-**	**52,811.76**	**158,163.08**
2 Current assets					
(a) Inventories		44,722.23	-	-	44,722.23
(b) Financial assets					-
i) Investments	4.1	16,765.05	-	105.84	16,870.89
ii) Trade receivables		1,762.92	-	0.01	1,762.93
iii) Cash and cash equivalents		1,041.18	-	(0.02)	1,041.16
iv) Loans	4.5	12,305.70	(12,282.84)	-	22.86
(c) Current tax assets (net)	4.5	-	1,781.04	-	1,781.04
(d) Other Current Assets	4.5	-	10,501.80	0.01	10,501.81
Sub-total current assets		**76,597.08**	**-**	**105.84**	**76,702.92**
3 Non-current assets held for sale		-	-	-	-
Total assets		**181,948.40**	**-**	**52,917.60**	**234,866.00**
B EQUITY AND LIABILITIES					
1 Equity					
(a) Equity Share Capital		12,409.54	-	-	12,409.54
(b) Other Equity	4.10	83,371.85	-	61,203.56	1,44,575.41
Total equity		**95,781.39**	**-**	**61,203.56**	**156,984.95**
LIABILITIES					
2 Non current liabilities					
(a) Financial liabilities					
i) Borrowings	4.6	-	37.28	(37.28)	-
ii) Other financial liabilities	4.7	-	39.21	-	39.21
(b) Provisions		1,121.70	-	-	1,121.70
(c) Deferred tax liabilities (net)	4.13	11,800.68	-	960.11	12,760.79
(d) Other non-current liabilities	4.7	39.21	(39.21)	-	-
(e) Government grant	4.2	-	-	5,275.74	5,275.74
Sub-total non-current liabilities		**12,961.59**	**37.28**	**6,198.57**	**19,197.44**
3 Current liabilities					
(a) Financial liabilities					
i) Borrowings		11,171.20	-	-	11,171.20
ii) Trade payables		24,318.75	-	-	24,318.75
iii) Other financial liabilities	4.7	-	14,402.11	20.60	14,422.71
(b) Other current liabilities	4.8	22,670.24	(14,439.39)	(0.02)	8,230.83
(c) Provisions	4.9	15,045.23	-	(14,935.82)	109.41
(d) Government grant	4.2	-	-	430.71	430.71
Sub-total current liabilities		**73,205.42**	**(37.28)**	**(14,484.53)**	**58,683.61**
Total liabilities		**86,167.01**	**0.00**	**(8,285.96)**	**77,881.05**
Total equity and liabilities		**181,948.40**	**0.00**	**52,917.60**	**234,866.00**

Notes to the reconciliation of equity as at April 1, 2015 and March 31, 2016 and reconciliation of statement of profit and loss for the year ended March 31, 2016

4.1 Investments

Under Indian GAAP, the Company classified all investments acquired with the intention of being held for more than 1 year as non-current investments. Under Ind AS, the Company has classified an investment as non-current asset held for sale, as their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Refer Note 17 for further details.

Under Indian GAAP, the Company accounted for long term investments in quoted and unquoted equity shares and units of mutual funds as investments measured at cost less provision for other than temporary diminution in the value of investments and for current investments in quoted and unquoted mutual fund and indexed linked debentures, as investments measured at lower of cost and fair value, determined on individual basis. Under Ind AS, the Company has designated such instruments as financial assets at fair value through profit or loss or fair value through other comprehensive income. Ind AS requires such financial assets to be measured at fair value. On the date of transition to Ind AS, the difference between the fair value and the Indian GAAP carrying value of the instruments has been recognised as an adjustment against the retained earnings, net off related deferred tax.

4.2 Government Grant

Under Indian GAAP, incentives accrued under the Industrial Promotion Subsidy under the Package Scheme of Incentives is considered to be in the nature of promoters' contribution and is recognised directly in the balance sheet as capital reserve. Under Ind AS, these incentives qualify as grant related to assets. This is disclosed as deferred income in the balance sheet and recognised in the statement of profit and loss over the life of the property, plant and equipment..

4.3 Long term loans and short term loans

Under Indian GAAP, the Company classified all its advances, including advance tax, deposits held under protest, advances for capital purchases, statutory balances, as part of long term loans and advances, in the absence of distinction between financial and non-financial assets. Under Ind AS, financial and non-financial assets have to be classified and measured separately, hence, certain items forming part of long term loans and advances in Indian GAAP have been regrouped to other non-current assets under Ind AS

Notes to the financial statements

A quantitative reconciliation as on 1st April 2015 is as follows:

Non-current loans

(All amounts in ₹ Lakhs, unless otherwise stated)

	Amount	Amount
Long term loans and advances as per Indian GAAP		5,880.51
Less: Classified as other non-current assets		
Vendor advances	637.60	
Deposits held in protest	509.14	
Capital Advances	102.75	
Prepaid Expenses	62.64	
Statutory balances	60.92	1,373.05
Less: Classified as other financial asset		
Security deposit	133.62	
Other deposit	1.54	135.16
Less: Classified as non-current tax assets (net)		**4,370.21**
Less: Classified as non-current loans		**2.09**

Current loans

(All amounts in ₹ Lakhs, unless otherwise stated)

	Amount	Amount
Short term loans and advances as per Indian GAAP		12,286.28
Less: Classified as other current assets		
Statutory balances	9,162.32	
Vendor advances	1,083.91	
Prepaid Expenses	264.92	10,511.15
Less: Classified as current tax assets (net)		**1,759.05**
Less: Classified as current loans		**16.08**

4.4 Other non-current assets

Other non-current assets consist of amounts classified from Indian GAAP long term loans and advances (refer Note 4.3 above).

4.5 Current tax assets (net)

This comprises of advance tax reclassified from short term loans and advances in Indian GAAP. Refer Note 4.3 above for details.

4.6 Financial liabilities at amortised cost

Under Indian GAAP, the Company recognised the liability at cost and the issue expenses were recognised as an expense in the period in which they were incurred. Under Ind AS, the liability is measured at amortised cost following effective interest rate method. The issue expenses are factored in the computation of effective interest rate and hence will get amortised over the period and not in the year in which they are incurred. On the date of transition to Ind AS, adjustment arising on account measuring financial liability at amortised cost has been recognised as an adjustment against the retained earnings.

4.7 Other current financial liabilities

Under Indian GAAP, the Company classified all its liabilities such as payables to employees and provision for expense, as part of other current liabilities, in the absence of distinction between financial and non-financial liabilities. Under Ind AS, financial and non-financial liabilities have to be classified and measured separately. Hence, such items forming part of other current liabilities in Indian GAAP have been regrouped to 'other current financial liabilities' in Ind AS.

4.8 Other current liabilities

Under Indian GAAP, current liabilities included current portion of long term borrowings, payables to employees and provision for expense (as discussed on Note 4.7 above). It also included interest accrued but not due on Company's borrowings, which is now included in the value of borrowings computed as per the amortised cost method.

4.9 Short term provisions

Under Indian GAAP, the Company recognised as a liability, provision for dividend in the year to which it relates, even though the same is subsequently approved by the shareholders in the Annual General Meeting ('AGM'). However, under Ind AS, liability will be recognised in the financial statement after it is approved by the shareholders in the AGM. Consequently, proposed dividend relating to FY 2015-16 that was recognised as a provision in Indian GAAP as at March 31, 2015, will be recognised under Ind AS in the year ended March 31, 2016, by corresponding debit to retained earnings.

4.10 Other equity

Adjustments in other equity are on account of changes in measurement basis arising out of Ind AS conversion. A quantitative reconciliation of the same as on 1st April 2015 is as follows:

(All amounts in ₹ Lakhs, unless otherwise stated)

	Amount
Other equity	66,330.45
Reversal pf provision for proposed dividend and tax thereon (Refer Note 4.9 above)	2,978.14
Adjustment on account of change in measurement basis for long term borrowings (Refer Note 4.6 above)	37.28
Fair value of financial instruments	53,869.97
Reversal of provision for diminution in value of investment	279.31
Deferred tax adjustment	(116.08)
Total	**123,379.07**

Further, the Company had a Capital reserve (₹ 60 Lakhs as at March 31, 2015) created out of receipt of government grants in prior years and a Contingency reserve (₹ 1,215 Lakhs as at March 31, 2015) created for certain mark to market losses not recognised as a provision in prior years. These reserves are treated as part of retained earnings under Ind AS.

4.11 Defined benefit obligation

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind-AS, re-measurements comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability are recognised immediately in the balance sheet with a

corresponding debit or credit to retained earnings through OCI net off tax.

4.12 Other comprehensive income

Under Indian GAAP, there were no requirements to separately disclose Other Comprehensive Income ('OCI') and hence, the Company had not presented other comprehensive income (OCI) separately. Hence, the Company has reconciled the profit under Indian GAAP to the profit as per Ind-AS. Further, the profit under Ind-AS is reconciled to total comprehensive income as per Ind-AS.

4.13 Deferred taxes

Indian GAAP requires deferred taxes to be accounted using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12- Income Taxes requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind-AS 12 has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

4.14 Sale of goods

Under Indian GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Thus sale of goods under Ind AS has increased with a corresponding increase in cost of material consumed.

4.15 Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

5. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

5.1 Judgements

In the process of applying the accounting policies, management has made the following judgements, which have significant effect on the amounts recognised in the financial statements:

5.1.1 Non-current asset held for sale

On March 16, 2015, the Board of Directors of the Company had decided to sell the Company's investment in equity instruments of Rajasthan Olive Cultivation Limited. Subsequently the Company had written a letter dated June 2, 2015 to the Rajasthan State Agriculture Board ('State Board') (the majority shareholder in Rajasthan Olive Cultivation Limited) expressing its intent to sell its shares to the State Board at face value. The Company had an active plan to execute the sale. If the Company would not receive a response from the State Board, the Company had plans to sell these shares to external parties. Accordingly, this investment was classified as non-current asset held for sale as on April 1, 2015, on account of the following factors:

- The asset was available for sale in the present condition
- The sale was highly probable, which was evident from the following:
  - The Company's management had a committed to plan to sell the non-current asset
  - Active program to locate buyer and complete the plan was initiated
  - The sale was expected to be executed within one year

During the year ended March 31, 2016, the Company sold this investments in Rajasthan Olive Cultivation Limited.

5.1.2 Classification of non-current investments

The Company has classified investment in Finolex Plasson Industries Limited and Pawas Port Limited as investment in associates and accordingly investment in equity shares of these companies have been measured at cost.

The non-current investments in equity shares of Finolex Cables Limited, Finolex Infrastructure Limited and I2IT Private Limited, which the Company considers to be strategic in nature have been classified as investments measured at fair value through Other Comprehensive Income.

5.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the Company's control. Such changes are reflected in the assumptions when they occur.

5.2.1 Defined benefit plans

The Company has a defined benefit plan i.e. gratuity fund scheme. The cost and the present value of the obligation arising out of the gratuity scheme are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

5.2.2 Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of balance sheet cannot be measured based on quoted prices in active markets, their fair

Notes to the financial statements

value is determined using valuation techniques including the discounted cash flow ('DCF') model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. Please refer Note 40 for further details of fair valuation approach and inputs used for various financial instruments.

The discount for lack of marketability represents the amounts that the Company has determined that market participants would take into account when pricing the investments.

6.1 Property, plant and equipment

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Cost				Accumulated Depreciation				Net Block	
	As at April 1, 2016	Additions	Disposals	**As at March 31, 2017**	As at April 1, 2016	Additions	Disposals	**As at March 31, 2017**	**As at March 31, 2017**	As at March 31, 2016
Freehold land	6,778.34	89.05	-	**6,867.39**	-	-	-	**-**	**6,867.39**	6,778.34
Leasehold land	76.31	-	-	**76.31**	0.74	1.49	-	**2.23**	**74.08**	75.57
Buildings	15,426.92	134.60	12.24	**15,549.28**	608.83	628.10	9.78	**1,227.15**	**14,322.13**	14,818.09
Plant and machinery	66,017.23	5,515.50	127.02	**71,405.71**	3,984.17	4,607.07	61.31	**8,529.93**	**62,875.78**	62,033.06
Office equipments	83.99	40.67	2.59	**122.07**	(25.46)	41.26	2.20	**13.60**	**108.47**	109.45
Furniture & fixtures	353.24	40.84	1.89	**392.19**	63.87	64.13	0.56	**127.44**	**264.75**	289.37
Vehicles	562.92	161.34	52.79	**671.47**	(31.18)	89.71	40.71	**17.82**	**653.65**	594.10
Total	**89,298.95**	**5,982.00**	**196.53**	**95,084.42**	**4,600.97**	**5,431.76**	**114.56**	**9,918.17**	**85,166.25**	84,697.98
Capital work in progress	661.55			**2,174.85**					**2,174.85**	661.55

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Cost				Accumulated Depreciation				Net Block
	As at April 1, 2015	Additions	Disposals	As at March 31, 2016	As at April 1, 2015	Additions	Disposals	As at March 31, 2016	As at March 31, 2016
Freehold land	6,738.61	39.73	-	6,778.34		-	-	-	6,778.34
Leasehold land	76.31	-	-	76.31		0.74	-	0.74	75.57
Buildings	15,245.04	218.34	36.46	15,426.92		625.71	16.88	608.83	14,818.09
Plant and machinery	63,532.44	2,798.28	313.49	66,017.23		4,141.86	157.69	3,984.17	62,033.06
Office equipments	143.78	59.52	119.31	83.99		57.17	82.63	(25.46)	109.45
Furniture & fixtures	334.86	18.83	0.45	353.24		64.21	0.34	63.87	289.37
Vehicles	386.73	470.49	294.30	562.92		81.36	112.54	(31.18)	594.10
Total	**86,457.77**	**3,605.19**	**764.01**	**89,298.95**		**4,971.05**	**370.08**	**4,600.97**	**84,697.98**
Capital work in progress	1,039.75			661.55					661.55

Movable property, plant and equipment :

For details of property, plant and equipments pledged as security for liabilities, please refer to Note 20 & 25

Capital work in progress:

Capital work-in-progress ('CWIP') comprises cost of assets that are not yet installed and ready for their intended use at the balance sheet date.

Also refer Note 4 on first time adoption

Notes to the financial statements

6.2 Intangible Assets

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Cost				Accumulated Depreciation				Net Block	
	As at April 1, 2016	Additions	Disposals	**As at March 31, 2017**	As at April 1, 2016	Additions	Disposals	**As at March 31, 2017**	**As at March 31, 2017**	As at March 31, 2016
Computer Software	352.93	152.82	-	**505.75**	86.31	72.88	-	**159.19**	**346.56**	266.62

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Cost				Accumulated Depreciation				Net Block
	As at April 1, 2015	Additions	Disposals	As at March 31, 2016	As at April 1, 2015	Additions	Disposals	As at March 31, 2016	As at March 31, 2016
Computer Software	318.81	34.12	-	352.93		86.31	-	86.31	266.62

Refer Note 4 on first time adoption

7 Non-current investments

Non-current investments consist of the following:

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Investments carried at FVOCI	115,485.24	63,632.16	65,246.39
Investments carried at FVTPL	320.85	462.99	479.71
Investments carried at amortised cost	-	-	-
Investments carried at cost	754.77	754.77	754.77
	116,560.86	64,849.92	66,480.87

Investments carried at FVOCI

Non-current investments comprise of investments in equity instruments of different entities. These investments are classified as investments measured at fair value through Other Comprehensive Income upon initial recognition as the Company considers these investments to be strategic in nature.

List of investments under each category

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	No. of shares*			Value of investments		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Investments in equity shares						
Quoted and listed						
Other Companies						
Equity Shares of ₹ 2 each in Finolex Cables Ltd. (FVTOCI)	22,187,075	22,187,075	22,187,075	114,622.66	62,341.24	63,075.64
Equity Shares of ₹ 2 each in Gulf Oil Corporation Ltd. (FVTPL)	9,900	9,900	9,900	35.94	13.46	14.29
Equity Shares of ₹ 10 each in Gold Crest Corporation Ltd. (FVTPL)	12,400	12,400	12,400	4.26	3.61	3.60
				114,662.86	62,358.31	63,093.53
Unquoted						
Associate Companies						
Equity Shares of ₹ 10 each in						
a) Finolex Plasson Industries Ltd. (Cost)	4,635,000	4,635,000	4,635,000	749.77	749.77	749.77
b) Pawas Port Ltd. (Cost)	49,994	49,994	49,994	5.00	5.00	5.00
Other Companies						
Equity Shares of ₹ 10 each in						
a) I2IT Private Limited (FVTOCI)	-	-	61,000,000	-	-	878.40
b) Finolex Infrastructure Ltd. (FVTOCI)	5,373,938	5,343,404	5,343,404	862.58	1,290.92	1,292.35
c) The Saraswat Co-op Bank Ltd. (FVTPL)	1,000	1,000	1,000	0.10	0.10	0.10
Units of ₹ 100,000 each in Peninsula Realty Fund	381	483	500	280.55	445.82	461.72
				1,898.00	2,491.61	3,387.34
Total				116,560.86	64,849.92	66,480.87

* No. of shares are in full figures

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Aggregate value of quoted investments (cost)	10,266.19	10,266.19	10,266.19
Aggregate market value of quoted investments	114,662.86	62,358.31	63,093.53
Aggregate value of unquoted investments (cost)	1,772.00	1,772.00	2,399.21
Aggregate value of unquoted investments (fair value)	1,898.00	2,491.61	3,387.34

Refer Note 4.1 on first time adoption

Fair Value disclosures

Fair value disclosures for financial assets and liabilities are stated in Note 42 and fair value hierarchy disclosures for investment are stated in Note 43.

Risk Management Strategy

Refer Note 44 on risk management objectives and policies for financial instruments.

8 Non-current loans

(Unsecured, considered good)

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Loans			
Loans to employees	1.26	0.45	2.09
Total Loans	1.26	0.45	2.09

Loans are non-derivative financial assets carried at amortised cost which generate a fixed interest income for the Company.

9 Other non-current financial assets

(Unsecured, considered good unless otherwise stated)

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Security deposits	182.32	147.06	133.62
Claims receivable (under mega incentive schemes)	5,443.48	5,070.11	-
Other deposits			
Unsecured, considered good	106.05	26.32	1.54
Doubtful	65.00	65.00	65.00
	171.05	91.32	66.54
Less: Provision for doubtful deposits	(65.00)	(65.00)	(65.00)
	106.05	26.32	1.54
Total other financial assets	5,731.85	5,243.49	135.16

Security deposits comprise of deposit with various government agencies and others.

Other deposits primarily relate to inter-corporate deposit.

Notes to the financial statements

10 Other non-current assets

(Unsecured, considered good unless otherwise stated)

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Capital Advances	2,427.72	633.92	102.75
Other Advances			
Advances to vendors			
Unsecured, considered good	582.60	442.60	637.60
Doubtful	504.76	504.76	148.24
	1,087.36	947.36	785.84
Less: Provision for doubtful advances	(504.76)	(504.76)	(148.24)
	582.60	442.60	637.60
Amounts deposited under protest	509.14	509.14	509.14
Prepaid expenses	43.82	87.14	62.64
Claims receivable			
- VAT and sales tax	60.92	62.22	60.92
Total	3,624.20	1,735.02	1,373.05

Amounts deposited under protest primarily relates to amount deposited with Dispute Resolution Panel in connection with a dispute with bank (₹ 500 Lakhs).

11 Inventories

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Raw materials	27,836.04	23,605.39	31,886.30
Work-in-progress	2,585.59	3,746.79	3,703.34
Finished goods	19,913.19	12,861.30	16,242.54
Stores and spares	5,197.21	4,357.75	3,856.58
Packing material	208.00	151.00	176.35
Total	55,740.03	44,722.23	55,865.11

Raw materials include goods in transit of ₹ 4,486.91 Lakhs (₹ 5,473.37 Lakhs as at March 31, 2016 and ₹ 7,549.44 Lakhs as at April 1, 2015)

(Refer Note 3.12 for basis of valuation)

Notes to the financial statements

12 Current investments

Current investments comprise of investments in mutual funds with growth option and redeemable debentures. These are held for trading and hence are measured at fair value through profit and loss. Fair value of quoted but not listed investments in mutual funds have been determined by reference to the Net Asset Value ('NAV') available from respective Asset Management Company ('AMC').

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	No of units			Value of investments		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Quoted and Listed						
Secured Redeemable Index Linked Non-Convertible Debentures of ₹ 100,000 each with Citi Financial Consumer Finance India Limited	-	-	0.02	-	-	2,056.53
Quoted but not listed						
Mutual Fund (MF) Units of ₹ 100 each						
Birla MF - BSL Cash Plus - Growth	-	-	5.35	-	-	1,200.79
ICICI Prudential Liquid Fund - Direct Plan - Growth	-	12.05	-	-	2,703.36	-
Mutual Fund (MF) Units of ₹ 1,000 each						
DSPBR Liquidity Fund - Growth	-	-	0.55	-	-	1,100.88
Templeton India Treasury Mgt A/C super Inst Plan - Growth	-	-	0.57	-	-	1,201.31
Axis MF - Axis Liquid Fund -Growth	2.88	2.47	-	5,198.38	4,143.09	-
Reliance MF-Reliance Liquid Fund-Treasury Plan Growth	-	1.26	-	-	4,658.01	-
SBI Premier Liquid Fund - Direct Plan - Growth	-	2.25	-	-	5,366.43	-
UTI Liquid Fund- Cash Plan- Gr	0.17	-	-	457.41	-	-
	3.05	18.03	6.49	5,655.79	16,870.89	5,559.51

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Aggregate value of quoted investments (cost)	5,582.61	16,765.05	5,505.00
Aggregate market value of quoted investments	5,655.79	16,870.89	5,559.51

Refer Note 4.1 on first time adoption

Fair Value disclosures

Fair value disclosures for financial assets and liabilities are stated in Note 42 and fair value hierarchy disclosures for investment are stated in Note 43

Risk Management Strategy

Refer Note 44 on risk management objectives and policies for financial instruments.

Notes to the financial statements

13 Trade receivables

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Trade receivables	5,249.29	1,762.93	4,870.45
Total Trade receivables	5,249.29	1,762.93	4,870.45
Break-up for security details:			
Trade receivables			
Unsecured, considered good	5,249.29	1,762.93	4,870.45
Doubtful	12.96	12.96	12.96
	5,262.25	1,775.89	4,883.41
Impairment allowance (allowance for bad and doubtful debts)	(12.96)	(12.96)	(12.96)
Total Trade receivables	5,249.29	1,762.93	4,870.45

For terms and conditions relating to related party receivables, refer Note 40

Trade receivables from companies in which director is a director or member

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Finolex Plasson Industries Private Limited	75.64	-	-
Finolex Cables Limited	21.91	21.91	20.81

Company's trade receivables consist of receivables from dealers and customers against sales of pipes and fittings and PVC resin. Trade receivables are mostly on terms of advance payment or credit period supported by bank guarantee or letter of credit. Company also charges interest @ 18% p.a in case of default in collection of trade receivables.

14 Cash and cash equivalents

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Balances with banks			
Current accounts	527.91	136.76	389.92
Unpaid dividend accounts	1,083.67	879.85	807.16
Cash on hand	22.86	24.55	32.94
Total	1,634.44	1,041.16	1,230.02

As at March 31, 2017, the Company had available ₹ 132,000.53 Lakh (March 31, 2016: ₹ 130,247.80 Lakh; April 01, 2015: ₹ 111,491.19 Lakh) of undrawn committed borrowing facilities.

Notes to the financial statements

15 Current loans

(Unsecured, considered good)

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Loans			
Loans to Employees	18.76	22.86	16.08
Total Loans	18.76	22.86	16.08

Loans are non-derivative financial assets carried at amortised cost which generate a fixed interest income for the Company.

Break up of financial assets at amortised cost

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Loans (Note 8 & 15)	20.02	23.31	18.17
Security deposits(Note 9)	182.32	147.06	133.62
Trade receivables(note 13)	5,249.29	1,762.93	4,870.45
Cash and cash equivalents (Note 14)	1,634.44	1,041.16	1,230.02
Other financial assets (Note 9)	5,549.53	5,096.43	1.54
Total financial assets carried at amortised cost	12,635.60	8,070.89	6,253.80

16 Other current assets

(Unsecured, considered good)

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Advances to vendors	693.51	1,059.47	1,083.91
Prepaid expenses	247.94	269.67	264.92
Claims receivable			
- Excise, Service Tax, Customs	3,916.41	4,394.47	4,557.21
- VAT and sales tax	4,419.53	4,778.20	4,605.11
Total	9,277.39	10,501.81	10,511.15

17 Non-current assets held for sale

Non-current assets held for sale comprises of investment in equity shares of Rajasthan Olive Cultivation Limited.

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
7,500 shares of ₹ 10 each in Rajasthan Olive Cultivation Limited	-	-	75.00

In the year ended March 31, 2015, the Company had decided to sell its investment in the said Company.

As on April 1, 2015, the Company had taken the necessary actions to complete the sale and expected the sale to take place within one year.

Notes to the financial statements

18 Share capital

(All amounts in ₹ Lakhs, unless otherwise stated)

	March 31, 2017		March 31, 2016		April 1, 2015	
Particulars	No. of shares*	Amount	No. of shares*	Amount	No. of shares*	Amount
Authorised:						
Equity Shares of ₹10 each	150,000,000	15,000.00	150,000,000	15,000.00	150,000,000	15,000.00
Unclassified Share Capital	85,000,000	8,500.00	85,000,000	8,500.00	85,000,000	8,500.00
	235,000,000	23,500.00	235,000,000	23,500.00	235,000,000	23,500.00
Issued, subscribed and fully paid up:						
Equity Shares of ₹10 each fully paid	124,095,381	12,409.54	124,095,381	12,409.54	124,095,381	12,409.54
	124,095,381	12,409.54	124,095,381	12,409.54	124,095,381	12,409.54

Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period:

(All amounts in ₹ Lakhs, unless otherwise stated)

	March 31, 2017		March 31, 2016		April 1, 2015	
Particulars	No. of shares*	Amount	No. of shares*	Amount	No. of shares*	Amount
At the beginning of the year	124,095,381	12,409.54	124,095,381	12,409.54	124,095,381	12,409.54
Add: Allotted during the year	-	-	-	-	-	-
Outstanding at the end of the period	124,095,381	12,409.54	124,095,381	12,409.54	124,095,381	12,409.54

Terms/ Rights attached to equity shares:

The Company has only class of equity shares having a par value of ₹ 10 per share. Each holder of the equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares are entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of shareholders holding more than 5% shares in the company

(All amounts in ₹ Lakhs, unless otherwise stated)

	March 31, 2017		March 31, 2016		April 1, 2015	
Particulars	No. of shares*	% holding	No. of shares*	% holding	No. of shares*	% holding
Equity shares of ₹ 10 each fully paid						
Finolex Cables Ltd.	40,192,597	32.39%	40,192,597	32.39%	40,192,597	32.39%
Orbit Electricals Private Limited	23,330,901	18.80%	23,330,901	18.80%	23,330,901	18.80%

* No. of shares are in full figures

Notes to the financial statements

19 Other Equity

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Retained earnings	Share capital buyback reserve	Share premium	General reserve	Debenture redemption reserve	Total
As at April 1, 2015	70,284.11	2,517.93	15,126.81	27,950.22	7,500.00	123,379.07
Add : Profit for the year	25,440.69					25,440.69
Add/(Less):Remeasurement gains (losses) on defined benefit plan	(25.16)					(25.16)
Add : Transferred from Surplus				4,000.00		4,000.00
Add: Excess dividend tax provision reversed	3.00					3.00
Less: Reversal of Impairment allowance on Investment	(279.31)					(279.31)
Less: Appropriations						-
- General Reserve	(4,000.00)					(4,000.00)
- Dividend declared	(2,481.91)					(2,481.91)
- Tax on dividend declared	(496.23)					(496.23)
As at March 31, 2016	**88,445.19**	**2,517.93**	**15,126.81**	**31,950.22**	**7,500.00**	**145,540.15**
Add : Profit for the year	35,217.95					35,217.95
Add/(Less):Remeasurement gains (losses) on defined benefit plan	(71.66)					(71.66)
Add: Excess dividend tax provision reversed	(12.10)					(12.10)
Add: Transfer from Debenture redemption reserve				7,500.00	(7,500.00)	-
Less: Appropriations						-
- General Reserve						-
- Dividend declared	(12,409.54)					(12,409.54)
- Tax on dividend declared	(2,526.29)					(2,526.29)
As at March 31, 2017	**108,643.55**	**2,517.93**	**15,126.81**	**39,450.22**	**-**	**165,738.51**

19.1 Nature and purpose of reserves

1) Share capital buyback reserve

During financial year ended March 31, 2002 and March 31, 2003, the company bought back shares of the company out of free reserves and in order to comply with the requirements of company law the company created share capital buy back reserve to the extent of the face value of shares bought back.

2) General reserve

Till April 1, 2013, the company was governed by provisions of the Companies Act of 1956. As per the requirements of this act read along with Companies (Transfer of

Notes to the financial statements

Profit to Reserve) Rules, 1975, any company declaring dividend in excess of 10% of face value of equity share was mandatorily required to transfer specified % of amount to general reserve. Accordingly, the company has transferred amount to this reserve over the years to comply with the company law requirements.

3) Debenture redemption reserve

The company has issued 1000 secured redeemable non-convertible debentures of ₹ 1,000,000 each. Please refer to note 20 for further details relating to debentures. As per the Companies Act of 2013, the company is required to create debenture redemption reserve account out of profits of the company which are available for distribution of dividend and the amount credited to such account shall not be utilised by the company except for redemption of debentures.

19.2 Other comprehensive income, net of tax

The disaggregation of changes in OCI by each type of reserve

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
FVOCI reserve	50,991.20	(964.74)	-
Total	**50,991.20**	(964.74)	**-**

19.3 Distribution made and proposed

(All amounts in ₹ Lakhs, unless otherwise stated)

Cash dividends on Equity shares declared and paid	March 31, 2017	March 31, 2016	April 1, 2015
Final dividend for 2013-14: ₹ 7 per share			8,686.67
Dividend distribution tax on above final dividend			1,476.30
Final dividend for 2014-15: ₹ 2 per share		2,481.91	
Dividend distribution tax on above final dividend		496.23	
Final dividend for 2015-16: ₹ 10 per share	12,409.53		
Dividend distribution tax on above final dividend	2,526.29		

19.4 Dividends proposed before annual general meeting but not recognised as a liability

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Proposed Dividend	14,270.97	12,409.53	2,481.91
Dividend per share (₹)	11.50	10.00	2.00

Proposed dividend on equity shares are subject to approval of the shareholders of their Company at the annual general meeting and are not recognised as a liability (including taxes thereon) as at 31 March, 2017.

Notes to the financial statements

20 Long term borrowings

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Rate of interest	Maturity	March 31, 2017	March 31, 2016	April 1, 2015
Financial liabilities measured at amortised cost					
Debentures (Secured)					
10.90% Secured Redeemable Non-convertible debentures	10.90%	31-Dec-16	-	-	9,962.72
Term loans from banks (Secured)	11-10.5%	2015-2018	-	-	6,250.00
Deferred payment liabilities (Unsecured)					
Sales Tax deferral loan			-	-	2,115.80
TOTAL			-	**-**	18,328.52

Details of terms of borrowings and security for the borrowings

20.1 Debentures

1,000 privately placed 10.90% secured redeemable non-convertible debentures of ₹ 10 Lakh each ('NCD'), aggregating to ₹ 10,000 Lakh was due for redemption at the end of 3 years from the date of allotment i.e. 31st December, 2013.

The outstanding amount payable on NCDs of ₹ 10,000 Lakh with the interest accrued thereon (to the extent not paid) and all other costs, charges, expenses and fees payable to the debenture trustees namely Axis Trustee services Limited ('ATSL') was secured under the Debenture Trust deed by creation of simple mortgage on pari passu basis in favour of ATSL, on immovable properties of the company falling within the battery limit of the site of the company's plant for the manufacture of PVC resin, situated at village Golap, district Ratnagiri in the state of Maharashtra together with all buildings and structures thereon and all plants and machinery attached to the earth or permanently fastened to anything attached to the earth.

20.2 Term Loans

Central Bank

The term loan from Central Bank of India amounting to ₹ 10,000 Lakh was availed in the financial year 2011-12 and 2012-13 and carried interest at the Base rate of 10.25% + 0.75 % p.a. The loan was repayable in 3 equal annual instalments starting from 31st March, 2015.

The outstanding amount payable on term loan of ₹ 10,000 Lakh availed from Central Bank of India with all interest,liquidated damages, commitment charges, premia on prepayment, costs, expenses and other moneys and fees payable as applicable was secured by equitable mortgage created in favour of Central Bank of India, Pimpri, Pune by depositing all the documents of title, evidences, title deeds and writings in respect of immovable properties of the Company falling within the battery limit of Company's captive power plant situated at Village Golap, District Ratnagiri in the State of Maharashtra together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth.

Bank of Maharashtra

The term loan from Bank of Maharashtra amounting to ₹ 5,000 Lakh was availed in the financial year 2013-14 at the Base interest rate of 10.25% + 0.75% p.a. and it was repayable in 12 quarterly instalments starting from January, 2015.

The outstanding amount payable on term loan of ₹ 5,000 Lakh availed from Bank of Maharashtra with all interest, liquidated damages, commitment charges, premia on prepayment, costs, expenses and other moneys and fees payable as applicable was secured by movable property of the Company viz., plant and machinery and other movable assets falling within the battery limit of the PVC manufacturing plant situated at Village Golap-Ratnagiri, District Ratnagiri, Maharashtra State.

20.3 Sales tax deferral loan

Deferred Sales tax loan was interest free and payable in 10 yearly instalments of various amounts starting from March 2020.

The company has applied first time adoption exemption in accounting for sales tax deferral loan. Accordingly no benefit of below market interest rate has not been recognised in case of this loan. This loan has been recognised on historical cost basis. Please refer to note 4 for further details.

21 Non-current financial liabilities

Non-current financial liabilities include deposits by dealers. The Company believes that the impact of application of effective interest rate method will not be material, as the value of individual deposits is not significant. Hence, these have been measured at cost.

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Trade & security deposits	34.90	39.21	39.01
Total	34.90	39.21	39.01

22 Provisions

22.1 Non-current provisions

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Employee benefit obligations			
Compensated absences	404.52	552.56	366.48
Gratuity (Refer Note 39)	710.11	569.14	497.64
Total	1,114.63	1,121.70	864.12

22.2 Current provisions

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Employee benefit obligations			
Compensated absences	47.06	43.52	34.11
Gratuity (Refer Note 39)	76.00	65.89	58.41
Total	123.06	109.41	92.52

Employee benefits obligations

a) Gratuity

The Company provides gratuity for employees as per the Gratuity Act, 1972. Employees who are in continuous service for a period of five years are eligible for gratuity. The amount of gratuity is payable on retirement or termination whichever is earlier. The level of benefits provided depends on the member's length of service and salary at retirement age. The gratuity plan is funded plan.

b) Compensated absences

The leave obligation cover the Company's liability for earned leaves.

Also refer Note 39 for detailed disclosure.

23 Government grants

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Deferred income from industrial promotion subsidy	6,679.95	5,706.45	-
Current	545.33	430.71	-
Non-current	6,134.62	5,275.74	-

The company is entitled to receive Industrial Promotion Subsidy under the Package Scheme of Incentives, during the period from 1st April, 2011 to 31st March 2018. The aforesaid subsidy is in relation to investments in property, plant and equipment at Ratnagiri plant. Accordingly, the same has been classified as grant related to assets and the company is recognising revenue from grant over the life of the property, plant and equipment.

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
As at the beginning of the year	5,706.45	-
Received during the year	2,292.79	8,614.81
Released to the statement of profit and loss	(1,319.29)	(2,908.36)
As at the end of the year	6,679.95	5,706.45

24 Income Taxes

A Composition of income tax expense is as follows:

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
Statement of profit and loss		
Current tax		
Current income tax charge	15,933.82	10,266.76
Deferred tax		
Relating to temporary differences	544.66	1,619.74
Income tax expense reported in the statement of profit and loss	16,478.48	11,886.50
Other Comprehensive Income		
Deferred tax related to items recognised in OCI during the year:		
Remeasurement gains/ (losses) on defined benefit plans	37.93	13.32
Fair value changes of financial assets	105.92	39.47
Income tax charged to OCI	143.85	52.79

B Reconciliation between tax expense and accounting profit multiplied by tax rate

Current taxes are measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
Accounting profit before tax expense	51,696.43	37,327.19
At India's statutory tax rate 34.608% (31 March 2016: 34.608%)	34.608%	34.608%
Computed tax expense	17,891.10	12,918.19
Adjustments For:		
Donations made disallowed as deductions	10.63	5.39
Loss on sale of asset	0.53	89.85
Corporate Social Responsibility Expenses	150.09	122.11
Provision for expenses not allowed in tax	0.71	3.01
Other non-deductible expenses	40.26	36.96
Capital Gains	312.46	542.64
Government grants exempted from tax	(13.13)	(141.54)
Dividend income accrued in current year exempt from tax	(232.22)	(170.50)
Profit on sale of assets	(0.45)	(1.56)
Profit on sale of investments	(312.46)	(541.27)
Agricultural income U/S.10(1) (Income from Mango Harvesting contract.)	(1.13)	(1.17)
Deduction allowed income tax	(1,316.67)	(1,065.33)
Difference on capital gain tax rate	52.60	15.74
Other income credited to profit & loss A/c, either exempt or considered separately	(112.98)	131.31
Other items	9.14	(57.33)
At the effective tax rate of 31.88%(31 March 2016: 31.84%)	16,478.48	11,886.50
Income tax expense reported in the statement of profit and loss	16,478.48	11,886.50

C Composition of deferred tax assets and deferred tax liabilities and deferred tax expense/(income)

(All amounts in ₹ Lakhs, unless otherwise stated)

	Balance Sheet			Statement of Profit and Loss	
Particulars	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016
Deferred tax liabilities					
Depreciation	(16,152.47)	(15,328.10)	(11,662.71)	(824.37)	(3,665.39)
Fair valuation of FVOCI investment	(35.11)	(141.02)	(180.49)	-	-
Deferred tax assets					
Deferred income	2,311.43	1,974.66	-	336.77	1,974.66
Fair valuation of FVTPL investment	88.00	51.57	77.33	36.43	(25.76)
Disallowances u/s 43 B of Income Tax Act	-	94.05	92.37	(94.05)	1.68
Provision for Doubtful debts & advances	167.79	167.79	72.48	-	95.31
Diminution in value of investments	-	-	94.94	-	(94.94)
Leave encashment	156.28	206.29	136.08	(88.48)	56.89
Defined benefit obligation and others	303.01	213.97	176.10	89.04	37.81
Deferred tax expense/(income)	-	-	-	(544.66)	(1,619.74)
Net deferred tax assets/ (liabilities)	(13,161.07)	(12,760.79)	(11,193.90)	-	-

Deferred taxes are measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

D Reconciliation of deferred tax liabilities, net

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
As at the beginning of the year	(12,760.79)	(11,193.90)
Tax (expense)/ income recognised in the statement of profit and loss	(544.66)	(1,619.74)
Tax (expense)/ income recognised in the OCI	144.38	52.85
As at the end of the year	(13,161.07)	(12,760.79)

E Composition of deferred tax expense/ (income) recognised in the statement of profit and loss

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
Deferred tax income	462.24	2,166.35
Deferred tax expense	(1,006.90)	(3,786.09)
Net deferred tax expense/ (income)	(544.66)	(1,619.74)

Notes to the financial statements

25 Current borrowings

(Secured)

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Short term borrowings:			
Acceptances from banks	9,418.47	11,131.71	29,909.28
Working capital borrowings from banks	-	39.49	18.53
Other Loans:			
Loans from banks	-	-	10,412.33
TOTAL	9,418.47	11,171.20	40,340.14

Details of terms of borrowings and security for the borrowings

The aggregate limits of working capital borrowings of ₹ 1,39,575 Lakh (₹ 1,39,575 Lakh as at March 31, 2016 and ₹ 1,39,575 Lakh as at March 31, 2015) from the Bank of India Consortium together with all interest, liquidated damages, costs, charges and other moneys payable under working capital consortium agreement/sanction letters are secured by:

1) Hypothecation of inventories and book debts; and

2) Extension of second equitable mortgage, created in favour of Bank of India Consortium on pari passu basis with other second charge holder by deposit of title deeds with Axis Bank Ltd (ABL), New Delhi. ABL acting as an agent for Bank of India Consortium, which ranks subsequent and subservient in rank of priority over the first equitable mortgages created by deposit of title deeds in respect of immoveable properties falling within the battery limit of the site of the Company's plant for manufacture of PVC Resin, situated at Village Golap, District Ratnagiri in the State of Maharashtra together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth.

26 Trade payables

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Trade payables			
- total outstanding dues of Micro Enterprises & Small Enterprises	38.99	60.22	25.19
- total outstanding dues of creditors other than Micro Enterprises & Small Enterprises	22,708.87	24,258.53	19,974.92
Total	22,747.86	24,318.75	20,000.11

For amounts payable to related parties and for terms and conditions with related parties, refer Note 40

Trade payables are non-interest bearing and are normally settled within 30 to 45 days. Refer Note 44 for discussion on Company's credit risk management policies and procedures.

Notes to the financial statements

27 Other current financial liabilities

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Current maturities of term loans from banks	-	9,983.31	5,000.00
Interest accrued	46.02	293.83	469.49
Payable to employees	1,092.50	1,866.78	1,215.13
Payables for expenses	3,336.93	1,398.92	728.15
Unpaid dividend	1,083.67	879.87	807.17
Total	5,559.12	14,422.71	8,219.94

Break up of financial liabilities at amortised cost

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Borrowings (Note 20 & 25)	9,418.47	11,171.20	58,668.66
Trade payables(Note 26)	22,747.86	24,318.75	20,000.11
Other financial liabilities (Note 27)	5,559.12	14,422.71	8,219.94
Total financial liabilities carried at amortised cost	37,725.45	49,912.66	86,888.71

28 Other current liabilities

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Advances from Customers	2,860.04	4,048.64	2,361.29
Statutory dues	4,415.65	4,182.19	2,835.92
Total	7,275.69	8,230.83	5,197.21

29 Revenue from operations

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
Sale of products (including excise duty)	295,572.01	279,154.22
Other operating revenues	3,191.70	5,158.17
Total	298,763.71	284,312.39

Sale of goods includes excise duty collected from customers of ₹ 38,527.28 Lakh (31 March 2016: ₹ 36,120.94 Lakh). Sale of goods net of excise duty is ₹ 2,57,044.73 Lakh (31 March 2016:₹ 2,43,033.28 Lakh)

30 Other Income

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
Interest on		
a) Overdue receivables from customers	32.63	45.78
b) Others	184.38	593.55
Dividend from non-current investments	671.01	492.66
Net gain on		
a) Adjustments to carrying amount of investment measured at FVTPL	(72.78)	51.83
b) Gain on disposal of property, plant and equipment	1.31	4.50
c) Gain on disposal of investments	902.85	1,564.00
d) Exchange differences(other than those considered as finance cost)	561.53	-
Other non-operating income		
a) Sales tax deferral loan (Refer Note 20.3)	-	1,056.68
b) Others	152.87	155.02
Total	2,433.80	3,964.02

Fair value gain/(loss) on financial instruments at fair value through profit or loss relates to the gain/(loss) arising on fair value restatements of mutual funds and equity at balance sheet dates which are held as current or non-current investments.

31 Cost of materials consumed

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
Cost of raw materials consumed	202,934.50	195,216.61
Packing material consumed	2,439.92	2,335.79
Total	205,374.42	197,552.40

32 Changes in inventories of finished goods, stock-in -trade and work-in-progress

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
Inventories at the end of the year		
Work in Progress	2,585.59	3,746.79
Finished Goods	19,913.19	12,861.30
Sub Total (A)	22,498.78	16,608.09
Inventories at the beginning of the year		
Work in Progress	3,746.79	3,703.34
Finished Goods	12,861.30	16,242.54
Sub Total (B)	16,608.09	19,945.88
Changes in inventories of finished goods and work-in-progress (B-A)	(5,890.69)	3,337.79

Notes to the financial statements

33 Employee benefits expense

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
Salaries and wages	9,008.21	7,827.33
Contribution to provident and other funds	417.09	461.91
Staff welfare expenses	1,063.94	960.65
Total	10,489.24	9,249.89

34 Finance Cost

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
Interest expense on borrowings	1,044.60	2,089.98
Other borrowing costs	167.45	257.90
Exchange differeces regarded as an adjustment to borrowing costs	322.42	2,123.09
Total	1,534.47	4,470.97

35 Depreciation and amortisation expense

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
Depreciation on property, plant and equipment (Refer Note 6.1)	5,431.73	4,971.05
Amortisation of intangible assets (Refer Note 6.2)	72.89	86.31
Total	5,504.62	5,057.36

36 Other expenses

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
Power and Fuel	7,068.87	8,716.79
Stores and Spares consumed	3,528.42	4,190.25
Other manufacturing expenses	7,930.71	7,853.96
Rent	245.11	265.61
Rates and Taxes	1,102.15	780.73
Insurance	486.61	431.60
Repairs & Maintenance (Buildings)	647.46	726.77
Repairs & Maintenance (Plant & Machinery)	1,657.52	1,356.37
Repairs & Maintenance (Others)	489.60	319.15
Communication Expenses	301.29	254.67
Travelling and Conveyance	1,008.14	940.73
Directors Sitting Fees	30.36	32.76
Commission to Non-executive Directors	110.19	52.52
Auditor's Remuneration :		
- Statutory audit fees	25.50	25.50
- Tax audit fees	5.00	5.00
- Limited review	6.00	6.00

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
- Certification	0.79	1.96
- Out of pocket expenses	0.58	0.81
Advertisement, Publicity and Sales Promotion	3,937.98	3,039.82
Commission on Sales	274.43	341.36
Freight Outward & Other Selling Expenses	998.58	1,256.87
Donations (Refer Note 49)	30.72	15.57
Loss on Sale of Assets	1.53	259.61
Legal And Professional Fees	1,057.56	1,064.35
Corporate Social Responsibility	433.69	352.83
Security Expenses	524.73	503.98
Net loss on foreign currency transactions and translations (other than considered as finance cost)	-	305.65
Miscellaneous Expenses	585.50	627.38
Total	32,489.02	33,728.60

(All amounts in ₹ Lakhs, unless otherwise stated)

Details of CSR expenditure:	March 31, 2017	March 31, 2016
Amount required to be spent during the year	419.12	317.24
Amount spent during the year	433.69	352.83

37 Segment Information

For management purposes, the Company is organised into business units based on their products and which has following three reportable segments :

1 PVC – engaged in producing and distributing PVC resin

2 Pipes and fittings – engaged in producing and distributing pipes and fittings required principally in the agriculture and construction industries

3 Power – engaged in generation of power for captive consumption

No operating segments have been aggregated to form the above reportable operating segments.

The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss that is measured consistently with profit or loss in the financial statements. The Company's financing (including finance costs and finance income) and income taxes are not allocated to operating segments.

Year ended March 31, 2017

Particulars	PVC	Pipes & fittings	Power	Total segments	Adjustments and eliminations	Total
Revenue						
External customers	77,076.34	221,687.30	0.07	298,763.71	-	298,763.71
Inter-segment	98,590.43	-	14,487.99	113,078.42	(113,078.42)	-
Total revenue	175,666.77	2,21,687.30	14,488.06	411,842.13	(113,078.42)	298,763.71
Income/(Expenses)						
Depreciation and amortisation	1,213.04	2,625.42	1,532.89	5,371.35	-	5,371.35
Impairment of financial assets	-	-	-	-	-	-
Segment profit	35,466.25	17,738.78	3,289.92	56,494.95	-	56,494.95
Total assets	77,699.67	63,310.30	24,134.82	165,144.79	-	165,144.79
Total liabilities	22,801.87	7,388.23	2,177.31	32,367.41	-	32,367.41
Other disclosures						
Capital expenditure	343.00	5,470.51	1.10	5,814.61	-	5,814.61

Year ended March 31, 2016

Particulars	PVC	Pipes & fittings	Power	Total segments	Adjustments and eliminations	Total
Revenue						
External customers	81,151.72	203,051.46	109.21	284,312.39	-	284,312.39
Inter-segment	81,716.12		13,838.54	95,554.66	(95,554.66)	-
Total revenue	162,867.84	203,051.46	13,947.75	379,867.05	(95,554.66)	284,312.39
Income/(Expenses)						
Depreciation and amortisation	1,213.26	2,204.18	1,534.89	4,952.33	-	4,952.33
Impairment of financial assets	-	-	-	-	-	-
Segment profit	19,873.43	17,871.65	2,763.61	40,508.69	-	40,508.69
Total assets	65,548.78	56,312.43	25,679.15	147,540.36	-	147,540.36
Total liabilities	26,617.08	6,808.50	658.21	34,083.79	-	34,083.79
Other disclosures						
Capital expenditure	145.13	3,099.37	11.34	3,255.84	-	3,255.84

As at April 1, 2015

Particulars	PVC	Pipes & fittings	Power	Total segments	Adjustments and eliminations	Total
Total assets	80,214.66	52,451.06	26,690.61	159,356.33	70,421.66	229,777.99
Total liabilities	19,614.88	5,964.81	1,171.56	26,751.25	49,466.44	76,217.69
Other disclosures						
Capital expenditure	748.03	4,145.96	27.23	4,921.22	406.67	5,327.89

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below.

Notes to the financial statements

Adjustments and eliminations

Finance income and costs, and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed for the entity as a whole.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed for the entity as a whole.

Capital expenditure consists of additions of property, plant and equipment and intangible assets.

Inter-segment revenues are eliminated on consolidation.

Reconciliation of profit

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
Segment profit	56,494.95	40,508.69
Unallocable income	1,903.38	3,934.32
Finance costs	(1,534.47)	(4,470.97)
Exceptional item	-	2,447.79
Unallocable expense	(5,167.43)	(5,092.64)
Profit before tax	51,696.43	37,327.19

Reconciliation of assets

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Segment operating assets	165,144.79	147,540.36	159,356.33
Current tax assets	4,072.47	2,489.09	6,129.26
Financial assets carried at FVTPL	320.85	462.99	479.71
Financial assets carried at FVOCI	115,485.24	63,632.16	65,246.39
Financial assets carried at cost	754.77	754.77	754.77
Other financial assets at amortised cost	137.71	84.84	68.06
Current investments	5,655.79	16,870.89	5,559.51
Cash and cash equivalents	1,626.54	1,033.26	1,222.77
Non-current asset held for sale	-	-	75.00
Other unallocated assets	2,055.84	1,997.64	1,172.28
Total assets	295,254.00	234,866.00	240,064.08

Reconciliation of liabilities

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Segment operating liabilities	32,367.41	34,083.79	26,751.25
Deferred tax liabilities	13,161.07	12,760.79	11,193.90
Long term borrowings	-	-	18,328.52
Trade payables	324.93	267.16	50.66
Short term borrowings	9,418.47	11,171.20	40,340.14
Financial liabilities at amortised cost	2,340.87	1,934.26	377.70
Current maturity of long term loan	-	9,983.31	5,000.00
Interest accrued	46.02	293.83	469.49

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Unpaid dividend	1,083.67	879.87	807.17
Provisions	1,237.69	1,231.11	956.64
Government Grant	6,134.62	5,275.74	-
Total liabilities	66,114.75	77,881.06	104,275.47

Geographic information

In the years ended 31st March 2015, 31st March 2016 and 31st March 2017, the Company catered mainly to the needs of the Indian markets. Export turnover during each year was less than 10% of the total turnover. Hence, there are no reportable geographical segments.

38 Earnings Per Share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

There are no potential shares that have a dilutive effect on the EPS.

The following reflects the income and share data used in the basic and diluted EPS computation

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
Basic		
Net profit / (loss) after tax (in ₹ Lakhs)	35,217.95	25,440.69
Weighted average number of equity shares	1,240.95	1,240.95
Basic earnings/(loss) per share of ₹ 10 each	28.38	20.50

39. Disclosure pursuant to Employee benefits

A. Defined contribution plans:

Amount of ₹ 299.78 Lakhs (March 31, 2016: ₹ 365.74 Lakhs) is recognised as expenses and included in Note No. 33 "Employee benefit expense"

B. Defined benefit plans:

The Company has Gratuity as post employment benefit which is in the nature of defined benefit plans:

The Company operates gratuity plan (funded) wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service.

The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

The gratuity plan is governed by the payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

March 31, 2017 : Changes in defined benefit obligation and plan assets

(All amounts in ₹ Lakhs, unless otherwise stated)

	April 1, 2016	Gratuity cost charged to statement of profit and loss: Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 33)	Benefit paid	Remeasurement gains/(losses) in other comprehensive income: Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	March 31, 2017
Gratuity												
Defined benefit obligation	(984.01)	(66.11)	(73.30)	(139.41)	135.45	-	-	(67.77)	(43.99)	(111.76)	-	(1,099.73)
Fair value of plan assets	348.98	-	25.53	25.53	(135.45)	-	-	-	2.18	2.18	72.38	313.62
Total Benefit liability	**(635.03)**	**(66.11)**	**(47.77)**	**(113.88)**	-	-	-	(67.77)	(41.81)	(109.58)	72.38	(786.11)

March 31, 2016 : Changes in defined benefit obligation and plan assets

(All amounts in ₹ Lakhs, unless otherwise stated)

	April 1, 2015	Gratuity cost charged to statement of profit and loss: Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 33)	Benefit paid	Remeasurement gains/(losses) in other comprehensive income: Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	March 31, 2016
Gratuity												
Defined benefit obligation	(871.55)	(63.27)	(67.78)	(131.05)	48.64	-	-	-	(30.05)	(30.05)	-	(984.01)
Fair value of plan assets	315.50	-	25.88	25.88	(48.64)	-	-	-	(8.44)	(8.44)	64.68	348.98
Total Benefit liability	**(556.05)**	**(63.27)**	**(41.90)**	**(105.17)**	-	-	-	-	(38.49)	(38.49)	64.68	(635.03)

Notes to the financial statements

The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Insured managed funds (LIC)	313.62	348.98	315.50
(%) of total plan assets	100%	100%	100%

The principal assumptions used in determining above defined benefit obligations for the Group's plans is shown below:

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Discount rate	7.20%	8.00%	8.00%
Future salary increase	6.00%	6.00%	6.00%
Expected rate of return on plan assets	8.00%	8.00%	8.00%
Expected average remaining working lives (in years)			
Gratuity	16.11	16.20	16.52
Compensated Absences	16.35	16.74	16.97
Withdrawal rate (based on grade and age of employees)			
Gratuity	1.00%	1.00%	1.00%
Compensated Absences	1.00%	1.00%	1.00%

A quantitative sensitivity analysis for significant assumption is as shown below:

Gratuity

Particulars	Sensitivity level	(increase) / decrease in defined benefit obligation (Impact): March 31, 2017	March 31, 2016	April 1, 2015
Discount rate	1% increase	83.58	75.70	69.55
	1% decrease	(96.18)	(86.82)	(79.95)
Future salary increase	1% increase	(85.92)	(78.26)	(72.45)
	1% decrease	76.28	69.68	64.40
Withdrawal rate	1% increase	(7.22)	(11.22)	(10.52)
	1% decrease	8.02	12.46	11.68

The sensitivity analysis above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in one significant assumption at a time, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

The same method has been applied for the sensitivity analysis as when calculating the recognised defined benefit obligation.

The followings are the expected future benefit payments for the defined benefit plan :

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Within the next 12 months (next annual reporting period)	144.24	91.12	101.24
Between 2 and 5 years	372.45	455.37	270.72
Beyond 5 years	721.59	568.56	638.39
Total expected payments	1,238.28	1,115.05	1,010.35

Weighted average duration of defined plan obligation (based on discounted cash flows)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
	Years	Years	Years
Gratuity	12.55	12.09	12.50

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Gratuity	76.00	60.00	58.41

C. Other long-term employment benefits

The Company has Compensated Absences plan which is covered by other long-term employment benefits

March 31, 2017 : Changes in defined benefit obligation and plan assets of Compensated absences

(All amounts in ₹ Lakhs, unless otherwise stated)

	April 1, 2016	Cost charged to statement of profit and loss					Contributions by employer	March 31, 2017
		Service cost	Interest cost	Actuarial changes arising from various assumption	Sub-total included in statement of profit and loss (Note 33)	Benefit paid		
Compensated absences								
Defined benefit obligation	(596.07)	(77.85)	(42.73)	141.05	20.47	124.03	-	(451.57)
Fair value of plan assets	-	-	-	-	-	-	-	-
Benefit liability	(596.07)	(77.85)	(42.73)	141.05	20.47	124.03	-	(451.57)

March 31, 2016 : Changes in defined benefit obligation and plan assets of Compensated absences

(All amounts in ₹ Lakhs, unless otherwise stated)

	April 1, 2015	Cost charged to statement of profit and loss				Benefit paid	Contributions by employer	March 31, 2016
		Service cost	Interest cost	Actuarial changes arising from various assumption	Sub-total included in statement of profit and loss (Note 33)			
Compensated absences								
Defined benefit obligation	(400.59)	(45.49)	(31.30)	(137.26)	(214.05)	18.57	-	(596.07)
Fair value of plan assets	-	-	-	-	-	-	-	-
Benefit liability	**(400.59)**	**(45.49)**	**(31.30)**	**(137.26)**	**(214.05)**	**18.57**	**-**	**(596.07)**

40. Related Party Transactions

Related parties have been identified on the basis of requirement of Ind AS 24 'Related Party Disclosures' and representation made by the Key Management Persons and taken on record by the Board.

Disclosures of transactions with Related Parties are as under:

A. Description of Related Parties

i) Name of the Related party and nature of relationship where control exists

Nature of relationship	Name of the Company
Associate Company	Pawas Port Limited Finolex Plasson Industries Private Limited
Enterprise wherein the Company is an associate	Finolex Cables Limited holding 32.39 % in the Company
Enterprises over which Key Management Personnel or their relatives exercise significant influence	Finprop Advisory Services Limited Magnum Machine Technologies Limited

ii) Key Management Personnel:

Key Management Personnel	Mr. Prakash P. Chhabria - Executive Chairman Mr. Saurabh S. Dhanorkar - Managing Director (Till November 30, 2016) Mr. Anil V. Whabi- Director Finance (From August 26, 2016) & CFO Mr. Sanjay S Math - Managing Director (From December 1, 2016)

B. Transactions with Related Parties

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	2016-17	2015-16	2014-15
I. Sales, Services and other income			
Sale of goods			
Finolex Plasson Industries Private Limited	3,783.08	2,765.79	3,148.81
Reimbursement received of expenditure incurred			
Finolex Cables Limited	-	4.28	124.94
Finolex Plasson Industries Private Limited	1.72	-	-
Dividend Received			
Finolex Cables Limited	554.68	399.37	354.99
Finolex Plasson Industries Private Limited	115.88	92.7	69.53
II.Purchase of Material / Assets			
Purchase of Raw Material and Components			
Finolex Cables Limited	-	-	24.14
Finolex Plasson Industries Private Limited	1.05	0.95	1.25
Magnum Machine Technologies Limited	4.38	20.96	55.54
Purchase of Fixed Assets			
Finolex Cables Limited	-	-	5.27
Magnum Machine Technologies Limited	-	76.61	342.84
III. Expenses			
Services received			
Finprop Advisory Services Limited	-	-	14.23
Finolex Plasson Industries Private Limited	2.32	8.87	-
Rent			
Finolex Cables Limited	-	3.42	70.28
Reimbursement of Expenses Paid			
Finprop Advisory Services Limited	-	-	0.36
Finolex Plasson Industries Private Limited	-	-	-
Dividend Paid			
Finolex Cables Limited	4,019.26	803.85	2,813.48
Amounts Outstanding			
Due to			
Finolex Cables Limited	0.04	0.04	0.04
Finolex Plasson Industries Private Limited	-	16.08	20.85
Magnum Machine Technologies Limited	-	-	-
Due from			
Finolex Plasson Industries Private Limited	75.64	-	-
Finolex Cables Limited	21.91	21.91	20.81

Terms and conditions of transactions with related parties

Transaction entered into with related party are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2016: ₹ Nil and April 1, 2015: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Commitments with related parties

The Company has not provided any commitment to the related party as at March 31, 2017 (March 31, 2016: ₹ Nil and April 1, 2015: ₹ Nil)

Transactions with key management personnel

Compensation of key management personnel of the Company

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
Short-term employee benefits	1,699.85	1,317.44
Mr. Prakash P. Chhabria	1,135.90	925.81
Mr. Saurabh S. Dhanorkar	187.89	216.29
Mr. Anil V. Whabi	123.24	-
Mr. Sanjay S Math	252.82	175.34
Post employment benefits	8.17	25.59
Mr. Prakash P. Chhabria	3.89	19.24
Mr. Saurabh S. Dhanorkar	1.94	3.55
Mr. Anil V. Whabi	1.01	1.20
Mr. Sanjay S Math	1.33	1.60
Other long term benefits	24.96	24.78
Mr. Prakash P. Chhabria	12.92	11.66
Mr. Saurabh S. Dhanorkar	4.33	5.82
Mr. Anil V. Whabi	3.30	3.30
Mr. Sanjay S Math	4.41	4.00
Total compensation paid to key management personnel	**1,732.98**	**1,367.81**

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

41. Commitments and contingencies

41.1 Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for amounted to ₹ 5,887.24 Lakhs as at March 31, 2017, ₹ 3,471.22 Lakhs as at March 31, 2016 and ₹ 104.89 Lakhs as at April 1, 2015.

41.2 Contingent liabilities

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Claims against the Company not acknowledged as debt			
a) Liabilities in respect of income tax matters for which the Company has succeeded in appeal but Income Tax Department has gone in further appeal and exclusive of the effect of similar matters in respect of pending assessments	10.17	10.17	10.17
b) Liabilities in respect of income tax matters for which the Company has gone in further appeal and exclusive of the effect of similar matters in respect of pending assessments	584.43	502.06	930.29
c) Excise/Customs/Service Tax in respect of which either show cause notice is received or the Company/Department is in appeal	4,617.97	6,322.90	6,322.90
d) Sales Tax matters in respect of which either show cause notice is received or the Company/Department is in appeal	326.55	326.55	8,122.91
e) Amounts claimed by banks in respect of derivative transactions which are under dispute not acknowledged as debt (USD 20,821,480 as at March 31, 2017; USD 20,821,480 as at March 31, 2016; USD 20,821,480 as at April 1, 2015). In view of counter claims of the Company against the banks, the facts and circumstances of the case and uncertainty of period for which the litigations will continue, a reliable estimate of the liability, if any, cannot be made. It is unlikely that there will be a material liability on the Company on this account in the near future. Therefore, in view of what is stated above no provision is required to be made out of the current year's profit. The company has been legally advised in respect of this issue confirming the aforesaid."	13,502.42	13,794.95	13,022.56

42. Fair values

Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's financial instruments as of March 31, 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Amortised Cost	Financial assets/ liabilities at fair value through profit and loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets					
Non-current investments	-	320.85	115,485.24	115,806.09	115,806.09
Current investments	-	5,655.79	-	5,655.79	5,655.79
Trade and other receivables	5,249.29	-	-	5,249.29	5,249.29
Loans	20.02	-	-	20.02	20.02
Cash and short-term deposits	1,634.44	-	-	1,634.44	1,634.44
Other financial assets	5,731.85	-	-	5,731.85	5,731.85
Total	12,635.60	5,976.64	115,485.24	134,097.48	134,097.48
Financial liabilities					
Borrowings	9,418.47	-	-	9,418.47	9,418.47
Trade and other payables	22,747.86	-	-	22,747.86	22,747.86
Other financial liabilities	5,559.12	-	-	5,559.12	5,559.12
Total	37,725.45	-	-	37,725.45	37,725.45

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments as of March 31, 2016

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Amortised Cost	Financial assets/ liabilities at fair value through profit and loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets					
Non-current investments	-	462.99	63,632.16	64,095.15	64,095.15
Current investments	-	16,870.89		16,870.89	16,870.89
Trade and other receivables	1,762.93	-	-	1,762.93	1,762.93
Loans	23.31	-	-	23.31	23.31
Cash and short-term deposits	1,041.16	-	-	1,041.16	1,041.16
Other financial assets	5,243.49	-	-	5,243.49	5,243.49
Total	**8,070.89**	**17,333.88**	**63,632.16**	**89,036.93**	**89,036.93**
Financial liabilities					
Borrowings	11,171.20	-	-	11,171.20	11,171.20
Trade payables	24,318.75	-	-	24,318.75	24,318.75
Other financial liabilities	14,422.71	-	-	14,422.71	14,422.71
Total	**49,912.66**	**-**	**-**	**49,912.66**	**49,912.66**

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments as of April 01, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Amortised Cost	Financial assets/ liabilities at fair value through profit and loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets					
Non-current investments	-	479.71	65,246.39	65,726.10	65,726.10
Current investments	-	5,559.51		5,559.51	5,559.51
Non-current assets held for sale	-	75.00	-	75.00	75.00
Trade and other receivables	4,870.45	-	-	4,870.45	4,870.45
Loans	18.17	-	-	18.17	18.17
Cash and short-term deposits	1,230.02	-	-	1,230.02	1,230.02
Other financial assets	135.16	-	-	135.16	135.16
Total	**6,253.80**	**6,114.22**	**65,246.39**	**77,614.41**	**77,614.41**
Financial liabilities					
Borrowings	58,668.66	-	-	58,668.66	58,668.66
Trade payables	20,000.11	-	-	20,000.11	20,000.11
Other financial liabilities	8,219.94	-	-	8,219.94	8,219.94
Total	**86,888.71**	**-**	**-**	**86,888.71**	**86,888.71**

The management assessed that cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

Non-current investments

The fair value of investments in quoted equity shares is based on the respective quoted price in the active markets as at the measurement date.

The fair value of investments in unquoted equity shares has been estimated using the net asset method. The valuation requires to consider the cost of replacement of an asset as an indication of the fair market value of that asset.

Current investments

The Company's current investments consist of investment in units of mutual funds and quoted non-convertible debentures. The fair value of investments in mutual funds is derived from the NAV of the respective units in the active market at the measurement date. The fair value of the non-convertible debentures is derived from quoted market prices in active markets at the measurement date.

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at March 31, 2017, March 31, 2016 and April 1, 2015 are as shown below:

As at March 31, 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Non-current investments				
Investment in equity shares of :				
Finolex Infrastructure Limited	Net asset method	Recknor rate	890-1160	Increase (Decrease) in the rate would Decrease (Increase) the fair value.

As at March 31, 2016

(All amounts in ₹ Lakhs, unless otherwise stated)

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Non-current investments				
Investment in equity shares of :				
Finolex Infrastructure Limited	Net asset method	Recknor rate	890-1160	Increase (Decrease) in the rate would decrease (Increase) the fair value.

As at April 1, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Non-current investments				
Investment in equity shares of :				
Finolex Infrastructure Limited	Net asset method	Recknor rate	890-1160	Increase (Decrease) in the rate would decrease (Increase) the fair value.
I2IT Private Limited	Net asset method	Liquidity discount	20%-40%	Increase (Decrease) in the discount would decrease (Increase) the fair value.

The discount for lack of marketability represents the amounts that the Company has determined that market participants would take into account when pricing the investments.

Reconciliation of fair value measurements of non-current investments in unquoted equity shares classified as FVOCI

(All amounts in ₹ Lakhs, unless otherwise stated)

	I2IT Private Limited	Finolex Infrastructure Limited	Peninsula Realty Fund
As at April 1, 2015	**878.40**	**1,292.35**	**461.72**
Re-measurements recognised in OCI	(268.40)	(1.43)	
Re-measurements recognised in Profit and Loss	-	-	1.32
Sales	(610.00)	-	(17.21)
As at April 1, 2016	**-**	**1,290.92**	**445.83**
Re-measurements recognised in OCI	-	(433.25)	-
Re-measurements recognised in Profit and Loss	-	-	(63.85)
(Sales)/Purchase	-	4.91	(101.43)
As at March 31, 2017	**-**	**862.58**	**280.55**

Reconciliation of fair value measurements of non-current assets held for sale (Investment in equity shares of Rajasthan Olive Cultivation Limited)

(All amounts in ₹ Lakhs, unless otherwise stated)

	Amount
As at April 1, 2015	75.00
Re-measurements recognised in OCI	-
Reclassified as held for sale	-
Sales	(75.00)
As at April 1, 2016	**-**
Re-measurements recognised in OCI	-
Reclassified as held for sale	-
Sales	-
As at March 31, 2017	**-**

43. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's financial instruments measured at fair value after initial recognition:

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2017:

(All amounts in ₹ Lakhs, unless otherwise stated)

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Non-current investments:					
Investment in equity shares of :					
Finolex Cables Limited	March 31, 2017	114,622.66	114,622.66	-	-
Gulf Oil Corporation Ltd.	March 31, 2017	35.94	35.94	-	-
Gold Crest Corporation Ltd.	March 31, 2017	4.26	4.26	-	-
Finolex Infrastructure Limited	March 31, 2017	862.58	-	-	862.58
Investment in equity shares of units of Peninsula Realty Fund	March 31, 2017	280.55	-	280.55	-
Current investments:					
Investments in units of mutual funds	March 31, 2017	5,655.79	-	5,655.79	-

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2016:

(All amounts in ₹ Lakhs, unless otherwise stated)

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Non-current investments:					
Investment in equity shares of :					
Finolex Cables Limited	March 31, 2016	62,341.24	62,341.24		
Gulf Oil Corporation Ltd.	March 31, 2016	13.46	13.46		
Gold Crest Corporation Ltd.	March 31, 2016	3.61	3.61		
Finolex Infrastructure Limited	March 31, 2016	1,290.92			1,290.92
Investment in equity shares of units of Peninsula Realty Fund	March 31, 2016	445.82		445.82	
Current investments:					
Investments in units of mutual funds	March 31,2016	16,870.89		16,870.89	

Quantitative disclosures fair value measurement hierarchy for assets as at April 1, 2015:

(All amounts in ₹ Lakhs, unless otherwise stated)

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Non-current investments:					
Investment in equity shares of :					
Finolex Cables Limited	March 31, 2015	63,075.64	63,075.64		
Gulf Oil Corporation Ltd.	March 31, 2015	14.29	14.29		
Gold Crest Corporation Ltd.	March 31, 2015	3.60	3.60		
I2IT Private Limited	March 31, 2015	878.40			878.40
Finolex Infrastructure Limited	March 31, 2015	1,292.35			1,292.35
Investment in equity shares of units of Peninsula Realty Fund	March 31, 2015	461.72		461.72	
Current investments:					
Investments in units of mutual funds	March 31, 2015	3,502.98		3,502.98	
Investment in quoted and listed non-convertible debentures	March 31, 2015	2,056.53	2,056.53		
Non-current assets held for sale:					
Investment in equity shares of Rajasthan Olive Cultivation Limited	March 31, 2015	75.00			75.00

There were no transfers between level 1 and level 2 during the year ended March 31, 2017 and March 31, 2016.

44. Financial risk management objective and policies

The Company's principal financial liabilities comprise short term borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, trade receivables and cash and cash equivalents that arrive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks. The Company's management is supported by a risk management committee that advise on financial risks and the appropriate financial risk governance framework. The risk management committee provides assurance to the Company's management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company's policies appetite. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise threetypes of risk: interest rate risk, currency risk and other price risk such as equity price risk and commodity price risk. Financial instruments affected by market risk include borrowings and investments.

The sensitivity analysis in the following sections relate to the position as at March 31, 2017 and March 31, 2016.

The sensitivity analysis have been prepared on the basis that the amount of net debt and the ratio of fixed-to floating interest rates of the debt are all constant as at March 31, 2017 and March 31, 2016.

The sensitivity of the relevant statement of profit and loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2017 and March 31, 2016.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has short term borrowings with fixed interest rates and hence the future cash-flows of relevant financial instrument are not affected by changes in market interest rate.

Foreign currency risk

Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities on account of import of raw materials.

PVC pricing is on import parity and import parity value of sales of the Company approximately equates the USD payables on a six monthly rolling basis due to which a natural hedge exists and hence the Company does not generally need to resort to hedging by way of forward contracts, options, etc.

(All amounts in ₹ Lakhs, unless otherwise stated)

Nature of exposure	Currency	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Borrowings (Secured)	USD	**145.23**	168.30	645.69
Trade payables	USD	**271.94**	311.27	182.39
	EUR	**0.86**	-	-

Commodity price risk

The Company is affected by the volatility of certain commodities. Its operating activities involve the ongoing purchase of Vinyl Chloride Monomer ('VCM'), Ethylene and Ethylene Dichloride ('EDC'), all being petrochemical products, and manufacturing of PVC and pipes and fittings and therefore require a continuous supply of these materials. Prices of PVC manufactured by the Company are monitored by company management and are adjusted to respond to change in import parity price of PVC in Indian market. Market price of input and output, generally get adjusted over a period of time. Accordingly, the company is exposed to the variation in commodity prices over short term period.

Commodity price sensitivity

The following table shows the effect of price changes for VCM, Ethylene EDC after the impact of hedge accounting:

(All amounts in ₹ Lakhs, unless otherwise stated)

	Change in year-end price	Effect on profit before tax
March 31, 2017		
VCM	+5%	(2,862.63)
	-5%	2,862.63
Ethylene	+5%	(1,374.12)
	-5%	1,374.12
EDC	+5%	(1,005.77)
	-5%	1,005.77
March 31, 2016		
VCM	+5%	(2,372.06)
	-5%	2,372.06
Ethylene	+5%	(1,231.77)
	-5%	1,231.77
EDC	+5%	(886.55)
	-5%	886.55

Equity price risk

The Company's listed and unlisted equity securities are susceptible to market-price risk arising from uncertainties about future values of the investment securities.

The equity securities held by the Company are strategic in nature. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at fair value was ₹ 862.68 Lakhs . A decrease of 10% in the fair value will have an impact of approximately ₹ 86.23 Lakhs on OCI and ₹ 0.01 on Profit and loss or equity attributable to the Company. An increase of 10% in the value of the securities would also impact OCI, profit and loss and equity.

At the reporting date, the exposure to listed equity securities at fair value was ₹ 1,14,662.86 Lakhs. A decrease of 10% on the NSE market index could have an impact of approximately ₹ 11,462.27 Lakhs on OCI and ₹ 4.02 Lakhs on Profit and loss or equity attributable to the Company. An increase of 10% in the value of the listed securities would also impact OCI, profit and loss and equity.

Credit risk

Credit risk is the risk that counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company evaluates credit risk with respect to trade receivables as significanty low, as its payment terms are mostly advance basis.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy.

Investments of surplus funds are made only with approved counter parties and within credit limits assigned to each counter party. Counter party credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's risk management Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counter party's failure to make payments.

The Company's maximum exposure to credit risk for the components of the statement of financial position is the carrying amounts as illustrated in Notes 13-15.

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's finance department is responsible for liquidity, funding as well as settlement management. In addition, processes and polices related to such risk are overseen by Senior management. Management monitors the Company's net liquidity position on a monthly and quarterly basis through its Senior management meeting and board meetings. They use rolling forecasts on the basis of expected cash flows.

The Senior management ensures that the future cash flow needs are met through cash flow from the operating activities and short term borrowings from banks.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

As at March 31, 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

	On demand	< 3 months	3-12 months	1-5 years	Total
Trade and security deposits				34.90	34.90
Short term borrowings		9,418.47			9,418.47
Trade Payables	101.56	22,646.30			22,747.86
Payable to employees		1,092.50			1,092.50

Notes to the financial statements

As at March 31, 2016

(All amounts in ₹ Lakhs, unless otherwise stated)

	On demand	< 3 months	3-12 months	1-5 years	Total
Trade and security deposits				39.21	39.21
Short term borrowings		11,171.20			11,171.20
Trade Payables	115.85	24,202.90			24,318.75
Payable to employees		1,866.78			1,866.78

As at March 31, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

	On demand	< 3 months	3-12 months	1-5 years	Total
Long term borrowings (including current portion)		417.00	4,584.33	16,248.67	21,250.00
Trade and security deposits				39.01	39.01
Short term borrowings		7,755.44	32,584.70		40,340.14
Trade Payables	154.38	19,845.73			20,000.11
Payable to employees		1,215.13			1,215.13

45. Capital management

Capital includes equity shares and other equity attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep low a gearing ratio. The Company includes within net debt, interest bearing loans and borrowings, less cash and cash deposits.

(All amounts in ₹ Lakhs, unless otherwise stated)

	March 31, 2017	March 31, 2016	April 1, 2015
Borrowings	**9,418.47**	11,171.20	58,668.66
Current investment	**(5,655.79)**	(16,870.89)	(5,559.51)
Cash and cash equivalent	**(1,634.44)**	(1,041.16)	(1,230.02)
Net debt	**2,128.24**	(6,740.85)	51,879.13
Share Capital	**12,409.54**	12,409.54	12,409.54
Other equity	**216,729.71**	144,575.41	123,379.07
Capital and net debt	**231,267.49**	150,244.10	187,667.74
Gearing ratio	**1%**	-4%	28%

There are no financial covenants which are attached to the amounts borrowed by the company.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2017 and 31 March 2016.

Notes to the financial statements

46. Exceptional item

During the year ended March 31, 2016, the company received eligibility certificate for the Industrial Promotion Subsidy under the Package Scheme of Incentives. Accordingly, the Company become entitled to receive electricity duty refund amounting to ₹ 2,447.79 Lakhs relating to period April 1, 2011 to March 31, 2014. This has been recognised as an exceptional item in the financial statements.

47. Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

Since the Company does not have cash settled awards or awards with net settlement features, this amendment does not have any effect on the financial statements of the Company

Notes to the financial statements

48. Details of specified bank notes

Details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016 as provided in the Table below:

(All amounts in ₹ Lakhs, unless otherwise stated)

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	2.19	0.28	2.47
(+) Permitted receipts	0.14	5.63	5.77
(-) Permitted payments	-	5.52	5.52
(-) Amount deposited in Banks	2.33	-	2.33
Closing cash in hand as on 30.12.2016	-	0.39	0.39

49. Donation to political party

(All amounts in ₹ Lakhs, unless otherwise stated)

Name of the party to which such amount has been contributed	31 March 2017	31 March 2016
Bharatiya Janata Party	25.00	2.00
Total amount contributed	25.00	2.00

50. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

(All amounts in ₹ Lakhs, unless otherwise stated)

	31 March 2017	31 March 2016
Principal amount*	245.52	60.22
Interest due on above and unpaid interest	0.90	-
Interest paid	-	-
Payment made beyond appointment day	-	-
Interest due and payable for the period of delay	0.90	-
Interest accrued and remaining unpaid	0.90	-
Amount of further interest remaining due and payable in succeeding years	0.90	-
* Cumulative amount during entire year		

The identification of suppliers as micro, small and medium enterprise defined under "The Micro, Small and Medium Enterprises Development Act, 2006" was done on the basis of information to the extent provided by the suppliers of the Company.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FINOLEX INDUSTRIES LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **Finolex Industries Limited** and it's Associate Company, comprising of the Consolidated Balance Sheet as at 31st March 2017, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and changes in equity of the of the Company and its Associate Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Account) Rules, 2014 and amendments thereof.

The respective Board of Directors of the Company and its Associate Company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and its Associate Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company and its Associate Company as at 31st March, 2017, and its consolidated profit (financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

   (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Account) Rules, 2014 and amendments thereof.

   (e) On the basis of the written representations received from the directors of the Company and its Associate Company as on 31st March, 2017 taken on record by the Board of Directors of the Company, none of the directors of the respective companies is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and its Associate Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure I".

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Company– refer note 41 to the consolidated Ind AS financial statements.

      ii. The Company and its Associate Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its Associate Company.

      iv. The Company has provided disclosure regarding Specified Bank Notes (SBN) in Note 49 to the consolidated Ind AS financial statements as per notification no. G.S.R. 308(E), dated 30th March 2017 issued by the Ministry of Corporate Affairs and these are in accordance with the books of account maintained by the Company and its Associate Company.

For M/s **P.G.BHAGWAT**
Chartered Accountants
Firm's Registration No.: 101118W

Abhijeet Bhagwat
Partner
Membership No. 136835

Pune
26th May 2017

Annexure I: To the Independent Auditors' Report

Referred to in paragraph 1 (f) under the heading, "Report on Other legal and Regulatory Requirements" of our report on even date:

Report on the Internal Financial Controls

Under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31^{st} March 2017, we have audited the internal financial controls over financial reporting of **Finolex Industries Limited** and its Associate Company as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Company and its Associate Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company and its Associate Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company and its Associate Company have, in all material respects an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31^{st} March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M/s **P.G.BHAGWAT**
Chartered Accountants
Firm's Registration No.: 101118W

Abhijeet Bhagwat
Partner
Membership No. 136835

Pune
26th May 2017

Consolidated Balance Sheet As at 31 March 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Note No.	March 31, 2017	March 31, 2016	April 1, 2015
A ASSETS				
1 Non-current assets				
(a) Property, plant and equipment	6.1	85,166.24	84,697.97	86,457.77
(b) Capital work-in-progress	6.1	2,174.85	661.55	1,039.75
(c) Intangible assets	6.2	346.56	266.62	318.81
(d) Financial assets				
i) Investments	7	120,702.49	68,517.68	69,590.37
ii) Loans	8	1.26	0.45	2.09
iii) Other financial asset	9	5,731.85	5,243.49	135.16
(e) Current tax assets (net)		4,072.47	708.05	4,370.21
(f) Other non-current assets	10	3,624.20	1,735.02	1,373.05
Sub-total non-current assets		221,819.92	161,830.83	163,287.21
2 Current assets				
(a) Inventories	11	55,740.03	44,722.23	55,865.11
(b) Financial assets				
i) Investments	12	5,655.79	16,870.89	5,559.51
ii) Trade receivables	13	5,249.29	1,762.93	4,870.45
iii) Cash and cash equivalents	14	1,634.44	1,041.16	1,230.02
iv) Loans	15	18.76	22.86	16.08
(c) Current tax assets (net)		-	1,781.04	1,759.05
(d) Other current assets	16	9,277.39	10,501.81	10,511.15
Sub-total current assets		77,575.70	76,702.92	79,811.37
3 Non-current assets held for sale	17	-	-	75.00
Total assets		299,395.62	238,533.75	243,173.58
B EQUITY AND LIABILITIES				
1 Equity				
(a) Equity share capital	18	12,409.54	12,409.54	12,409.54
(b) Other equity	19	219,067.53	146,640.63	125,107.16
Total equity		231,477.07	159,050.17	137,516.70
LIABILITIES				
2 Non current liabilities				
(a) Financial liabilities				
i) Borrowings	20	-	-	18,328.52
ii) Other financial liabilities	21	34.90	39.21	39.01
(b) Provisions	22.1	1,114.63	1,121.70	864.12
(c) Deferred tax liabilities (net)	24	14,964.87	14,363.32	12,575.31
(d) Government grants	23	6,134.62	5,275.74	-
Sub-total non-current liabilities		22,249.02	20,799.97	31,806.96
3 Current liabilities				
(a) Financial liabilities				
i) Borrowings	25	9,418.47	11,171.20	40,340.14
ii) Trade payables	26	22,747.86	24,318.75	20,000.11
iii) Other financial liabilities	27	5,559.12	14,422.71	8,219.94
(b) Other current liabilities	28	7,275.69	8,230.83	5,197.21
(c) Provisions	22.2	123.06	109.41	92.52
(d) Government grants	23	545.33	430.71	-
Sub-total current liabilities		45,669.53	58,683.61	73,849.92
Total liabilities		67,918.55	79,483.58	105,656.88
Total equity and liabilities		299,395.62	238,533.75	243,173.58

Summary of significant accounting policies 3
Notes to financial statements form an integral part of financial statements.

As per our report of even date For FINOLEX INDUSTRIES LIMITED
For M/s. P. G. Bhagwat
Chartered Accountants
FRN 101118W

Abhijeet Bhagwat
Partner
M.No. 136835

Anil V. Whabi
Director - Finance & CFO
DIN: 00142052

Prakash P. Chhabria
Executive Chairman
DIN: 00016017

Sanjay Asher DIN: 00008221
Kanaiyalal N. Atmaramani DIN: 00129768
Ritu P. Chhabria DIN: 00062144
Dara N. Damania DIN: 00403834
Shrikrishna N. Inamdar DIN: 00025180
Prabhakar D. Karandikar DIN: 02142050
Dr. Sunil U. Pathak DIN: 00049315

Vidya Shembekar
Company Secretary
M. No. ACS 8944

Sanjay S. Math
Managing Director
DIN: 01874086

Place: Pune
Date: May 26, 2017

Consolidated Statement of profit and loss

for the year ended March 31, 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

	Particulars	Note No.	2016-17	2015-16
	Income			
I	Revenue from Operations	29	298,763.71	284,312.39
II	Other income	30	2,317.92	3,871.32
III	**Total Income (I+II)**		301,081.63	288,183.71
IV	**Expenses**			
	Cost of materials and components consumed	31	205,374.42	197,552.40
	Changes in inventories of finished goods, stock-in -trade and work-in-progress	32	(5,890.69)	3,337.79
	Employee benefit expenses	33	10,489.24	9,249.89
	Finance costs	34	1,534.47	4,470.97
	Depreciation and amortisation expense	35	5,504.62	5,057.37
	Other expenses	36	32,489.02	33,728.60
	Total expenses (IV)		249,501.08	253,397.02
V	**Profit before share of (profit)/loss of an associate, exceptional items and tax (I-V)**		51,580.55	34,786.69
VI	Share of (profit)/loss of an associate before tax		(932.42)	(1,048.55)
VII	Exceptional items	46	-	(2,447.79)
VIII	**Profit before tax (V-(VI+VII))**		52,512.97	38,283.03
IX	**Tax Expense**			
	Current tax	24	16,362.56	10,746.67
	Deferred tax	24	665.68	1,759.19
X	**Profit for the period (VIII-IX)**		35,484.73	25,777.17
XI	**Other Comprehensive Income (OCI)**			
A	**Items that will not be reclassified to profit or loss**			
A (i)	Re-measurement of defined benefit plans		(109.59)	(38.48)
	Income tax effect		37.93	13.32
A (ii)	Equity instruments through OCI		51,850.02	(1,004.21)
	Income tax effect		105.92	39.47
A (iii)	Share of other comprehensive income of associate accounted for using the equity method		(5.75)	(0.65)
	Net items of OCI not to be reclassified to profit or loss		51,878.53	(990.55)
B	**Items that will be reclassified to profit or loss**			
B(i)	Items that will be reclassified to profit or loss		-	-
	Income tax effect		-	-
	Net items of OCI to be reclassified to profit or loss (Total of XI-A +XI-B)		-	-
XII	**Total Comprehensive Income for the period (X+XI)**		87,363.26	24,786.62
XIII	**Earnings per equity share (for continuing operation)**	38	28.59	20.77
	Basic ₹		28.59	20.77
	Diluted ₹			

Summary of significant accounting policies 3
Notes to financial statements form an integral part of financial statements.

As per our report of even date For FINOLEX INDUSTRIES LIMITED
For M/s. P. G. Bhagwat
Chartered Accountants
FRN 101118W

Abhijeet Bhagwat
Partner
M.No. 136835

Anil V. Whabi
Director - Finance & CFO
DIN: 00142052

Prakash P. Chhabria
Executive Chairman
DIN: 00016017

Sanjay Asher DIN: 00008221
Kanaiyalal N. Atmaramani DIN: 00129768
Ritu P. Chhabria DIN: 00062144
Dara N. Damania DIN: 00403834
Shrikrishna N. Inamdar DIN: 00025180
Prabhakar D. Karandikar DIN: 02142050
Dr. Sunil U. Pathak DIN: 00049315

Vidya Shembekar
Company Secretary
M. No. ACS 8944

Sanjay S. Math
Managing Director
DIN: 01874086

Place: Pune
Date: May 26, 2017

Consolidated Statement of cash flows

for the year ended March 31, 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

	Particulars	2016-17	2015-16
I	**Cash flows from operating activities**		
	Profit before tax	52,512.97	38,283.03
	Adjustments to reconcile profit before tax to net cash flows:		
	Share of profit from associate	(932.42)	(1,048.55)
	Dividend received from associate	115.88	92.70
	Depreciation and amortisation expense	5,504.62	5,057.37
	Debit balances written off	58.53	99.67
	Profit on sale of investments (net)	(902.85)	(1,564.00)
	gain on Fair valuation of investment	72.78	(51.83)
	(Profit) / Loss on sale of assets (net)	1.53	259.61
	Dividend income	(671.01)	(492.66)
	Finance income	(217.01)	(639.33)
	Exchange fluctuation (Gain)/ Loss - net	(667.03)	305.65
	Difference of deferred sales tax loan and net present value	-	(1,056.68)
	Finance costs	1,367.02	4,231.20
	Operating profit before working capital changes	56,243.01	43,476.18
	Working capital adjustments:		
	(Increase)/Decrease in trade and other receivables and pre payments	(2,901.52)	2,611.85
	(Increase)/Decrease in inventories	(11,017.80)	11,142.89
	Increase/(Decrease) in trade and other payables	(1,391.07)	9,204.46
		40,932.62	63,527.02
	Income tax paid	(17,517.20)	(6,626.58)
	Net cash flows from operating activities	23,415.42	56,900.44
II	**Investing activities**		
	Proceeds from sale of property, plant and equipment	80.44	134.31
	Purchase of property, plant and equipment	(9,441.30)	(3,261.11)
	(Purchase) and sale of financial instruments	12,290.17	(9,273.14)
	Interest received	217.01	639.33
	Dividend received	671.01	492.66
	Receipt of government grants	973.50	3,544.69
	Net cash flows from /(used in) investing activities	4,790.83	(7,723.26)
III	**Financing activities**		
	Interest Paid	(1,614.83)	(4,406.86)
	Repayment of short term borrowings - net	(11,736.04)	(40,701.37)
	Exchange fluctuation Gain /(Loss) - net	482.03	(1,352.34)
	Dividends and dividend distribution tax paid	(14,744.13)	(2,905.47)
	Net cash flows (used in) financing activities	(27,612.97)	(49,366.04)
IV	**Net increase in cash and cash equivalents [I+II+III]**	593.28	(188.86)
V	**Cash and cash equivalents at the beginning of the year**	1,041.16	1,230.02
VI	**Cash and cash equivalents at year end (Refer Note 14) [IV+V]**	1,634.44	1,041.16

Summary of significant accounting policies 3
Notes to financial statements form an integral part of financial statements.

As per our report of even date For FINOLEX INDUSTRIES LIMITED
For M/s. P. G. Bhagwat
Chartered Accountants
FRN 101118W

Abhijeet Bhagwat
Partner
M.No. 136835

Anil V. Whabi
Director - Finance & CFO
DIN: 00142052

Prakash P. Chhabria
Executive Chairman
DIN: 00016017

Sanjay Asher DIN: 00008221
Kanaiyalal N. Atmaramani DIN: 00129768
Ritu P. Chhabria DIN: 00062144
Dara N. Damania DIN: 00403834
Shrikrishna N. Inamdar DIN: 00025180
Prabhakar D. Karandikar DIN: 02142050
Dr. Sunil U. Pathak DIN: 00049315

Vidya Shembekar
Company Secretary
M. No. ACS 8944

Sanjay S. Math
Managing Director
DIN: 01874086

Place: Pune
Date: May 26, 2017

Statement of Changes in Equity for the year ended March 31, 2017

A. Equity Share Capital

	2016-17	2015-16
Balance as at beginning of the year	12,409.54	12,409.54
Changes in equity share capital during the year	-	-
Balance as at end of the year	12,409.54	12,409.54

B. Other Equity

	Reserves and Surplus					Items of OCI	
	Securities premium	Retained earnings	General reserve	Share capital buyback reserve	Debenture redemption reserve	Equity instruments through OCI	Total
As at 1 April 2016	15,126.81	90,510.41	31,950.22	2,517.93	7,500.00	(964.74)	146,640.63
Profit for the period		35,484.73					35,484.73
Other Comprehensive Income for the year							-
Remeasurement gains (losses) on defined benefit plan (Refer Note 39)		(71.66)					(71.66)
Share of other comprehensive income of associate accounted for using the equity method		5.75					5.75
Gains (losses) on equity instruments designated at FVOCI						51,955.94	51,955.94
Total comprehensive income	**15,126.81**	**125,929.23**	**31,950.22**	**2,517.93**	**7,500.00**	**50,991.20**	**234,015.39**
Dividends (Refer Note 19)		(12,409.54)					(12,409.54)
Dividend distribution tax (Refer Note 19)		(2,538.32)					(2,538.32)
Transfer from Debenture redemption reserve			7,500.00		(7,500.00)		-
At 31 March 2017	**15,126.81**	**110,981.37**	**39,450.22**	**2,517.93**	**-**	**50,991.20**	**219,067.53**

For the year ended March 31, 2016

	Reserves and Surplus					Items of OCI	
	Securities premium	**Retained earnings**	**General reserve**	**Share capital buyback reserve**	**Debenture redemption reserve**	**Equity instruments through OCI**	**Total**
As at 1 April 2015	15,126.81	72,012.20	27,950.22	2,517.93	7,500.00		125,107.16
Profit for the period		25,777.17					25,777.17
Other comprehensive income for the year							-
Remeasurement gains (losses) on defined benefit plan		(25.16)					(25.16)
Share of other comprehensive income of associate accounted for using the equity method		0.65					0.65
Gains (losses) on equity instruments designated at FVOCI						(964.74)	(964.74)
Total comprehensive income	**15,126.81**	**97,764.86**	**27,950.22**	**2,517.93**	**7,500.00**	**(964.74)**	**149,895.08**
Dividends (Refer Note 19)		(2,481.91)					(2,481.91)
Dividend distribution tax (Refer Note 19)		(493.23)					(493.23)
Transfer from retained earnings		(4,000.00)	4000				-
Reversal of Impairment allowance on Investment		(279.31)					(279.31)
Claim of subsidy during the period							-
At 31 March 2016	**15,126.81**	**90,510.41**	**31,950.22**	**2,517.93**	**7,500.00**	**(964.74)**	**146,640.63**

Summary of significant accounting policies 3
Notes to financial statements form an integral part of financial statements.

As per our report of even date For FINOLEX INDUSTRIES LIMITED
For M/s. P. G. Bhagwat
Chartered Accountants
FRN 101118W

Abhijeet Bhagwat
Partner
M.No. 136835

Anil V. Whabi
Director - Finance & CFO
DIN: 00142052

Prakash P. Chhabria
Executive Chairman
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Shrikrishna N. Inamdar DIN: 00025180
Prabhakar D. Karandikar DIN: 02142050
Dr. Sunil U. Pathak DIN: 00049315

Place: Pune
Date: May 26, 2017

Vidya Shembekar
Company Secretary
M. No. ACS 8944

Sanjay S. Math
Managing Director
DIN: 01874086

Notes to the consolidated financial statements

1. Corporate Information

The consolidated financial statements comprise financial statements of Finolex Industries Limited ('FIL' or 'the Group') and its two associates for the year ended 31 March 2017.

FIL is incorporated and domiciled in India and its equity shares are listed on Bombay Stock Exchange and National Stock Exchange. Its registered office is situated at Gat No.399, Village Urse, Taluka Maval, District Pune, India.

The Group is engaged in the business of manufacturing PVC pipes & fittings, manufacturing of PVC resin and power generation.

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on May 26, 2017.

2. Basis of Preparation

The consolidated financial statements of the Group have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act 2013 ('Act'), read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Rules').

The financial statements have been prepared on accrual basis and under historical cost convention, except for financial assets and financial liabilities that have been measured at fair value.

For all periods up to and including the year ended March 31, 2016, the Group prepared its financial statements in accordance with generally accepted accounting principles in India ('Indian GAAP'), including the Accounting Standards ('AS' of 'Indian GAAP') specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. These financial statements for the year ended March 31, 2017 are the first financial statements that the Group has prepared in accordance with Ind AS. Refer Note 4 for information on first time adoption of Ind AS by the Group.

The financial statements are presented in INR and all values are rounded to the nearest Lakh (₹ 00,000), except when otherwise indicated.

3. Summary of significant accounting policies

3.1 Basis of consolidation

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

- A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

3.2 Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining whether significant influence are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate, since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

If an entity's share of losses of an associate equals or exceeds its interest in the associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit and loss.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Notes to the consolidated financial statements

3.3 Fair value measurement

The Group measures financial instruments, such as non-current and current investments, at fair value, at each balance sheet date. Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed in Note 42.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole

3.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and revenue can be reliably measured, regardless when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty other than excise duty.

The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to inventory risks.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually when goods are dispatched or on delivery, as per the terms of sale. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Interest Income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss.

Dividends

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

3.5 Foreign currencies

The Group's financial statements are presented in Indian Rupees ('₹'), which is its functional currency.

3.5.1 Transactions and balances

Initial recognition: Transactions in foreign currency are initially recorded at the functional currency spot rate of exchange at the date the transaction first qualifies for recognition.

3.5.2 Translation and exchange differences

Monetary items: Monetary assets and liabilities denominated in foreign currencies are translated at their respective functional currency exchange rate prevailing at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit or loss.

3.6 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant.

3.7 Taxes

3.7.1 Current income tax

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities; on the basis of the taxable profits computed for the current accounting period in accordance with Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date.

Notes to the consolidated financial statements

Current income tax relating to items recognised in other comprehensive income or directly in equity is recognised in other comprehensive income or in equity, respectively, and not in the Profit or Loss. The Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.7.2 Deferred Tax

Deferred tax is provided using the Balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.8 Non-current assets held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and the fair value less costs to sell (except for financial instruments, which are measured at fair value). The criteria for held for sale classification is regarded met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the plan for sale will be made or that the plan will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

Assets and liabilities classified as held for sale are presented separately as current items in the Balance Sheet.

3.9 Property, plant and equipment

The Group has opted to disclose the previous GAAP (Indian GAAP) carrying value of Property, plant and equipment ('PPE') as the deemed cost under Ind-AS as at April 1, 2015.

Property, plant and equipment and capital work in progress, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of purchase price, directly attributable cost of bringing the asset to its working condition for the intended use and and borrowing costs, if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals; the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Depreciation is calculated on a straight-line basis over the useful lives as specified in Schedule II to the Companies Act, 2013 which are as follows:

Asset	**Useful life (in years)**
Plant and machinery	3 to 25
Building	60
Factory Building	30
Furniture and fixtures	10
Office equipment's	5
Vehicles	8

In the case of Captive Power Plant the management, based on a technical evaluation, the management has estimated the life of asset to be 25 years which is lower than the life prescribed in Schedule – II.

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The management undertakes a review of the residual values, useful lives and methods of depreciation of property, plant and equipment at the end of each reporting period and adjustments are made whenever necessary.

3.10 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

3.10.1 Group as a lessee

Finance leases that transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit and loss on a straight-line basis over the lease term.

3.10.2 Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.11 Borrowings costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.12 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

The intangible assets are amortised over a period of 6 years using straight line method.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

3.13 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.13.1 Financial assets

3.13.1.1 Classification

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through comprehensive income ('FVOCI') or fair value through other profit or loss ('FVTPL').

3.13.1.2 Initial recognition and measurement

Financial assets are recognised initially at fair value plus, in the case of financial assets not classified as fair value through profit or loss ('FVTPL'), transaction costs that are attributable to the acquisition of the financial asset. Financial assets and financial liabilities are recognised in the Balance Sheet when the Group becomes a party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets shall be recognised using trade date or settlement date accounting.

3.13.1.3 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

a) At amortised cost

b) At fair value through Other Comprehensive Income ('FVTOCI')

c) At fair value through profit or loss ('FVTPL')

(a) Financial assets classified as measured at amortised cost

Notes to the consolidated financial statements

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ('EIR') method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance expense/(income) in the profit and loss statement. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade receivables, security and other deposits receivable by the Group.

(b) Financial assets classified as measured at FVOCI

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such instruments are measured at fair value at initial recognition as well as at each reporting date fair value movements are recognised in the Other Comprehensive Income ('OCI'). Interest income, impairment losses and reversals and foreign exchange gain or loss are recognised in the statement of profit and loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit and loss. Interest earned on such instruments is reported as interest income using the EIR method.

Further, the Group may make an irrevocable election at initial recognition, to classify as FVOCI, particular investments in equity instruments (except equity instruments held for trading) that would otherwise be measured as FVTPL. The Group makes such an election on an instrument-by-instrument basis. Such instruments are measured at fair value on initial recognition as well as at each reporting date. All fair value changes are recognised in OCI. There is no recycling of amounts from OCI to statement of profit and loss, even on de-recognition. However, the Group may transfer the cumulative gain/loss within equity. Dividend received on these equity investments is recorded in the profit and loss statement.

(c) Financial assets classified as measured at FVTPL

A Financial asset shall be measured at FVTPL, unless it is measured at amortised cost or at FVOCI. The Group classifies all equity or puttable financial instruments held for trading as measured at FVTPL. Such instruments are measured at fair value at initial recognition as well as at each reporting date. The fair value changes are recognised in the statement of profit and loss. Further, the Group may make an irrevocable election to designate a financial asset as FVTPL, at initial recognition, to reduce or eliminate a measurement or recognition inconsistency.

3.13.1.4 De-recognition

A financial asset (or, where applicable, a part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Group's Balance Sheet) when the rights to receive cash flows from the asset have expired; or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3.13.1.5 Impairment of financial assets

The Group applies expected credit loss ('ECL') model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets measured at amortised cost
- Financial assets measured at FVOCI, except investments in equity instruments designated as such by the Group.
- Trade receivables under Ind-AS 18

The Group follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss.

The impairment loss/ (gain) is recognised in the statement of profit and loss, except for impairment loss/ (gain) on financial assets measured at FVOCI, which shall be recognised in the OCI.

3.13.2 Financial liabilities

3.13.2.1 Classification

Financial liabilities are classified, at initial recognition, as subsequently measured at amortised cost or at fair value through profit or loss ('FVTPL').

3.13.2.2 Initial recognition and measurement

Financial liabilities are recognised initially at fair value net of, in the case of financial liabilities not classified as fair value through profit or loss ('FVTPL'), transaction costs that are attributable to the issue of the financial liability. Financial assets and financial liabilities are recognised in the Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

(a) Financial liabilities at FVTPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as such upon initial recognition. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated as such upon initial recognition at the initial date of recognition, if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognized in OCI. These gains/ loss are not subsequently transferred to the statement of profit and loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

The Group has not designated any financial liability as at fair value through profit and loss.

(b) Financial liabilities at amortised cost

This is the most relevant category to the Group. The Group generally classifies interest bearing borrowings

Notes to the consolidated financial statements

as financial liabilities carried at amortised cost. After initial recognition, these instruments are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

3.13.2.3 De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

3.13.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.15 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

Raw materials	Purchase cost on a moving weighted average basis
Finished goods and work in progress	Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

3.15 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset

does not generate cash inflows that are largely independent of those from other assets or Groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

3.16 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, balances with banks and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

3.17 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.18 Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group.

A contingent liability can arise for obligations that are possible, but it is yet to be confirmed whether there is present obligation that could lead to an outflow of resources embodying economic benefits.

The Group discloses contingent liability when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or a sufficiently reliable estimate of the amount of the obligation cannot be made.

The Group does not recognise a contingent liability but only makes disclosures for the same in the financial statements.

3.19 Provision for employment benefits

3.19.1 Defined contribution plans

The Group has the following defined contribution plans: superannuation scheme, state governed provident fund scheme and employee state insurance scheme. The contributions paid and payable under the scheme are recognised in the period when the employee renders the related service.

3.19.2 Defined benefit plans

Post-employment benefit in the form of gratuity fund scheme is a defined benefit plan. The present value of obligation under the scheme is determined based on actuarial valuation using the projected unit credit method ('PUCM'). The scheme is funded with an insurance Group in the form of a qualifying insurance policy.

Re-measurements, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the statement of profit and loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment and
- The date on which the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'employee benefit expenses' in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

Refer Note 39 for additional disclosures relating to Group's defined benefit plan.

3.19.3 Provision for compensated absences

Provision for short term compensated absences is recognised for accumulated leaves that are expected to be utilized within a period of twelve months from the balance sheet date. Long term compensated absences are provided for on the basis of an actuarial valuation, using projected unit credit method, as at each reporting date.

4. First time adoption of Ind AS

These financial statements, for the year ended March 31, 2017, are the first financial statements prepared by the Group in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Group prepared its financial statements in accordance with Indian GAAP.

Accordingly, the Group has prepared financial statements that comply with Ind AS as at March 31, 2017, along with comparative period data for the year ended March 31, 2016. In order to prepare the first financial statements in accordance with Ind AS, the opening Ind AS financial statements was prepared as at April 1, 2015, being the date of transition to Ind AS.

The principal adjustments made by the Group in restating its Indian GAAP financial statements, including the Balance Sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016, are explained in the following explanatory notes for first time adoption of Ind AS.

Exemptions and exceptions applied

Ind AS 101 allows first time adopters certain exemptions and exceptions from the retrospective application of certain requirements under Ind AS.

The Group has applied the following exemptions and exceptions in translating its Indian GAAP financial statements:

- Since there is no change in the functional currency, the Group has elected to continue with the carrying value of all its property, plant and equipment and intangible assets, as recognised in its Indian GAAP financial statements, as the deemed cost at the date of transition.
- The Group has elected to apply Ind AS 103 Business Combinations prospectively
- The Group has determined the classification and measurement of financial assets on the basis of the facts and circumstances that existed as at April 1, 2015, the date of transition to Ind AS.
- The Group has designated investments in equity instruments as measured at fair value through other comprehensive income on the basis of the facts and circumstances that exist at April 1, 2015, the date of transition to Ind AS.
- The Group has designated current investments as measured at fair value through profit or loss on the basis of the facts and circumstances that exist at April 1, 2015, the date of transition to Ind AS.
- The Group has assessed all arrangements for determining whether any of the arrangements contains a lease, in accordance with Appendix C of Ind AS 17-Leases, based on the facts and circumstances existing at April 1, 2015, the date of transition to Ind AS.
- The Group has classified certain investments in equity instruments as non-current assets held for sale, on the basis of the facts and circumstances that exist at April 1, 2015, the date of transition to Ind AS. The same has been measured at fair value as at April 1, 2015. Any difference between its fair value thus computed and the carrying value under Indian GAAP was recognised directly in retained earnings as at April 1, 2015.
- The Group has applied the requirements for de-recognition of financial instruments, as required in Ind AS 109-Financial Instruments prospectively for financial transactions occurring on or after April 1, 2015, the date of transition to Ind AS.
- The Group shall continue to measure and disclose the sales tax deferral loan as per Indian GAAP principles until it is repaid, as Ind AS 101 prohibits retrospective recognition of benefit of the government loan at a below market rate of interest.

Notes to the consolidated financial statements

Estimates

The estimates as at April 1, 2015 and as at March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any difference in accounting policies).

The estimates used by the Group to present these amounts in accordance with principles of Ind AS reflect conditions as at April 1, 2015 and for the year ended March 31, 2016.

Notes to the consolidated financial statements

Reconciliation of equity as at April 1, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

Assets	Notes	Indian GAAP	Regrouping	Re-measurement	Ind-AS
A ASSETS					
1 Non-current assets					
(a) Property, plant and equipment	4	86,457.77	-	-	86,457.77
(b) Capital work-in-progress		1,039.74	-	0.01	1,039.75
(c) Intangible assets	4	318.81	-	-	318.81
(d) Financial Assets					
i) Investments	4.1	12,461.09	(75.00)	57,204.28	69,590.37
ii) Loans	4.3	1,510.29	(1,508.20)	-	2.09
iii) Other financial assets	4.3	-	135.16	-	135.16
(e) Tax assets (net)	4.5	4,370.19	-	0.02	4,370.21
(f) Other non current assets	4.4	-	1,373.04	0.01	1,373.05
Sub-total non-current assets		**106,157.89**	**(75.00)**	**57,204.32**	**163,287.21**
2 Current assets					
(a) Inventories		55,865.10	-	0.01	55,865.11
(b) Financial assets					-
i) Investments	4.1	5,505.00	-	54.51	5,559.51
ii) Trade receivables		4,870.44	-	0.01	4,870.45
iii) Cash and cash equivalents		1,230.03	-	(0.01)	1,230.02
iv) Loans	4.3	12,286.28	(12,270.20)	-	16.08
(c) Current tax assets (net)	4.5	-	1,759.05	-	1,759.05
(d) Other Current Assets		-	10,511.15	-	10,511.15
Sub-total current assets		**79,756.85**	**-**	**54.52**	**79,811.37**
3 Non-current assets held for sale	4.1	-	75.00	-	75.00
Total assets		**185,914.74**	**-**	**57,258.84**	**243,173.58**
B EQUITY AND LIABILITIES					
1 Equity					
(a) Equity Share Capital		12,409.54	-	-	12,409.54
(b) Other Equity	4.10	66,330.45	-	58,776.71	125,107.16
Total equity		**78,739.99**	**-**	**58,776.71**	**137,516.70**
LIABILITIES					
2 Non current liabilities					
(a) Financial liabilities					
i) Borrowings	4.6	18,365.80	-	(37.28)	18,328.52
ii) Other financial liabilities		-	39.01	-	39.01
(b) Provisions		864.12	-	-	864.12
(c) Deferred tax liabilities (net)	4.13	11,077.76	-	1,497.55	12,575.31
(d) Other current liabilities	4.7	39.01	(39.01)	-	-
Sub-total non-current liabilities		**30,346.69**	**-**	**1,460.27**	**31,806.96**
3 Current liabilities					
(a) Financial liabilities					
i) Borrowings		40,340.14	-	-	40,340.14
ii) Trade payables		20,000.10	-	0.01	20,000.11
iii) Other financial liabilities	4.8	-	8,219.94	-	8,219.94
(b) Other current liabilities	4.8	13,417.16	(8,219.94)	(0.01)	5,197.21
(c) Provisions	4.9	3,070.66	-	(2,978.14)	92.52
Sub-total current liabilities		**76,828.06**	**-**	**(2,978.14)**	**73,849.92**
Total liabilities		**107,174.75**	**-**	**(1,517.87)**	**105,656.88**
Total equity and liabilities		**185,914.74**	**-**	**57,258.84**	**243,173.58**

Notes to the consolidated financial statements

Reconciliation of total comprehensive income for the year ended March 31, 2016

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Notes	Indian GAAP	Regrouping	Re-measurement	Ind-AS
Income					
Revenue from operations					
Sale of Products		279,154.21	-	0.01	279,154.22
Less : Excise duty		36,120.94	-	(36,120.94)	-
Sale of Products (net)	4.14	243,033.27	-	36,120.95	279,154.22
Operating income	4.1	2,249.82	-	2,908.35	5,158.17
Revenue from operations		245,283.09	-	39,029.30	284,312.39
Other income		3,819.49	-	51.83	3,871.32
Total Revenue (I)		249,102.58	-	39,081.13	288,183.71
Expenses	4.14				
Cost of raw materials and components consumed		161,384.82	46.65	36,120.93	197,552.40
Changes in inventories of finished goods, stock-in -trade and work-in-progress	4.11	3,337.79	-	-	3,337.79
Employee benefits expense		9,340.37	(52.00)	(38.48)	9,249.89
Finance costs		4,464.34	(13.96)	20.59	4,470.97
Depreciation and amortisation expense		5,057.36	-	0.01	5,057.37
Other Expenses		33,709.29	19.31	-	33,728.60
Total expenses (II)		217,293.97	-	36,103.05	253,397.02
Profit before share of (profit)/loss of an associate, exceptional items and tax (I-V)		31,808.61	-	2,978.08	34,786.69
Share of (profit)/loss of an associate before tax		(628.24)	-	(420.31)	(1,048.55)
Exceptional items		(2,447.79)	-	-	(2,447.79)
Profit before tax		34,884.64	-	3,398.39	38,283.03
Tax expense					
Current tax		10,266.76	-	479.91	10,746.67
Deferred tax		722.92	-	1,036.27	1,759.19
Total tax expense		**10,989.68**	**-**	**1,516.18**	**12,505.86**
Profit for the year		**23,894.96**	**-**	**1,882.21**	**25,777.17**
Other comprehensive income	4.12				
A. Items that will not be reclassified to profit or loss					
Re-measurement of defined benefit plans	4.11	-	-	(38.48)	(38.48)
Income tax effect		-	-	13.32	13.32
Share of other comprehensive income of associate accounted for using the equity method		-	-	(0.65)	(0.65)
Net gain / (loss) on FVOCI equity instruments	4.1	-	-	(1,004.21)	(1,004.21)
Income tax effect		-	-	39.47	39.47
Net items of OCI not to be reclassified to profit or loss (A)		**-**	**-**	(990.55)	**(990.55)**
B. Items that will be reclassified to profit or loss					
Items that will be reclassified to profit or loss		-	-	-	-
Income tax effect		-	-	-	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods (B)		-	-	-	-
Total other comprehensive income for the year, net of tax [A+B]		-	-	(990.55)	(990.55)
Total comprehensive income for the year, net of tax		**23,894.96**	**-**	**891.66**	**24,786.62**

Notes to the consolidated financial statements

Reconciliation of equity as at March 31, 2016

(All amounts in ₹ Lakhs, unless otherwise stated)

	Assets	Notes	Indian GAAP	Regrouping	Re-measurement	Ind-AS
A	**ASSETS**					
1	**Non-current assets**					
	(a) Property, plant and equipment	A	84,697.96	-	0.01	84,697.97
	(b) Capital work-in-progress		661.56	-	(0.01)	661.55
	(c) Intangible assets		266.62	-	-	266.62
	(d) Financial Assets					
	i) Investments	B	15,683.23	-	52,834.45	68,517.68
	ii) Loans	C	6,978.96	(6,978.51)	-	0.45
	iii) Other financial assets		-	5,243.49	-	5,243.49
	(e) Tax assets (net)	D	708.03	-	0.02	708.05
	(f) Other non current assets	E	-	1,735.02	-	1,735.02
	Sub-total non-current assets		**108,996.36**	**-**	**52,834.47**	**161,830.83**
2	**Current assets**					
	(a) Inventories		44,722.23	-	-	44,722.23
	(b) Financial assets					
	i) Investments		16,765.05	-	105.84	16,870.89
	ii) Trade receivables		1,762.92	-	0.01	1,762.93
	iii) Cash and cash equivalents		1,041.18	-	(0.02)	1,041.16
	iv) Loans	F	12,305.69	(12,282.85)	0.02	22.86
	(c) Current tax assets (net)	G	-	1,781.04	-	1,781.04
	(d) Other Current Assets	H	-	10,501.81	-	10,501.81
	Sub-total current assets		**76,597.07**	**-**	**105.85**	**76,702.92**
3	**Non-current assets held for sale**	I	-	-	-	-
	Total assets		**185,593.43**	**-**	**52,940.32**	**238,533.75**
B	**EQUITY AND LIABILITIES**					
1	**Equity**					
	(a) Equity Share Capital		12,409.54	-	-	12,409.54
	(b) Other Equity	J	87,016.88	-	59,623.75	146,640.63
	Total equity		**99,426.42**	**-**	**59,623.75**	**159,050.17**
	LIABILITIES					
2	**Non current liabilities**					
	(a) Financial liabilities					
	i) Borrowings	K	-	37.28	(37.28)	-
	ii) Other financial liabilities		-	39.21	-	39.21
	(b) Provisions		1,121.70	-	-	1,121.70
	(c) Deferred tax liabilities (net)		11,800.68	-	2,562.64	14,363.32
	(d) Other non-current liabilities		39.21	(39.21)	-	-
	(e) Government grant		-	-	5,275.74	5,275.74
	Sub-total non-current liabilities		**12,961.59**	**37.28**	**7,801.10**	**20,799.97**
3	**Current liabilities**					
	(a) Financial liabilities					
	i) Borrowings		11,171.20	-	-	11,171.20
	ii) Trade payables		24,318.75	-	-	24,318.75
	iii) Other financial liabilities	L	-	14,402.11	20.60	14,422.71
	(b) Other current liabilities		22,670.24	(14,439.39)	(0.02)	8,230.83
	(c) Provisions		15,045.23	-	(14,935.82)	109.41
	(d) Government grant		-	-	430.71	430.71
	Sub-total current liabilities		**73,205.42**	**(37.28)**	**(14,484.53)**	**58,683.61**
	Total liabilities		**86,167.01**	**0.00**	**(6,683.43)**	**79,483.58**
	Total equity and liabilities		**185,593.43**	**0.00**	**52,940.32**	**238,533.75**

Notes to the reconciliation of equity as at April 1, 2015 and March 31, 2016 and reconciliation of statement of profit and loss for the year ended March 31, 2016

4.1 Investments

Under Indian GAAP, the Group classified all investments acquired with the intention of being held for more than 1 year as non-current investments. Under Ind AS, the Group has classified an investment as non-current asset held for sale, as their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Refer Note 17 for further details.

Under Indian GAAP, the Group accounted for long term investments in quoted and unquoted equity shares and units of mutual funds as investments measured at cost less provision for other than temporary diminution in the value of investments and for current investments in quoted and unquoted mutual fund and indexed linked debentures, as investments measured at lower of cost and fair value, determined on individual basis. Under Ind AS, the Group has designated such instruments as financial assets at fair value through profit or loss or fair value through other comprehensive income. Ind AS requires such financial assets to be measured at fair value. On the date of transition to Ind AS, the difference between the fair value and the Indian GAAP carrying value of the instruments has been recognised as an adjustment against the retained earnings, net off related deferred tax.

4.2 Government Grant

Under Indian GAAP, incentives accrued under the Industrial Promotion Subsidy under the Package Scheme of Incentives is considered to be in the nature of promoters' contribution and is recognised directly in the balance sheet as capital reserve. Under Ind AS, these incentives qualify as grant related to assets. This is disclosed as deferred income in the balance sheet and recognised in the statement of profit and loss over the life of the property, plant and equipment..

4.3 Long term loans and short term loans

Under Indian GAAP, the Group classified all its advances, including advance tax, deposits held under protest, advances for capital purchases, statutory balances, as part of long term loans and advances, in the absence of distinction between financial and non-financial assets. Under Ind AS, financial and non-financial assets have to be classified and measured separately, hence, certain items forming part of long term loans and advances in Indian GAAP have been regrouped to other non-current assets under Ind AS.

Notes to the consolidated financial statements

A quantitative reconciliation as on 1st April 2015 is as follows:

Non-current loans

(All amounts in ₹ Lakhs, unless otherwise stated)

	Amount	Amount
Long term loans and advances as per Indian GAAP		5,880.51
Less: Classified as other non-current assets		
Vendor advances	637.60	
Deposits held in protest	509.14	
Capital Advances	102.75	
Prepaid Expenses	62.64	
Statutory balances	60.92	1,373.05
Less: Classified as other financial asset		
Security deposit	133.62	
Other deposit	1.54	135.16
Less: Classified as non-current tax assets (net)		**4,370.21**
Less: Classified as non-current loans		**2.09**

Current loans

(All amounts in ₹ Lakhs, unless otherwise stated)

	Amount	Amount
Short term loans and advances as per Indian GAAP		12,286.28
Less: Classified as other current assets		
Statutory balances	9,162.32	
Vendor advances	1,083.91	
Prepaid Expenses	264.92	10,511.15
Less: Classified as current tax assets (net)		**1,759.05**
Less: Classified as current loans		**16.08**

4.4 Other non-current assets

Other non-current assets consist of amounts classified from Indian GAAP long term loans and advances (refer Note 4.3 above).

4.5 Current tax assets (net)

This comprises of advance tax reclassified from short term loans and advances in Indian GAAP. Refer Note 4.3 above for details.

4.6 Debentures at amortised cost

Under Indian GAAP, the Group recognised the liability at cost and the issue expenses were recognised as an expense in the period in which they were incurred. Under Ind AS, the liability is measured at amortised cost following effective interest rate method. The issue expenses are factored in the computation of effective interest rate and hence will get amortised over the period and not in the year in which they are incurred. On the date of transition to Ind AS, adjustment arising on account measuring financial liability at amortised cost has been recognised as an adjustment against the retained earnings.

4.7 Other current financial liabilities

Under Indian GAAP, the Group classified all its liabilities such as payables to employees and provision for expense, as part of other current liabilities, in the absence of distinction between financial and non-financial liabilities. Under Ind AS, financial and non-financial liabilities have to be classified and measured separately. Hence, such items forming part of other current liabilities in Indian GAAP have been reGrouped to 'other current financial liabilities' in Ind AS.

4.8 Other current liabilities

Under Indian GAAP, current liabilities included current portion of long term borrowings, payables to employees and provision for expense (as discussed on Note 4.7 above). It also included interest accrued but not due on Group's borrowings, which is now included in the value of borrowings computed as per the amortised cost method.

4.9 Short term provisions

Under Indian GAAP, the Group recognised as a liability, provision for dividend in the year to which it relates, even though the same is subsequently approved by the shareholders in the Annual General Meeting ('AGM'). However, under Ind AS, liability will be recognised in the financial statement after it is approved by the shareholders in the AGM. Consequently, proposed dividend relating to FY 2015-16 that was recognised as a provision in Indian GAAP as at March 31, 2015, will be recognised under Ind AS in the year ended March 31, 2016, by corresponding debit to retained earnings.

4.10 Other equity

Adjustments in other equity are on account of changes in measurement basis arising out of Ind AS conversion. A quantitative reconciliation of the same is as follows:

(All amounts in ₹ Lakhs, unless otherwise stated)

	Amount
Other equity	66,330.45
Reversal pf provision for proposed dividend and tax thereon (Refer Note 4.9 above)	2,978.14
Adjustment on account of change in measurement basis for long term borrowings (Refer Note 4.6 above)	37.28
Fair value of financial instruments	53,869.97
Reversal of provision for diminution in value of investment	279.31
Deferred tax adjustment	(116.07)
Investment in associate	1728.08
Total	**125,107.16**

Further, the Group had a Capital reserve (₹ 60 Lakh as at March 31, 2015) created out of receipt of government grants in prior years and a Contingency reserve (₹ 1,215 Lakh as at March 31, 2015) created for certain mark to market losses not recognised as a provision in prior years. These reserves are treated as part of retained earnings under Ind AS.

4.11 Defined benefit obligation

Both under Indian GAAP and Ind AS, the Group recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind-AS, re-measurements comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI net off tax.

4.12 Other comprehensive income

Under Indian GAAP, there were no requirements to separately disclose Other Comprehensive Income ('OCI') and hence, the Group had not presented other comprehensive income (OCI) separately. Hence, the Group has reconciled the profit under Indian GAAP to the profit as per Ind-AS. Further, the profit under Ind-AS is reconciled to total comprehensive income as per Ind-AS.

4.13 Deferred taxes

Indian GAAP requires deferred taxes to be accounted using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12- Income Taxes requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind-AS 12 has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

4.14 Sale of goods

Under Indian GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty.. Thus sale of goods under Ind AS has increased with a corresponding increase in cost of material consumed.

4.15 Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

5. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

5.1 Judgements

In the process of applying the accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

5.1.1 Non-current asset held for sale

On March 16, 2015, the Board of Directors of the Group had decided to sell the Group's investment in equity instruments of Rajasthan Olive Cultivation Limited. Subsequently the Group had written a letter dated June 2, 2015 to the Rajasthan State Agriculture Board ('State Board') (the majority shareholder in Rajasthan Olive Cultivation Limited) expressing its intent to sell its shares to the State Board at face value. The Group had an active plan to execute the sale. If the Group does not receive a response from the State Board, the Group plans to sell these shares to external parties. Accordingly, this investment was classified as non-current asset held for sale as on April 1, 2015 on account of the following factors:

- The asset was available for sale in the present condition
- The sale was highly probable, which was evident from the following:
- The Group's management had a committed to plan to sell the non-current asset
- Active program to locate buyer and complete the plan was initiated
- The sale was expected to be executed within one year

During the year ended March 31, 2016, the Company sold this investments in Rajasthan Olive Cultivation Limited.

5.1.2 Classification of non-current investments

The Group has classified investments in Finolex Plasson Industries Limited and Pawas Port Limited as investment in associate.

The non-current investments in equity shares of Finolex Infrastructure Limited and I2IT Private Limited, which the Group considers to be strategic in nature have been classified as investments measured at fair value through Other Comprehensive Income.

5.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the Group's control. Such changes are reflected in the assumptions when they occur.

5.2.1 Defined benefit plans

The Group has a defined benefit plan i.e. gratuity fund scheme. The cost and the present value of the obligation arising out of the gratuity scheme are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

5.2.2 Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of balance sheet cannot be measured based on quoted prices in active markets, their fair value is determined using valuation techniques including the discounted cash flow ('DCF') model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. Please refer Note 40 for further details of fair valuation approach and inputs used for various financial instruments.

The discount for lack of marketability represents the amounts that the Group has determined that market participants would take into account when pricing the investments.

6.1 Property, plant and equipment

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Cost				Accumulated Depreciation				Net Block	
	As at April 1, 2016	Additions	Disposals	**As at March 31, 2017**	As at April 1, 2016	Additions	Disposals	**As at March 31, 2017**	**As at March 31, 2017**	As at March 31, 2016
Freehold land	6,778.34	89.05	-	**6,867.39**	-	-	-	**-**	**6,867.39**	6,778.34
Leasehold land	76.31	-	-	**76.31**	0.75	1.49	-	**2.24**	**74.07**	75.56
Buildings	15,426.92	134.60	12.24	**15,549.28**	608.83	628.10	9.78	**1,227.15**	**14,322.13**	14,818.09
Plant and machinery	66,017.23	5,515.50	127.02	**71,405.71**	3,984.17	4,607.07	61.31	**8,529.93**	**62,875.78**	62,033.06
Office equipments	83.99	40.67	2.59	**122.07**	(25.46)	41.26	2.20	**13.60**	**108.47**	109.45
Furniture & fixtures	353.24	40.84	1.89	**392.19**	63.87	64.13	0.56	**127.44**	**264.75**	289.37
Vehicles	562.92	161.34	52.79	**671.47**	(31.18)	89.71	40.71	**17.82**	**653.65**	594.10
Total	**89,298.95**	**5,982.00**	**196.53**	**95,084.42**	**4,600.98**	**5,431.76**	**114.56**	**9,918.18**	**85,166.24**	**84,697.97**
Capital work-in-progress	661.55			**2,174.85**					**2,174.85**	661.55

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Cost				Accumulated Depreciation				Net Block
	As at April 1, 2015	Additions	Disposals	As at March 31, 2016	As at April 1, 2015	Additions	Disposals	As at March 31, 2016	As at March 31, 2016
Freehold land	6,738.61	39.73	-	6,778.34		-	-	-	6,778.34
Leasehold land	76.31	-	-	76.31		0.75	-	0.75	75.56
Buildings	15,245.04	218.34	36.46	15,426.92		625.71	16.88	608.83	14,818.09
Plant and machinery	63,532.44	2,798.28	313.49	66,017.23		4,141.86	157.69	3,984.17	62,033.06
Office equipments	143.78	59.52	119.31	83.99		57.17	82.63	(25.46)	109.45
Furniture & fixtures	334.86	18.83	0.45	353.24		64.21	0.34	63.87	289.37
Vehicles	386.73	470.49	294.30	562.92		81.36	112.54	(31.18)	594.10
Total	**86,457.77**	**3,605.19**	**764.01**	**89,298.95**		**4,971.06**	**370.08**	**4,600.98**	**84,697.97**
Capital work-in-progress	1,039.75			661.55					661.55

Movable property, plant and equipment :

For details of property, plant and equipments pledged as security for liabilities, please refer to Note 20 & 25

Capital work in progress:

Capital work-in-progress ('CWIP') comprises cost of assets that are not yet installed and ready for their intended use at the balance sheet date.

Also refer Note 4 on first time adoption

6.2 Intangible Assets

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Cost				Accumulated Depreciation				Net Block	
	As at April 1, 2016	Additions	Disposals	**As at March 31, 2017**	As at April 1, 2016	Additions	Disposals	**As at March 31, 2017**	**As at March 31, 2017**	As at March 31, 2016
Computer Software	352.93	152.82	-	**505.75**	86.31	72.88	-	**159.19**	**346.56**	266.62

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Cost				Accumulated Depreciation				Net Block
	As at April 1, 2015	Additions	Disposals	As at March 31, 2016	As at April 1, 2015	Additions	Disposals	As at March 31, 2016	As at March 31, 2016
Computer Software	318.81	34.12	-	352.93	-	86.31	-	86.31	266.62

Refer Note 4 on first time adoption

Notes to the consolidated financial statements

7 Non-current investments

Non-current investments consist of the following:

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Investments carried at FVOCI	115,485.24	63,632.16	65,246.39
Investments carried at FVTPL	320.85	462.99	479.71
Investments carried at amortised cost	-	-	-
Investments carried at cost	4,896.40	4,422.53	3,864.27
	120,702.49	68,517.68	69,590.37

Investments carried at FVOCI

Non-current investments comprise of investments in equity instruments of different entities. These investments are classified as investments measured at fair value through Other Comprehensive Income upon initial recognition as the Group considers these investments to be strategic in nature.

List of investments under each category

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	No. of shares*			Value of investments		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Investments in equity shares						
Quoted and listed						
Equity Shares of ₹ 2 each in Finolex Cables Ltd. (FVTOCI)	22,187,075	22,187,075	22,187,075	114,622.66	62,341.24	63,075.64
Equity Shares of ₹ 2 each in Gulf Oil Corporation Ltd. (FVTPL)	9,900	9,900	9,900	35.94	13.46	14.29
Equity Shares of ₹ 10 each in Gold Crest Corporation Ltd. (FVTPL)	12,400	12,400	12,400	4.26	3.61	3.60
				114,662.86	62,358.31	63,093.53
Unquoted						
Associate Companies						
Equity Shares of ₹ 10 each in						
a) Finolex Plasson Industries Ltd. (Cost)	4,635,000	4,635,000	4,635,000	4,417.53	3,859.27	749.77
Less: share in associate						(359.93)
Add: Accumulated income from associate for previous years						3,469.43
Less: dividend received during the year				(115.88)	(92.70)	
Add: Share in current year profit of associate				932.42	1,048.55	
Add: Share in current year OCI of associate				5.75	0.65	
Less: Share in current year tax				(428.74)	(479.91)	
Less: Share in current year deferred tax				80.32	81.67	

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	No. of shares*			Value of investments		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Total value of investment in associate				4,891.40	4,417.53	3,859.27
b) Pawas Port Ltd. (Cost)	49,994	49,994	49,994	5.00	5.00	5.00
Other Companies						
Equity Shares of ₹ 10 each in						
a) I2IT Private Limited (FVTOCI)	-	-	61,000,000	-	-	878.40
b) Finolex Infrastructure Ltd. (FVTOCI)	5,373,938	5,343,404	5,343,404	862.58	1,290.92	1,292.35
c) The Saraswat Co-op Bank Ltd. (FVTPL)	1,000	1,000	1,000	0.10	0.10	0.10
Units of ₹ 100,000 each in Peninsula Realty Fund	381	483	500	280.55	445.82	461.72
				6,039.63	6,159.37	6,496.84
Total				120,702.49	68,517.68	69,590.37

* No. of shares are in full figures

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Aggregate value of quoted investments (cost)	10,266.19	10,266.19	10,266.19
Aggregate market value of quoted investments	114,662.86	62,358.31	63,093.53
Aggregate value of unquoted investments (cost)	1,772.00	1,772.00	2,399.21
Aggregate value of unquoted investments (fair value)	6,039.63	6,159.37	6,496.84

Fair Value disclosures

Fair value disclosures for financial assets and liabilities are stated in Note 42 and fair value hierarchy disclosures for investment are stated in Note 43.

Risk Management Strategy

Refer Note 44 on risk management objectives and policies for financial instruments.

8 Non-current loans

(Unsecured, considered good)

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Loans			
Loans to employees	1.26	0.45	2.09
Total Loans	1.26	0.45	2.09

Loans are non-derivative financial assets carried at amortised cost which generate a fixed interest income for the Group.

9 Other non-current financial assets

(Unsecured, considered good unless otherwise stated)

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Security Deposits, carried at amortised cost	182.32	147.06	133.62
Claims receivable (under mega incentive schemes)	5,443.48	5,070.11	-
Other Deposits			
Unsecured, considered good	106.05	26.32	1.54
Doubtful	65.00	65.00	65.00
	171.05	91.32	66.54
Less: Provision for doubtful deposits	(65.00)	(65.00)	(65.00)
	106.05	26.32	1.54
Total other financial assets	5,731.85	5,243.49	135.16

Security deposits comprise of deposit with various government agencies and others.

Other deposits primarily relate to inter-corporate deposit.

10 Other non-current assets

(Unsecured, considered good unless otherwise stated)

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Capital Advances	2,427.72	633.92	102.75
Other Advances			
Advances to vendors			
Unsecured, considered good	582.60	442.60	637.60
Doubtful	504.76	504.76	148.24
	1,087.36	947.36	785.84
Less: Provision for doubtful advances	(504.76)	(504.76)	(148.24)
	582.60	442.60	637.60
Amounts deposited under protest	509.14	509.14	509.14
Prepaid expenses	43.82	87.14	62.64
Claims Receivable			
- VAT and sales tax	60.92	62.22	60.92
Total	3,624.20	1,735.02	1,373.05

Amounts deposited under protest primarily relates to amount deposited in Dispute Resolution Panel for dispute with Deutsche Bank (₹ 500 Lakhs).

Notes to the consolidated financial statements

11 Inventories

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Raw materials	27,836.04	23,605.39	31,886.30
Work-in-progress	2,585.59	3,746.79	3,703.34
Finished goods	19,913.19	12,861.30	16,242.54
Stores and spares	5,197.21	4,357.75	3,856.58
Packing material	208.00	151.00	176.35
Total	55,740.03	44,722.23	55,865.11

Raw materials include goods in transit of ₹ 4,486.91 Lakhs (₹ 5,473.37 Lakhs as at March 31, 2016 and ₹ 7,549.44 Lakhs as at April 1, 2015)

*Refer Note 3.14 for basis of valuation

12 Current investments

Current investments comprise of investments in mutual funds with growth option and redeemable debentures. These are held for trading and hence are measured at fair value through profit and loss. Fair value of unquoted investment in Mutual funds have been determined by reference to the Net Asset Value ('NAV') available from respective Asset Management Group ('AMC').

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	No of units			Value of investments		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Quoted and Listed						
Secured Redeemable Index Linked Non-Convertible Debentures of ₹ 100,000 each with Citi Financial Consumer Finance India Limited	-	-	0.02	-	-	2,056.53
Quoted but not listed						
Mutual Fund (MF) Units of ₹100 each						
Birla MF - BSL Cash Plus - Growth	-	-	5.35	-	-	1,200.79
ICICI Prudential Liquid Fund - Direct Plan - Growth	-	12.05	-	-	2,703.36	-
Mutual Fund (MF) Units of ₹ 1,000 each						
DSPBR Liquidity Fund - Growth	-	-	0.55	-	-	1,100.88
Templeton India Treasury Mgt A/C super Inst Plan - Growth	-	-	0.57	-	-	1,201.31
Axis MF - Axis Liquid Fund -Growth	2.88	2.47	-	5,198.38	4,143.09	-
Reliance MF-Reliance Liquid Fund-Treasury Plan Growth	-	1.26	-	-	4,658.01	-
SBI Premier Liquid Fund - Direct Plan - Growth	-	2.25	-	-	5,366.43	-
UTI Liquid Fund- Cash Plan- Gr	0.17	-	-	457.41	-	-
	3.05	18.03	6.49	5,655.79	16,870.89	5,559.51

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Aggregate value of quoted investments (cost)	5,582.61	16,765.05	5,505.00
Aggregate market value of quoted investments	5,655.79	16,870.89	5,559.51

Refer Note 4 on first time adoption

Fair Value disclosures

Fair value disclosures for financial assets and liabilities are stated in Note 42 and fair value hierarchy disclosures for investment are stated in Note 43

Risk Management Strategy

Refer Note 44 on risk management objectives and policies for financial instruments.

13 Trade receivables

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Trade receivables	5,249.29	1,762.93	4,870.45
Total Trade receivables	5,249.29	1,762.93	4,870.45
Break-up for security details:			
Trade receivables			
Unsecured, considered good	5,249.29	1,762.93	4,870.45
Doubtful	12.96	12.96	12.96
	5,262.25	1,775.89	4,883.41
Impairment allowance (allowance for bad and doubtful debts)	(12.96)	(12.96)	(12.96)
Total Trade receivables	5,249.29	1,762.93	4,870.45

For terms and conditions relating to related party receivables, refer Note 40

Trade receivables from companies in which director is a director or member

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Finolex Plasson Industries Private Limited	75.64	-	-
Finolex Cables Limited	21.91	21.91	20.81

Group's trade receivables consist of receivables from dealers and customers against sales of pipes and fittings and PVC resins. Trade receivables are mostly on terms of advance payment or credit period supported by bank guarantee or letter of credit. Group also charges interest @ 18% p.a in case of default in collection of trade receivables.

14 Cash and cash equivalents

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Balances with banks			
Current accounts	527.91	136.76	389.92
Unpaid dividend accounts	1,083.67	879.85	807.16
Cash on hand	22.86	24.55	32.94
Total	1,634.44	1,041.16	1,230.02

As at March 31, 2017, the Group had available ₹ 132,000.53 Lakh (March 31, 2016: ₹ 130,247.80 Lakh; April 01, 2015: ₹ 111,491.19 Lakh) of undrawn committed borrowing facilities.

15 Current loans

(Unsecured, considered good)

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Loans			
Loans to Employees	18.76	22.86	16.08
Total Loans	18.76	22.86	16.08

Loans are non-derivative financial assets carried at amortised cost which generate a fixed interest income for the Group.

Break up of financial assets at amortised cost

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Loans (Note 8 & 15)	20.02	23.31	18.17
Security deposits(Note 9)	182.32	147.06	133.62
Trade receivables(note 13)	5,249.29	1,762.93	4,870.45
Cash and cash equivalents (Note 14)	1,634.44	1,041.16	1,230.02
Other financial assets (Note 9)	5,549.53	5,096.43	1.54
Total financial assets carried at amortised cost	12,635.60	8,070.89	6,253.80

16 Other current assets

(Unsecured, considered good)

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Advances to vendors	693.51	1,059.47	1,083.91
Prepaid expenses	247.94	269.67	264.92
Claims receivable			
- Excise, Service Tax, Customs	3,916.41	4,394.47	4,557.21
- VAT and sales tax	4,419.53	4,778.20	4,605.11
Total	9,277.39	10,501.81	10,511.15

Notes to the consolidated financial statements

17 Non-current assets held for sale

Non-current assets held for sale comprises of investment in equity shares of Rajasthan Olive Cultivation Limited.

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
7,500 shares of ₹ 10 each in Rajasthan Olive Cultivation Limited	-	-	75.00

In the year ended March 31, 2015, the Group had decided to sell its investment in the said Group.

As on April 1, 2015, the Group had taken the necessary actions to complete the sale and expected the sale to take place within one year.

18 Share capital

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017		March 31, 2016		April 1, 2015	
	No. of shares*	Amount	No. of shares*	Amount	No. of shares*	Amount
Authorised:						
Equity Shares of ₹10 each	150,000,000	15,000.00	150,000,000	15,000.00	150,000,000	15,000.00
Unclassified Share Capital	85,000,000	8,500.00	85,000,000	8,500.00	85,000,000	8,500.00
	235,000,000	23,500.00	235,000,000	23,500.00	235,000,000	23,500.00
Issued, subscribed and fully paid up:						
Equity Shares of ₹10 each fully paid	124,095,381	12,409.54	124,095,381	12,409.54	124,095,381	12,409.54
	124,095,381	12,409.54	124,095,381	12,409.54	124,095,381	12,409.54

Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period:

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017		March 31, 2016		April 1, 2015	
	No. of shares*	Amount	No. of shares*	Amount	No. of shares*	Amount
At the beginning of the year	124,095,381	12,409.54	124,095,381	12,409.54	124,095,381	12,409.54
Add: Allotted during the year	-	-	-	-	-	-
Outstanding at the end of the period	124,095,381	12,409.54	124,095,381	12,409.54	124,095,381	12,409.54

Terms/ Rights attached to equity shares:

The Group has only class of equity shares having a par value of ₹10 per share. Each holder of the equity shares is entitled to one vote per share. The Group declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

Notes to the consolidated financial statements

In the event of liquidation of the Group, the holders of equity shares are entitled to receive remaining assets of the Group after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of shareholders holding more than 5% shares in the company

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017		March 31, 2016		April 1, 2015	
	No. of shares*	% holding	No. of shares*	% holding	No. of shares*	% holding
Equity shares of ₹ 10 each fully paid						
Finolex Cables Ltd.	40,192,597	32.39%	40,192,597	32.39%	40,192,597	32.39%
Orbit Electricals Private Limited	23,330,901	18.80%	23,330,901	18.80%	23,330,901	18.80%

* No. of shares are in full figures

19 Other Equity

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Retained earnings	Share capital buyback reserve	Share premium	General reserve	Debenture redemption reserve	Capital subsidy reserve	Total
As at April 1, 2015	72,012.20	2,517.93	15,126.81	27,950.22	7,500.00	-	125,107.16
Add : Profit for the year	25,777.17						25,777.17
Add/(Less): Remeasurement gains (losses) on defined benefit plan	(25.16)						(25.16)
Add : Transferred from Surplus				4,000.00			4,000.00
Add: Share of other comprehensive income of associate accounted for using the equity method	0.65						0.65
Add: Excess dividend tax provision reversed	3.00						3.00
Less: Reversal of Impairment allowance on Investment	(279.31)						(279.31)
Less: Appropriations							-
-General Reserve	(4,000.00)						(4,000.00)
-Dividend declared	(2,481.91)						(2,481.91)
-Tax on dividend declared	(496.23)						(496.23)
As at March 31, 2016	**90,510.41**	**2,517.93**	**15,126.81**	**31,950.22**	**7,500.00**	**-**	**147,605.37**
Add : Profit for the year	35,484.73			-			35,484.73

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Retained earnings	Share capital buyback reserve	Share premium	General reserve	Debenture redemption reserve	Capital subsidy reserve	Total
Add/(Less): Remeasurement gains (losses) on defined benefit plan	(71.66)						(71.66)
Add : Transferred from surplus							-
Add: Share of other comprehensive income of associate accounted for using the equity method	5.75						5.75
Less: Balance utilised during the year							-
Add: Excess dividend tax provision reversed	(12.03)						(12.03)
Add: Transfer from Debenture redemption reserve				7,500.00	(7,500.00)		
Less: Appropriations							-
-General Reserve							-
-Dividend declared	(12,409.54)						(12,409.54)
-Tax on dividend declared	**110,981.37**	**2,517.93**	**15,126.81**	**39,450.22**	**-**		**168,076.33**

19.1 Nature and purpose of reserves

1) Share capital buyback reserve

During financial year ended March 31, 2002 and March 31, 2003, the Group bought back shares of the Group out of free reserves and in order to comply with the requirements of Group law the Group created share capital buy back reserve to the extent of the face value of shares bought back.

2) General reserve

Till April 1, 2013, the Group was governed by provisions of the Companies Act of 1956. As per the requirements of this act read along with Companies (Transfer of Profit to Reserve) Rules, 1975, any Group declaring dividend in excess of 10% of face value of equity share was mandatorily required to transfer specified % of amount to general reserve. Accordingly, the Group has transferred amount to this reserve over the years to comply with the Company law requirements.

3) Debenture redemption reserve

The Group has issued 1000 secured redeemable non-convertible debentures of ₹ 1,000,000 each. Please refer to note 20 for further details relating to debentures. As per the Companies Act of 2013, the Group is required to create debenture redemption reserve account out of profits of the Group which are available for distribution of dividend and the amount credited to such account shall not be utilised by the Group except for redemption of debentures.

19.2 Other comprehensive income, net of tax

The disaggregation of changes in OCI by each type of reserve

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
FVOCI reserve	50,991.20	(964.74)	-
Total	**50,991.20**	(964.74)	**-**

19.3 Distribution made and proposed

(All amounts in ₹ Lakhs, unless otherwise stated)

Cash dividends on Equity shares declared and paid	March 31, 2017	March 31, 2016	April 1, 2015
Final dividend for 2013-14: ₹ 7 per share			8,686.67
Dividend distribution tax on above final dividend			1,476.30
Final dividend for 2014-15: ₹ 2 per share		2,481.91	
Dividend distribution tax on above final dividend		496.23	
Final dividend for 2015-16: ₹ 10 per share	12,409.53		
Dividend distribution tax on above final dividend	2,526.29		

19.4 Dividends proposed before annual general meeting but not recognised as a liability

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Proposed Dividend	14,270.97	12,409.53	2,481.91
Dividend per share (₹)	11.50	10.00	2.00

Proposed dividend on equity shares are subject to approval of the shareholders of their Group at the annual general meeting and are not recognised as a liability (including taxes thereon) as at 31 March, 2017.

20 Long term borrowings

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Rate of interest	Maturity	March 31, 2017	March 31, 2016	April 1, 2015
Financial liabilities measured at amortised cost					
Debentures (Secured)					
10.90% Redeemable Non-convertible debentures	10.90%	12/31/16	-	-	9,962.72
Term loans from banks (Secured)	11-10.5%	2015-2018	-	-	6,250.00
Deferred payment liabilities (Unsecured)					
Sales Tax deferral loan			-	-	2,115.80
TOTAL			-	-	18,328.52

Details of terms of borrowings and security for the borrowings

20.1 Debentures

1,000 privately placed 10.90% secured redeemable non-convertible debentures of ₹ 10.00 Lakh each ('NCD'), aggregating to ₹ 10,000.00 Lakh was due for redemption at the end of 3 years from the date of allotment i.e. 31st December, 2013.

The outstanding amount payable on NCDs of ₹ 10,000.00 Lakh with the interest accrued thereon (to the extent not paid) and all other costs, charges, expenses and fees payable to the debenture trustees namely Axis Trustee services Limited ('ATSL') was secured under the Debenture Trust deed by creation of simple mortgage on pari passu basis in favour of ATSL, on immovable properties of the Group falling within the battery limit of the site of the Group's plant for the manufacture of PVC resin, situated at village Golap, district Ratnagiri in the state of Maharashtra together with all buildings and structures thereon and all plants and machinery attached to the earth or permanently fastened to anything attached to the earth.

20.2 Term Loans

Central Bank

The term loan from Central Bank of India amounting to ₹ 10,000.00 Lakh was availed in the financial year 2011-12 and 2012-13 and carried interest at the Base rate of 10.25% + 0.75 % p.a. The loan was repayable in 3 equal annual instalments starting from 31st March, 2015.

The outstanding amount payable on term loan of ₹ 10,000.00 Lakh availed from Central Bank of India with all interest, liquidated damages, commitment charges, premia on prepayment, costs, expenses and other moneys and fees payable as applicable was secured by equitable mortgage created in favour of Central Bank of India, Pimpri, Pune by depositing all the documents of title, evidences, title deeds and writings in respect of immovable properties of the Group falling within the battery limit of Group's captive power plant situated at Village Golap, District Ratnagiri in the State of Maharashtra together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth.

Bank of Maharashtra

The term loan from Bank of Maharashtra amounting to ₹ 5,000 Lakh was availed in the financial year 2013-14 at the Base interest rate of 10.25% + 0.75% p.a. repayable in 12 quarterly instalments starting from January, 2015.

The outstanding amount payable on term loan of ₹ 5,000 Lakh availed from Bank of Maharashtra with all interest, liquidated damages, commitment charges, premia on prepayment, costs, expenses and other moneys and fees payable as applicable was secured by movable property of the Group viz., plant and machinery and other movable assets falling within the battery limit of the PVC manufacturing plant situated at Village Golap-Ratnagiri, District Ratnagiri, Maharashtra State.

20.3 Sales tax deferral loan

Deferred Sales tax loan was interest free and payable in 10 yearly instalments of various amounts starting from March 2020.

The Group has applied first time adoption exemption in accounting for sales tax deferral loan. Accordingly no benefit of below market interest rate has not been recognised in case of this loan. This loan has been recognised on historical cost basis. Please refer to note 4 for further details.

21 Non-current financial liabilities

Non-current financial liabilities include deposits by dealers. The Group believes that the impact of application of effective interest rate method will not be material, as the value of individual deposits is not significant. Hence, these have been measured at cost.

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Trade & security deposits	34.90	39.21	39.01
Total	34.90	39.21	39.01

22 Provisions

22.1 Non current provisions

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Employee benefit obligations			
Compensated absences (Refer Note 39)	404.52	552.56	366.48
Gratuity (Refer Note 39)	710.11	569.14	497.64
Total	1,114.63	1,121.70	864.12

22.2 Current provisions

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Employee benefit obligations			
Compensated absences (Refer Note 39)	47.06	43.52	34.11
Gratuity (Refer Note 39)	76.00	65.89	58.41
Others:			
Provision dividend		-	-
Tax Dividend		-	-
Total	123.06	109.41	92.52

Employee benefits obligations

a) Gratuity

The Group provides gratuity for employees as per the Gratuity Act, 1972. Employees who are in continuous service for a period of five years are eligible for gratuity. The amount of gratuity is payable on retirement or termination whichever is earlier. The level of benefits provided depends on the member's length of service and salary at retirement age. The gratuity plan is funded plan.

b) Compensated absences

The leave obligation cover the Group's liability for earned leaves.

Also refer Note 39 for detailed disclosure.

23 Government grants

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Deferred income from industrial promotion subsidy	6,679.95	5,706.45	-
Current	545.33	430.71	-
Non-current	6,134.62	5,275.74	-

The Group is entitled to receive Industrial Promotion Subsidy under the Package Scheme of Incentives, during the period from 1st April, 2011 to 31st March 2018. The aforesaid subsidy is in relation to in relation to investment in property, plant and equipment. Accordingly, the same has been classified as grant related to assets and the Group is recognising revenue from grant over the life of the property, plant and equipment.

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
As at the beginning of the year	5,706.45	-	
Received during the year	2,292.79	8,614.81	34.11
Released to the statement of profit and loss	(1,319.29)	(2,908.36)	58.41
As at the end of the year	6,679.95	5,706.45	92.52

Notes to the consolidated financial statements

24 Income Taxes

A Composition of income tax expense is as follows:

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
Statement of profit and loss		
Current tax		
Current income tax charge	16,362.56	10,746.67
Adjustments in the period for current tax of prior periods		
Deferred tax		
Relating to temporary differences	544.66	1,619.74
Adjustments in the period for deferred tax of associate	121.02	139.45
Income tax expense reported in the statement of profit and loss	17,028.24	12,505.86
Other Comprehensive Income		
Deferred tax related to items recognised in OCI during the year:		
Remeasurement gains/ (losses) on defined benefit plans	37.93	13.32
Fair value changes of financial assets	105.92	39.47
Income tax charged to OCI	143.85	52.79

B Reconciliation between tax expense and accounting profit multiplied by tax rate

Current taxes are measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
Accounting profit before tax expense	52,512.97	38,283.03
At India's statutory tax rate 34.608% (31 March 2016: 34.608%)	34.608%	34.608%
Computed tax expense	18,173.69	13,248.99
Adjustments For:		
Donations made disallowed as deductions	10.63	5.39
Loss on sale of asset	0.53	89.85
Corporate Social Responsibility Expenses	150.09	122.11
Provision for expenses not allowed in tax	0.71	3.01
Other non-deductible expenses	40.26	36.96
Capital Gains	312.46	542.64
Government grants exempted from tax	(13.13)	(141.54)
Dividend income accrued in current year exempt from tax	(232.22)	(170.50)
Profit on sale of assets	(0.45)	(1.56)
Profit on sale of investments	(312.46)	(541.27)
Agricultural income U/S.10(1) (Income from Mango Harvesting contract.)	(1.13)	(1.17)
Deduction allowed under section 80 IA, 35AC and chapter VI-A of income tax	(1,316.67)	(1,065.33)
Difference on capital gain tax rate	52.60	15.74
Other income credited to profit & loss A/c, either exempt or considered separately	(112.98)	131.31
Others items	0.63	1.40
Deferred tax on consolidation	201.34	221.12

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
Difference on account of associate	12.84	3.30
Difference in tax rate of DDT	58.13	58.13
Difference on account of other items	3.37	(60.49)
At the effective tax rate of 32.427% (March 2016: 32.667%)	17,028.23	12,505.86
Income tax expense reported in the statement of profit and loss	17,028.24	12,505.86

C Composition of deferred tax assets and deferred tax liabilities and deferred tax expense/(income)

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Balance Sheet			Statement of Profit and Loss	
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016
Depreciation	(16,152.47)	(15,328.10)	(11,662.71)	(824.37)	(3,665.39)
Deferred income	2,311.43	1,974.66	-	336.77	1,974.66
Fair valuation of FVTPL investment	88.00	51.57	77.33	36.43	(25.76)
Fair valuation of FVOCI investment	(35.11)	(141.02)	(180.49)	-	-
Disallowances u/s 43 B of Income Tax Act	-	94.05	92.37	(94.05)	1.68
Provision for Doubtful debts & advances	167.79	167.79	72.48	-	95.31
Diminution in value of investments	-		94.94	-	(94.94)
Leave encashment	156.28	206.29	136.08	(88.00)	56.89
Deferred tax on consolidation	(1,803.80)	(1,602.53)	(1,381.41)	(121.50)	(139.51)
Defined benefit obligation and others	303.01	213.97	176.10	89.04	37.87
Deferred tax expense/(income)	-	-	-	(665.68)	(1,759.19)
Net deferred tax assets/ (liabilities)	(14,964.87)	(14,363.32)	(12,575.31)		

Deferred taxes are measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

D Reconciliation of deferred tax liabilities, net

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
As at the beginning of the year	(14,363.32)	(12,575.31)
Tax (expense)/ income recognised in the statement of profit and loss	(665.68)	(1,759.19)
Share of associate	(80.26)	(81.67)
Tax (expense)/ income recognised in the OCI	144.39	52.85
As at the end of the year	(14,964.87)	(14,363.32)

Notes to the consolidated financial statements

E Composition of deferred tax expense/ (income) recognised in the statement of profit and loss

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
Deferred tax income	462.24	2,166.41
Deferred tax expense	(1,127.92)	(3,925.60)
Net deferred tax expense/ (income)	(665.68)	(1,759.19)

25 Current borrowings

(Secured)

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Short term borrowings:			
Acceptances from banks	9,418.47	11,131.71	29,909.28
Working capital borrowings from banks	-	39.49	18.53
Other Loans:			
Loans from banks	-	-	10,412.33
TOTAL	9,418.47	11,171.20	40,340.14

Details of terms of borrowings and security for the borrowings

The aggregate limits of working capital borrowings of ₹ 139,575 Lakh (₹ 139,575 Lakh as at March 31, 2016 and ₹ 139,575 Lakh as at March 31, 2015) from the Bank of India Consortium together with all interest, liquidated damages, costs, charges and other moneys payable under working capital consortium agreement/sanction letters are secured by:

1) Hypothecation of inventories and book debts; and

2) Extension of second equitable mortgage, created in favour of Bank of India Consortium on pari passu basis with other second charge holder by deposit of title deeds with Axis Bank Ltd (ABL), New Delhi. ABL acting as an agent for Bank of India Consortium, which ranks subsequent and subservient in rank of priority over the first equitable mortgages created by deposit of title deeds in respect of immoveable properties falling within the battery limit of the site of the Group's plant for manufacture of PVC Resin, situated at Village Golap, District Ratnagiri in the State of Maharashtra together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth.

26 Trade payables

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Trade payables			
- total outstanding dues of Micro Enterprises & Small Enterprises	38.99	60.22	25.19
- total outstanding dues of creditors other than Micro Enterprises & Small Enterprises	22,708.87	24,258.53	19,974.92
Total	22,747.86	24,318.75	20,000.11

For amounts payable to related parties and for terms and conditions with related parties, refer Note 40

Trade payables are non-interest bearing and are normally settled within 90 days. Refer Note 44 for discussion on Group's credit risk management policies and procedures.

27 Other current financial liabilities

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Current maturities of term loans from banks	-	9,983.31	5,000.00
Interest accrued	46.02	293.83	469.49
Payable to employees	1,092.50	1,866.78	1,215.13
Payables for expenses	3,336.93	1,398.92	728.15
Unpaid dividend	1,083.67	879.87	807.17
Total	5,559.12	14,422.71	8,219.94

Break up of financial liabilities at amortised cost

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Borrowings (Note 20 & 25)	9,418.47	11,171.20	58,668.66
Trade payables(Note 26)	22,747.86	24,318.75	20,000.11
Other financial liabilities (Note 27)	5,559.12	14,422.71	8,219.94
Total financial liabilities carried at amortised cost	37,725.45	49,912.66	86,888.71

28 Other current liabilities

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Advances from Customers	2,860.04	4,048.64	2,361.29
Statutory dues	4,415.65	4,182.19	2,835.92
Total	7,275.69	8,230.83	5,197.21

29 Revenue from operations

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
Sale of products (including excise duty)	295,572.01	279,154.22
Other operating revenues	3,191.70	5,158.17
Total	298,763.71	284,312.39

Sale of goods includes excise duty collected from customers of ₹ 38,527.28 Lakh (31 March 2016: ₹ 36,120.94 Lakh). Sale of goods net of excise duty is ₹ 257,044.73 Lakh (31 March 2016:₹ 243,033.28 Lakh)

30 Other Income

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
Interest on		
a) Overdue receivables from customers	32.63	45.78
b) Others	184.38	593.55
Dividend from non-current investments	671.01	492.66
Less: Dividend received from associate	(115.88)	(92.70)
	555.13	399.96
Net gain on		
a) Adjustments to carrying amount of investment measured at FVTPL	(72.78)	51.83
b) Gain on disposal of property, plant and equipment	1.31	4.50
c) Gain on disposal of investments	902.85	1,564.00
d) Exchange differences(other than those considered as finance cost)	561.53	-
Other non-operating income		
a) Sales tax deferral loan (Refer Note 20.3)	-	1,056.68
b) Others	152.87	155.02
Total	2,317.92	3,871.32

Fair value gain/(loss) on financial instruments at fair value through profit or loss relates to the gain/(loss) arising on fair value restatements of mutual funds and equity at balance sheet dates which are held as current or non-current investments.

31 Cost of materials consumed

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
Cost of raw materials consumed	202,934.50	195,216.61
Packing material consumed	2,439.92	2,335.79
Total	205,374.42	197,552.40

32 Changes in inventories of finished goods, stock-in -trade and work-in-progress

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
Inventories at the end of the year		
Work in Progress	2,585.59	3,746.79
Finished Goods	19,913.19	12,861.30
Sub Total (A)	22,498.78	16,608.09
Inventories at the beginning of the year		
Work in Progress	3,746.79	3,703.34
Finished Goods	12,861.30	16,242.54
Sub Total (B)	16,608.09	19,945.88
Changes in inventories of finished goods and work-in-progress (B-A)	(5,890.69)	3,337.79

33 Employee benefits expense

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
Salaries and wages	9,008.21	7,827.33
Contribution to provident and other funds	417.09	461.91
Staff welfare expenses	1,063.94	960.65
Total	10,489.24	9,249.89

34 Finance Cost

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
Interest expense on borrowings	1,044.60	2,089.98
Other borrowing costs	167.45	257.90
Exchange differences regarded as an adjustment to borrowing costs	322.42	2,123.09
Total	1,534.47	4,470.97

35 Depreciation and amortisation expense

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
Depreciation on property, plant and equipment (Refer Note 6.1)	5,431.73	4,971.06
Amortisation of intangible assets (Refer Note 6.2)	72.89	86.31
Total	5,504.62	5,057.37

36 Other expenses

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
Power and Fuel	7,068.87	8,716.79
Stores and Spares consumed	3,528.42	4,190.25
Other manufacturing expenses	7,930.71	7,853.96
Rent	245.11	265.61
Rates and Taxes	1,102.15	780.73
Insurance	486.61	431.60
Repairs & Maintenance (Buildings)	647.46	726.77
Repairs & Maintenance (Plant & Machinery)	1,657.52	1,356.37
Repairs & Maintenance (Others)	489.60	319.15
Communication Expenses	301.29	254.67
Travelling and Conveyance	1,008.14	940.73
Directors Sitting Fees	30.36	32.76
Commission to Non-executive Directors	110.19	52.52
Auditor's Remuneration :		
-Statutory audit fees	25.50	25.50
-Tax audit fees	5.00	5.00
-Limited review	6.00	6.00
-Certification	0.79	1.96
-Out of pocket expenses	0.58	0.81
Advertisement, Publicity and Sales Promotion	3,937.98	3,039.82
Commission on Sales	274.43	341.36
Freight Outward & Other Selling Expenses	998.58	1,256.87
Donations (Refer Note 49)	30.72	15.57
Loss on Sale of Assets	1.53	259.61
Legal And Professional Fees	1,057.56	1,064.35
Corporate Social Responsibility	433.69	352.83
Security Expenses	524.73	503.98
Net loss on foreign currency transactions and translations (other than considered as finance cost)	-	305.65
Miscellaneous Expenses	585.50	627.38
Total	32,489.02	33,728.60

(All amounts in ₹ Lakhs, unless otherwise stated)

Details of CSR expenditure:	March 31, 2017	March 31, 2016
Amount required to be spent during the year	419.12	317.24
Amount spent during the year	433.69	352.83

37 Segment Information

For management purposes, the Group is organised into business units based on their products and has three reportable segments, as follows:

1 PVC – engaged in producing and distributing PVC resin

2 Pipes and fittings – engaged in producing and distributing pipes and fittings required principally in the agriculture and construction industries

3 Power – engaged in generation of power for captive consumption

No operating segments have been aggregated to form the above reportable operating segments. The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss that is measured consistently with profit or loss in the financial statements. The Group's financing (including finance costs and finance income) and income taxes are not allocated to operating segments.

Notes to the consolidated financial statements

Year ended March 31, 2017

Particulars	PVC	Pipes & fittings	Power	Total segments	Adjustments and eliminations	Total
Revenue						
External customers	77,076.34	221,687.30	0.07	298,763.71		298,763.71
Inter-segment	98,590.43		14,487.99	113,078.42	(113,078.42)	-
Total revenue	175,666.77	221,687.30	14,488.06	411,842.13	(113,078.42)	298,763.71
Income/(Expenses)						
Depreciation and amortisation	1,213.04	2,625.42	1,532.89	5,371.35		5,371.35
Impairment of financial assets	-	-	-	-		-
Segment profit	35,466.25	17,738.78	3,289.92	56,494.95	-	56,494.95
Total assets	77,699.67	63,310.30	24,134.82	165,144.79	-	165,144.79
Total liabilities	22,801.87	7,388.23	2,177.31	32,367.41		32,367.41
Other disclosures						
Capital expenditure	343.00	5,470.51	1.10	5,814.61		5,814.61

Year ended March 31, 2016

Particulars	PVC	Pipes & fittings	Power	Total segments	Adjustments and eliminations	Total
Revenue						
External customers	81,151.72	203,051.46	109.21	284,312.39		284,312.39
Inter-segment	81,716.12		13,838.54	95,554.66	(95,554.66)	-
Total revenue	**162,867.84**	**203,051.46**	**13,947.75**	**379,867.05**	**(95,554.66)**	**284,312.39**
Income/(Expenses)						
Depreciation and amortisation	1,213.26	2,204.18	1,534.89	4,952.33		4,952.33
Impairment of financial assets	-	-	-	-	-	-
Segment profit	**19,873.43**	**17,871.65**	**2,763.61**	**40,508.69**		**40,508.69**
Total assets	**65,548.78**	**56,312.43**	**25,679.15**	**147,540.36**		**147,540.36**
Total liabilities	**26,617.08**	**6,808.50**	**658.21**	**34,083.79**		**34,083.79**
Other disclosures						
Capital expenditure	145.13	3,099.37	11.34	3,255.84		3,255.84

Notes to the consolidated financial statements

As at April 1, 2015

Particulars	PVC	Pipes & fittings	Power	Total segments	Adjustments and eliminations	Total
Total assets	**80,214.66**	**52,451.06**	**26,690.61**	**159,356.33**	**70,421.66**	**229,777.99**
Total liabilities	**19,614.88**	**5,964.81**	**1,171.56**	**26,751.25**	**49,466.44**	**76,217.69**
Other disclosures						
Capital expenditure	748.03	4,145.96	27.23	4,921.22	406.67	5,327.89

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below.

Adjustments and eliminations

Finance income and costs, and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed for the entity as a whole.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed for the entity as a whole.

Capital expenditure consists of additions of property, plant and equipment and intangible assets.

Inter-segment revenues are eliminated on consolidation.

Reconciliation of profit

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
Segment profit	56,494.95	40,508.69
Unallocable income	1,787.50	3,841.61
Finance costs	(1,534.47)	(4,470.97)
Exceptional item		2,447.79
Share of profit/(loss) of an associate before tax	932.42	1,048.55
Unallocable expense	(5,167.43)	(5,092.64)
Profit before tax and discontinued operations	52,512.97	38,283.03

Reconciliation of assets

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Segment operating assets	165,144.79	147,540.36	159,356.33
Current tax assets	4,072.47	2,489.09	6,129.26
Financial assets carried at FVTPL	320.85	462.99	479.71
Financial assets carried at FVOCI	115,485.24	63,632.16	65,246.39

Financial assets carried at cost	4,896.40	4,422.53	3,864.27
Other financial assets at amortised cost	137.71	84.84	68.06
Current investments	5,655.79	16,870.89	5,559.51
Cash and cash equivalents	1,634.44	1,041.16	1,230.02
Non-current asset held for sale			75.00
Other unallocated assets	2,047.93	1,989.73	1,165.03
Total assets	299,395.62	238,533.75	243,173.58

Reconciliation of liabilities

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Segment operating liabilities	32,367.41	34,083.79	26,751.25
Deferred tax liabilities	14,964.87	14,363.32	12,575.31
Long term borrowings	-	-	18,328.52
Trade payables	324.93	267.16	50.66
Short term borrowings	9,418.47	11,171.20	40,340.14
Financial liabilities at amortised cost	2,340.87	1,934.25	377.70
Current maturity of long term loan	-	9,983.31	5,000.00
Interest accrued	46.02	293.83	469.49
Unpaid dividend	1,083.67	879.87	807.17
Provisions	1,237.69	1,231.11	956.64
Government Grant	6,134.62	5,275.74	-
Unallocated other liabilities			
Total liabilities	67,918.55	79,483.58	105,656.88

Geographic information

In the year ended 31st March 2015, 31st March 2016 and 31st March 2017 the Group catered mainly to the needs of the Indian markets. Export turnover during each year was less than 10% of the total turnover. Hence, there are no reportable geographical segments.

38 Earnings Per Share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

There are no potential shares that have a dilutive effect on the EPS.

Notes to the consolidated financial statements

The following reflects the income and share data used in the basic and diluted EPS computation

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
Basic		
Net profit / (loss) after tax (in ₹ Lakhs)	35,484.73	25,777.17
Weighted average number of equity shares	1,240.95	1,240.95
Basic earnings/(loss) per share of ₹ 10 each	28.59	20.77

39. Disclosure pursuant to Employee benefits

A. Defined contribution plans:

Amount of ₹ 299.78 Lakhs (March 31, 2016: ₹ 365.74 Lakhs) is recognised as expenses and included in Note No. 33 "Employee benefit expense

B. Defined benefit plans:

The Group has Gratuity as post employment benefit which is in the nature of defined benefit plans:

The Group operates gratuity plan (funded) wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service.

The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

The gratuity plan is governed by the payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

March 31, 2017 : Changes in defined benefit obligation and plan assets

(All amounts in ₹ Lakhs, unless otherwise stated)

	April 1, 2016	Gratuity cost charged to statement of profit and loss			Benefit paid	Remeasurement gains/(losses) in other comprehensive income					Contributions by employer	March 31, 2017
		Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 33)		Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		
Gratuity												
Defined benefit obligation	(984.01)	(66.11)	(73.30)	(139.41)	135.45	-	-	(67.77)	(43.99)	(111.76)	-	(1,099.73)
Fair value of plan assets	348.98	-	25.53	25.53	(135.45)	-	-	-	2.18	2.18	72.38	313.62
Total Benefit liability	**(635.03)**	**(66.11)**	**(47.77)**	**(113.88)**	-	-	-	(67.77)	(41.81)	(109.58)	72.38	(786.11)

March 31, 2016 : Changes in defined benefit obligation and plan assets

(All amounts in ₹ Lakhs, unless otherwise stated)

	April 1, 2015	Gratuity cost charged to statement of profit and loss			Benefit paid	Remeasurement gains/(losses) in other comprehensive income					Contributions by employer	March 31, 2016
		Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 33)		Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		
Gratuity												
Defined benefit obligation	(871.55)	(63.27)	(67.78)	(131.05)	48.64	-	-	-	(30.05)	(30.05)	-	(984.01)
Fair value of plan assets	315.50	-	25.88	25.88	(48.64)	-	-	-	(8.44)	(8.44)	64.68	348.98
Total Benefit liability	**(556.05)**	**(63.27)**	**(41.90)**	**(105.17)**	-	-	-	-	(38.49)	(38.49)	64.68	(635.03)

Notes to the consolidated financial statements

The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016	Year ended April 1, 2015
Insured managed funds (LIC)	313.62	348.98	315.50
(%) of total plan assets	100%	100%	100%

The principal assumptions used in determining above defined benefit obligations for the Group's plans is shown below:

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016	Year ended April 1, 2015
Discount rate	7.20%	8.00%	8.00%
Future salary increase	6.00%	6.00%	6.00%
Expected rate of return on plan assets	8.00%	8.00%	8.00%
Expected average remaining working lives (in years)			
Gratuity	16.11	16.20	16.52
Compensated Absences	16.35	16.74	16.97
Withdrawal rate (based on grade and age of employees)			
Gratuity	1.00%	1.00%	1.00%
Compensated Absences	1.00%	1.00%	1.00%

A quantitative sensitivity analysis for significant assumption is as shown below:

Gratuity

Particulars	Sensitivity level	(increase) / decrease in defined benefit obligation (Impact)		
		Year ended March 31, 2017	Year ended March 31, 2016	Year ended April 1, 2015
Discount rate	1% increase	83.58	75.70	69.55
	1% decrease	(96.18)	(86.82)	(79.95)
Future salary increase	1% increase	(85.92)	(78.26)	(72.45)
	1% decrease	76.28	69.68	64.40
Withdrawal rate	1% increase	(7.22)	(11.22)	(10.52)
	1% decrease	8.02	12.46	11.68

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in one significant assumption at a time, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

The same method has been applied for the sensitivity analysis as when calculating the recognised defined benefit obligation.

The followings are the expected future benefit payments for the defined benefit plan :

Particulars	Year ended March 31, 2017	Year ended March 31, 2016	Year ended April 1, 2015
Within the next 12 months (next annual reporting period)	144.24	91.12	101.24
Between 2 and 5 years	372.45	455.37	270.72
Beyond 5 years	721.59	568.56	638.39
Total expected payments	1,238.28	1,115.05	1,010.35

Weighted average duration of defined plan obligation (based on discounted cash flows)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
	Years	Years	Years
Gratuity	12.55	12.09	12.50

The followings are the expected contributions to planned assets for the next year:

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Gratuity	76.00	60.00	58.41

C. Other long-term employment benefits

The Group has Compensated Absences plan which is covered by other long-term employment benefits

March 31, 2017 : Changes in defined benefit obligation and plan assets of Compensated absences

(All amounts in ₹ Lakhs, unless otherwise stated)

		Cost charged to statement of profit and loss					Contributions by employer	March 31, 2017
	April 1, 2016	Service cost	Interest cost	Actuarial changes arising from various assumption	Sub-total included in statement of profit and loss (Note 33)	Benefit paid		
Compensated absences								
Defined benefit obligation	(596.07)	(77.85)	(42.73)	141.05	20.47	124.03	-	(451.57)
Fair value of plan assets	-	-	-	-	-	-	-	-
Benefit liability	(596.07)	(77.85)	(42.73)	141.05	20.47	124.03	-	(451.57)

March 31, 2016 : Changes in defined benefit obligation and plan assets of Compensated absences

(All amounts in ₹ Lakhs, unless otherwise stated)

		Cost charged to statement of profit and loss					Contributions by employer	March 31, 2016
	April 1, 2015	Service cost	Interest cost	Actuarial changes arising from various assumption	Sub-total included in statement of profit and loss (Note 33)	Benefit paid		
Compensated absences								
Defined benefit obligation	(400.59)	(45.49)	(31.30)	(137.26)	(214.05)	18.57	-	(596.07)
Fair value of plan assets	-	-	-	-	-	-	-	-
Benefit liability	**(400.59)**	**(45.49)**	**(31.30)**	**(137.26)**	**(214.05)**	**18.57**	**-**	**(596.07)**

40. Related Party Transactions

Related parties have been identified on the basis of requirement of Ind AS 24 'Related Party Disclosures' and representation made by the Key Management Persons and taken on record by the Board.

Disclosures of transactions with Related Parties are as under:

A. Description of Related Parties

i) Name of the Related party and nature of relationship where control exists

Nature of relationship	Name of the Company
Associate Company	Pawas Port Limited Finolex Plasson Industries Private Limited
Enterprise wherein the Company is an associate	Finolex Cables Limited holding 32.39 % in the Group
Enterprises over which Key Management Personnel or their relatives exercise significant influence	Finprop Advisory Services Limited Magnum Machine Technologies Limited

ii) Key Management Personnel:

Key Management Personnel	Mr. Prakash P. Chhabria - Executive Chairman Mr. Saurabh S. Dhanorkar - Managing Director (Till November 30, 2016) Mr. Anil V. Whabi- Director Finance (From August 26, 2016) & CFO Mr. Sanjay S Math - Managing Director (From December 1, 2016)

B. Transactions with Related Parties

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	2016-17	2015-16	2014-15
I. Sales, Services and other income			
Sale of goods			
Finolex Plasson Industries Private Limited	3,783.08	2,765.79	3,148.81
Reimbursement received of expenditure incurred			
Finolex Cables Limited	-	4.28	124.94
Finolex Plasson Industries Private Limited	1.72	-	-
Dividend Received			
Finolex Cables Limited	554.68	399.37	354.99
Finolex Plasson Industries Private Limited	115.88	92.7	69.53
II.Purchase of Material / Assets			
Purchase of Raw Material and Components			
Finolex Cables Limited	-	-	24.14
Finolex Plasson Industries Private Limited	1.05	0.95	1.25
Magnum Machine Technologies Limited	4.38	20.96	55.54
Purchase of Fixed Assets			
Finolex Cables Limited	-	-	5.27
Magnum Machine Technologies Limited	-	76.61	342.84
III. Expenses			
Services received			
Finprop Advisory Services Limited	-	-	14.23
Finolex Plasson Industries Private Limited	2.32	8.87	-
Rent			
Finolex Cables Limited	-	3.42	70.28
Reimbursement of Expenses Paid			
Finprop Advisory Services Limited	-	-	0.36
Finolex Plasson Industries Private Limited	-	-	-
Dividend Paid			
Finolex Cables Limited	4,019.26	803.85	2,813.48
Amounts Outstanding			
Due to			
Finolex Cables Limited	0.04	0.04	0.04
Finolex Plasson Industries Private Limited	-	16.08	20.85
Magnum Machine Technologies Limited	-	-	-
Due from			
Finolex Plasson Industries Private Limited	75.64	-	-
Finolex Cables Limited	21.91	21.91	20.81

Terms and conditions of transactions with related parties

Transaction entered into with related party are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2016: ₹ Nil and April 1, 2015: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Commitments with related parties

The Group has not provided any commitment to the related party as at March 31, 2017 (March 31, 2016: ₹ Nil and April 1, 2015: ₹ Nil)

Transactions with key management personnel

Compensation of key management personnel of the Group

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2017	March 31, 2016
Short-term employee benefits	1,699.85	1,317.44
Mr. Prakash P. Chhabria	1,135.90	925.81
Mr. Saurabh S. Dhanorkar	187.89	216.29
Mr. Anil V. Whabi	123.24	-
Mr. Sanjay S Math	252.82	175.34
Post employment benefits	8.17	25.59
Mr. Prakash P. Chhabria	3.89	19.24
Mr. Saurabh S. Dhanorkar	1.94	3.55
Mr. Anil V. Whabi	1.01	1.20
Mr. Sanjay S Math	1.33	1.60
Other long term benefits	24.96	24.78
Mr. Prakash P. Chhabria	12.92	11.66
Mr. Saurabh S. Dhanorkar	4.33	5.82
Mr. Anil V. Whabi	3.30	3.30
Mr. Sanjay S Math	4.41	4.00
Total compensation paid to key management personnel	**1,732.98**	**1,367.81**

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

41. Commitments and contingencies

41.1 Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for amounted to ₹ 5,887.24 as at March 31, 2017, ₹ 3,471.22 as at March 31, 2016 and ₹ 104.89 Lakhs as at April 1, 2015.

41.2 Contingent liabilities

(All amounts in ₹ Lakhs, unless otherwise stated)

	Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Claims against the Company not acknowledged as debt				
a)	Liabilities in respect of income tax matters for which the Group has succeeded in appeal but Income Tax Department has gone in further appeal and exclusive of the effect of similar matters in respect of pending assessments	10.17	10.17	10.17
b)	Liabilities in respect of income tax matters for which the Group has gone in further appeal and exclusive of the effect of similar matters in respect of pending assessments	584.43	502.06	930.29
c)	Excise/Customs/Service Tax in respect of which either show cause notice is received or the Group/Department is in appeal	4,617.97	6,322.90	6,322.90
d)	Sales Tax matters in respect of which either show cause notice is received or the Group/ Department is in appeal	326.55	326.55	8,122.91
e)	Amounts claimed by banks in respect of derivative transactions which are under dispute not acknowledged as debt (USD 20,821,480 as at March 31, 2017; USD 20,821,480 as at March 31, 2016; USD 20,821,480 as at April 1, 2015). In view of counter claims of the Company against the banks, the facts and circumstances of the case and uncertainty of period for which the litigations will continue, a reliable estimate of the liability, if any, cannot be made. It is unlikely that there will be a material liability on the Company on this account in the near future. Therefore, in view of what is stated above no provision is required to be made out of the current year's profit. The company has been legally advised in respect of this issue confirming the aforesaid."	13,502.42	13,794.95	13,022.56

42. Fair values

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments as of March 31, 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Amortised Cost	Financial assets/ liabilities at fair value through profit and loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets					
Non-current investments	-	320.85	115,485.24	115,806.09	115,806.09
Current investments	-	5,655.79	-	5,655.79	5,655.79
Trade and other receivables	5,249.29	-	-	5,249.29	5,249.29
Loans	20.02	-	-	20.02	20.02
Cash and short-term deposits	1,634.44	-	-	1,634.44	1,634.44
Other financial assets	5,731.85	-	-	5,731.85	5,731.85
Total	12,635.60	5,976.64	115,485.24	134,097.48	134,097.48
Financial liabilities					
Borrowings	9,418.47	-	-	9,418.47	9,418.47
Trade and other payables	22,747.86	-	-	22,747.86	22,747.86
Other financial liabilities	5,559.12	-	-	5,559.12	5,559.12
Total	37,725.45	-	-	37,725.45	37,725.45

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments as of March 31, 2016

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Amortised Cost	Financial assets/ liabilities at fair value through profit and loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets					
Non-current investments		479.71	65,246.39	65,726.10	65,726.10
Current investments		5,559.51		5,559.51	5,559.51
Non-current assets held for sale		75.00		75.00	75.00
Trade and other receivables	4,870.45			4,870.45	4,870.45
Loans	18.17			18.17	18.17
Cash and short-term deposits	1,230.00			1,230.00	1,230.00
Other financial assets	135.16			135.16	135.16
Total	**6,253.78**	**6,114.22**	**65,246.39**	**77,614.39**	**77,614.39**
Financial liabilities					
Borrowings	58,668.66			58,668.66	58,668.66
Trade payables	20,000.11			20,000.11	20,000.11
Other financial liabilities	8,219.94			8,219.94	8,219.94
Total	**86,888.71**	**-**	**-**	**86,888.71**	**86,888.71**

The management assessed that cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

Non-current investments

The fair value of investments in quoted equity shares is based on the respective quoted price in the active markets as at the measurement date.

The fair value of investments in unquoted equity shares has been estimated using the net asset value method. The valuation requires to consider the cost of replacement of an asset as an indication of the fair market value of that asset.

Current investments

The Group's current investments consist of investment in units of mutual funds and quoted non-convertible debentures. The fair value of investments in mutual funds is derived from the NAV of the respective units in the active market at the measurement date. The fair value of the non-convertible debentures is derived from quoted market prices in active markets at the measurement date.

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at March 31, 2017, March 31, 2016 and April 1, 2015 are as shown below:

As at March 31, 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Non-current investments				
Investment in equity shares of :				
Finolex Infrastructure Limited	Net asset value method	Recknor rate	890-1160	Increase (decrease) in the rate would decrease (increase) the fair value.

As at March 31, 2016

(All amounts in ₹ Lakhs, unless otherwise stated)

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Non-current investments				
Investment in equity shares of :				
Finolex Infrastructure Limited	Net asset value method	Recknor rate	890-1160	Increase (decrease) in the rate would decrease (increase) the fair value.

As at April 1, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Non-current investments				
Investment in equity shares of :				
Finolex Infrastructure Limited	Net asset value method	Recknor rate	890-1160	Increase (decrease) in the rate would decrease (increase) the fair value.
I2IT Private Limited	Net asset value method	Liquidity discount	20%-40%	Increase (decrease) in the discount would decrease (increase) the fair value.

The discount for lack of marketability represents the amounts that the Group has determined that market participants would take into account when pricing the investments.

Reconciliation of fair value measurements of non-current investments in unquoted equity shares classified as FVOCI

(All amounts in ₹ Lakhs, unless otherwise stated)

	I2IT Private Limited	Finolex Infrastructure Limited	Peninsula Realty Fund
As at April 1, 2015	**878.40**	**1,292.35**	**461.72**
Re-measurements recognised in OCI	(268.40)	(1.43)	
Re-measurements recognised in Profit and Loss			1.32
Reclassified as held for sale		-	
Sales	(610.00)		(17.21)
As at April 1, 2016	**-**	**1,290.92**	**445.83**
Re-measurements recognised in OCI	-	(433.25)	
Re-measurements recognised in Profit and Loss			(63.85)
Reclassified as held for sale			
(Sales)/Purchase		4.90	(101.43)
As at March 31, 2017	**-**	**862.57**	**280.55**

Reconciliation of fair value measurements of non-current assets held for sale (Investment in equity shares of Rajasthan Olive Cultivation Limited)

(All amounts in ₹ Lakhs, unless otherwise stated)

	Amount
As at April 1, 2015	75.00
Re-measurements recognised in OCI	-
Reclassified as held for sale	-
Sales	(75.00)
As at April 1, 2016	**-**
Re-measurements recognised in OCI	-
Reclassified as held for sale	-
Sales	-
As at March 31, 2017	**-**

43. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's financial instruments measured at fair value after initial recognition:

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2017:

(All amounts in ₹ Lakhs, unless otherwise stated)

	Date of valuation	Total	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Non-current investments:					
Investment in equity shares of :					
Finolex Cables Limited	March 31, 2017	114,622.66	114,622.66		
Gulf Oil Corporation Ltd.	March 31, 2017	35.94	35.94		
Gold Crest Corporation Ltd.	March 31, 2017	4.26	4.26		
Finolex Infrastructure Limited	March 31, 2017	862.58			862.58
Investment in equity shares of units of Peninsula Realty Fund	March 31, 2017	280.55		280.55	
Current investments:					
Investments in units of mutual funds	March 31, 2017	5,655.79		5,655.79	

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2016:

(All amounts in ₹ Lakhs, unless otherwise stated)

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Non-current investments:					
Investment in equity shares of :					
Finolex Cables Limited	March 31, 2016	62,341.24	62,341.24		
Gulf Oil Corporation Ltd.	March 31, 2016	13.46	13.46		
Gold Crest Corporation Ltd.	March 31, 2016	3.61	3.61		
Finolex Infrastructure Limited	March 31, 2016	1,290.92			1,290.92
Investment in equity shares of units of Peninsula Realty Fund	March 31, 2016	445.82		445.82	
Current investments:					
Investments in units of mutual funds	March 31,2016	16,870.89		16,870.89	

Quantitative disclosures fair value measurement hierarchy for assets as at April 1, 2015:

(All amounts in ₹ Lakhs, unless otherwise stated)

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Non-current investments:					
Investment in equity shares of :					
Finolex Cables Limited	March 31, 2015	63,075.64	63,075.64		
Gulf Oil Corporation Ltd.	March 31, 2015	14.29	14.29		
Gold Crest Corporation Ltd.	March 31, 2015	3.60	3.60		
I2IT Private Limited	March 31, 2015	878.40			878.40
Finolex Infrastructure Limited	March 31, 2015	1,292.35			1,292.35
Investment in equity shares of units of Peninsula Realty Fund	March 31, 2015	461.72		461.72	
Current investments:					
Investments in units of mutual funds	March 31, 2015	3,502.98		3,502.98	
Investment in quoted and listed non-convertible debentures	March 31, 2015	2,056.53	2,056.53		
Non-current assets held for sale:					
Investment in equity shares of Rajasthan Olive Cultivation Limited	March 31, 2015	75.00			75.00

There were no transfers between level 1 and level 2 during the year ended March 31, 2017 and March 31, 2016.

44. Financial risk management objective and policies

The Group's principal financial liabilities comprise short term borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include investments, trade receivables and cash and cash equivalents that arrive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's management oversees the management of these risks. The Group's management is supported by a risk management committee that advises on financial risks and the appropriate financial risk governance framework. The risk management committee provides assurance to the Group's management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group's policies appetite. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk such as equity price risk and commodity price risk. Financial instruments affected by market risk include borrowings and investments.

The sensitivity analyses in the following sections relate to the position as at March 31, 2017 and March 31, 2016.

The sensitivity analyses have been prepared on the basis that the amount of net debt and the ratio of fixed-to floating interest rates of the debt are all constant as at March 31, 2017 and March 31, 2016.

The sensitivity of the relevant statement of profit and loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2017 and March 31, 2016.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has short term borrowings with fixed interest rates and hence the future cash-flows of relevant financial instrument are not affected by changes in market interest rate.

Foreign currency risk

Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities on account of import of raw materials.

PVC pricing is on import parity and import parity value of sales of the Group approximately equates the USD payables on a six monthly rolling basis due to which a natural hedge exists and hence the Group does not generally need to resort to hedging by way of forward contracts, options, etc.

(All amounts in ₹ Lakhs, unless otherwise stated)

Nature of exposure	Currency	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Borrowings (Secured)	USD	145.23	168.30	645.69
Trade payables	USD	271.94	311.27	182.39
	EUR	0.86	-	-

Commodity price risk

The Group is affected by the volatility of certain commodities. Its operating activities involve the ongoing purchase of Vinyl Chloride Monomer ('VCM'), Ethylene and Ethylene Dichloride ('EDC'), all being petrochemical products, and manufacturing of PVC and pipes and fittings and therefore require a continuous supply of these materials. Prices of PVC manufactured by the Group are monitored by Group management and are adjusted to respond to change in import parity price of PVC in Indian market. Market price of input and output, generally get adjusted over a period of time. Accordingly, the Group is exposed to the variation in commodity prices over short term period.

Commodity price risk

The following table shows the effect of price changes for VCM, Ethylene EDC after the impact of hedge accounting:

(All amounts in ₹ Lakhs, unless otherwise stated)

	Change in year-end price	Effect on profit before tax
March 31, 2017		
VCM	+5%	(2,862.63)
	-5%	2,862.63
Ethylene	+5%	(1,374.12)
	-5%	1,374.12
EDC	+5%	(1,005.77)
	-5%	1,005.77
March 31, 2016		
VCM	+5%	(2,372.06)
	-5%	2,372.06
Ethylene	+5%	(1,231.77)
	-5%	1,231.77
EDC	+5%	(886.55)
	-5%	886.55

Notes to the consolidated financial statements

Equity price risk

The Group's listed and unlisted equity securities are susceptible to market-price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at fair value was ₹ 862.68 Lakhs . A decrease of 10% in the fair value will have an impact of approximately ₹ 86.23 Lakhs on OCI and ₹ 0.01 on Profit and loss or equity attributable to the Group. An increase of 10% in the value of the securities would also impact OCI, profit and loss and equity.

At the reporting date, the exposure to listed equity securities at fair value was ₹ 114,662.86 Lakh. A decrease of 10% on the NSE market index could have an impact of approximately ₹ 1,162.27 Lakh on OCI and ₹ 4.02 Lakh on Profit and loss or equity attributable to the Group. An increase of 10% in the value of the listed securities would also impact OCI, profit and loss and equity.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group evaluates credit risk with respect to trade receivables as low, as its payment terms are mostly advance basis.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments. The Group's maximum exposure to credit risk for the components of the statement of financial position is the carrying amounts as illustrated in Notes 13-15.

Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. The Group's finance department is responsible for liquidity, funding as well as settlement management. In addition, processes and polices related to such risk are overseen by Senior management. Management monitors the Group's net liquidity position on a monthly and quarterly basis through its Senior management meeting and board meetings. They use rolling forecasts on the basis of expected cash flows.

The senior management focuses on reducing the outflow in working capital via, reducing the inventory as at end of any period, reducing the trade receivable balances. The Senior management ensures that the future cash flow needs are met through cash flow from the operating activities and short term borrowings from banks.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

As at March 31, 2017

(All amounts in ₹ Lakhs, unless otherwise stated)

	On demand	< 3 months	3-12 months	1-5 years	Total
Trade and security deposits				34.90	34.90
Short term borrowings		9,418.47			9,418.47
Trade Payables	101.56	22,646.30			22,747.86
Payable to employees		1,092.50			1,092.50

As at March 31, 2016

(All amounts in ₹ Lakhs, unless otherwise stated)

	On demand	< 3 months	3-12 months	1-5 years	Total
Trade and security deposits				39.21	39.21
Short term borrowings		11,171.20			11,171.20
Trade Payables	115.85	24,202.90			24,318.75
Payable to employees		1,866.78			1,866.78

As at March 31, 2015

(All amounts in ₹ Lakhs, unless otherwise stated)

	On demand	< 3 months	3-12 months	1-5 years	Total
Long term borrowings (including current portion)		417.00	4,584.33	16,248.67	21,250.00
Trade and security deposits				39.01	39.01
Short term borrowings		7,755.44	32,584.70		40,340.14
Trade Payables	154.38	19,845.73			20,000.11
Payable to employees		1,215.13			1,215.13

Notes to the consolidated financial statements

45. Capital management

Capital includes equity shares and other equity attributable to the equity holders of the Group. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep low gearing ratio. The Group includes within net debt, interest bearing loans and borrowings, less cash and cash deposits.

(All amounts in ₹ Lakhs, unless otherwise stated)

	March 31, 2017	March 31, 2016	April 1, 2015
Borrowings	9,418.47	11,171.20	58,668.66
Current investment	(5,655.79)	(16,870.89)	(5,559.51)
Cash and cash equivalent	(1,634.44)	(1,041.16)	(1,230.02)
Net debt	2,128.24	(6,740.85)	51,879.13
Share Capital	12,409.54	12,409.54	12,409.54
Other equity	219,067.53	146,640.63	125,107.16
Capital and net debt	233,605.31	152,309.32	189,395.83
Gearing ratio	1%	-4%	27%

There are no financial covenants which are attached to the amounts borrowed by the Group.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2017 and 31 March 2016.

46. Exceptional item

During the year ended March 31, 2016, the company received eligibility certificate for the Industrial Promotion Subsidy under the Package Scheme of Incentives. Accordingly, the Company become entitled to receive electricity duty refund amounting to ₹ 2,447.79 Lakhs relating to period April 1, 2011 to March 31, 2014. This has been recognised as an exceptional item in the financial statements.

47. Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards

Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Group from April 1, 2017

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Group is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

Since the Group does not have cash settled awards or awards with net settlement features, this amendment does not have any effect on the financial statements of the Group.

48. Statutory information

Associate - Finolex Plasson Industries Limited:

(All amounts in ₹ Lakhs, unless otherwise stated)

	Net Assets		Share in profit and loss	Share in OCI	Share in Total Comprehensive income
	As % of consolidated net assets	Amount	Amount	Amount	Amount
March 31, 2017	46.35%	5,215.81	932.42	5.75	938.17
March 31, 2016	46.35%	4,728.30	1,048.55	0.65	1,049.20
April 1, 2015	46.35%	4,181.84	3,469.43	-	3,469.43

Notes to the consolidated financial statements

49. Details of specified bank notes

Details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016 as provided in the Table below:

(All amounts in ₹ Lakhs, unless otherwise stated)

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	2.19	0.28	2.47
(+) Permitted receipts	0.14	5.63	5.77
(-) Permitted payments	-	5.52	5.52
(-) Amount deposited in Banks	2.33	-	2.33
Closing cash in hand as on 30.12.2016	-	0.39	0.39

Details of Specified Bank Notes (SBN) held and transacted by associates during the period November 8, 2016 to December 30, 2016 are as follows:

(All amounts in ₹ Lakhs, unless otherwise stated)

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	0.27	0.02	0.29
(+) Permitted receipts	0.04	0.37	0.41
(-) Permitted payments		0.28	0.28
(-) Amount deposited in Banks	0.31	-	0.31
Closing cash in hand as on 30.12.2016		0.11	0.11

50. Donation to political party

(All amounts in ₹ Lakhs, unless otherwise stated)

Name of the party to which such amount has been contributed	31 March 2017	31 March 2016
Bharatiya Janata Party	25.00	2.00
Total amount contributed	25.00	2.00

51. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

(All amounts in ₹ Lakhs, unless otherwise stated)

	31 March 2017	31 March 2016
Principal amount*	245.52	60.22
Interest due on above and unpaid interest	0.90	-
Interest paid	-	-
Payment made beyond appointment day	-	-
Interest due and payable for the period of delay	0.90	-
Interest accrued and remaining unpaid	0.90	-
Amount of further interest remaining due and payable in succeeding years	0.90	-
* Cumulative amount during entire year		

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹ in Lakh)

Sr. No.	Name of the subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Share capital	Reserves & surplus	Total assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of shareholding
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
The Company does not have subsidiary company, hence this part is not applicable.														

Notes: The following information shall be furnished at the end of the statement:

1 Names of subsidiaries which are yet to commence operations

2 Names of subsidiaries which have been liquidated or sold during the year.

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

₹ in Lakhs

Sr. No.	Name of Associates/Joint Ventures	Latest audited Balance Sheet Date	Shares of Associate/Joint Ventures held by the company on the year end: No.	Amount of Investment in Associates/ Joint Venture	Extend of Holding %	Description of how there is significant influence	Reason why the associate/ joint venture is not consolidated	Networth attributable to Shareholding as per latest audited Balance Sheet	Profit / Loss for the year: Considered in Consolidation	Profit / Loss for the year: Not Considered in Consolidation (only holding % considered) (-ve indicate loss)
		1		2		3	4	5		6
1	Finolex Plasson Industries Pvt Ltd (Associate)	31.3.2017	4635000	463.50	46.35	Voting power	N.A.	5,215.81	932.42	Nil

Names of associates or joint ventures which are yet to commence operations: Pawas Port Limited

For and on behalf of the Board of Directors

Sanjay S. Math
Managing Director
DIN: 01874086
Pune: 26th May, 2017

NOTICE

NOTICE is hereby given that the thirty-sixth annual general meeting of the Members of Finolex Industries Limited will be held on Friday, 11th August, 2017 at 11.00 a.m. at the Kirloskar Institute of Advanced Management Studies, Gat No. 356 & 357, Near Tata Foundry Maval, Village Dhamane, Taluka Maval, District Pune- 410506 to transact the following business:

Ordinary business:

1. To receive, consider and adopt the audited financial statements (including audited consolidated financial statements) of the Company for the financial year ended 31st March, 2017 together with the report of the Directors' and the Auditors.

2. To declare a dividend on equity shares for the financial year ended 31st March, 2017.

3. To appoint a Director in place of Mrs.Ritu P. Chhabria (DIN 00062144) who retires by rotation and, being eligible, offers herself for re-appointment.

4. To consider, and, if thought fit, to pass the following resolution as an ordinary resolution:

   "**RESOLVED THAT** pursuant to the provisions of Section 139 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, as amended read with the Companies (Audit and Auditors) Rules, 2014, as amended and further based on the recommendations of the Audit Committee and Board of Directors (the "Board"), M/s. P.G.Bhagwat, Chartered Accountants (having Firm's registration Number: 101118W) be and are hereby re-appointed as the statutory auditors of the Company, to hold office for a second term of 5 years from the conclusion of this thirty-sixth annual general meeting till the conclusion of the 41st annual general meeting to be held in the year 2022 (subject to ratification of the appointment by the members at every intervening annual general meeting held after this annual general meeting) in respect of the financial years beginning April 1, 2017 and ending March 31, 2022, at such remuneration, plus applicable taxes and reimbursement of out-of-pocket expenses as may be mutually agreed between the Board and the statutory auditors and the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, relevant, usual and/ or expedient for implementing and giving effect to this resolution."

Special business:

5. To ratify remuneration payable to the Cost Auditor for the financial year ending 31st March, 2018 and to consider, and, if thought fit, to pass the following resolution as an ordinary resolution:

   "**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, as amended, and the Companies (Audit and Auditors) Rules, 2014, as amended, from time to time, the Company hereby ratifies the remuneration of ₹ 4,00,000, plus taxes, travel and actual out of pocket expenses payable to M/s.S.R.Bhargave & Co., Cost Accountant (Registration No.000218) who are appointed as Cost

Auditors to conduct the audit of Cost records maintained by the Company for the Financial Year 2017-18.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do or to authorize any person to do all such acts, deeds, matters and things and give such directions as may be considered necessary, relevant, usual, customary and/ or expedient to give effect to this resolution and for matters connected therewith or incidental thereto."

6. To consider, and, if thought fit, to pass, the following resolution as a special resolution:

   "**RESOLVED THAT** pursuant to the provisions of sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013, as amended, read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended, the Companies (Share Capital and Debentures) Rules, 2014, as amended, and in accordance with the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations 2015, the Rules, Regulations, Guidelines and Circulars thereunder, as issued and amended from time to time and the provisions of the Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the Board of Directors of the Company (the "Board") to issue offer(s) or invitation(s) to subscribe to secured Non- Convertible Debentures ("NCDs") for a sum not exceeding ₹ 2,50,00,00,000/- (Rupees two hundred fifty crores only) on a private placement basis in one or more tranches during a period of one year from the date of passing of this resolution within the overall borrowing limits of the Company, as approved by the Members from time to time.

   RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and give such directions as may be considered necessary, relevant, usual, customary and/or expedient to give effect to this resolution including determining the terms and conditions of the NCDs."

7. To consider, and, if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

   "**RESOLVED THAT** Mr. Anil V. Whabi (DIN 00142052) who was appointed as an Additional Director of the Company with effect from 26th August, 2016 by the Board of Directors of the Company under Article 118 of Articles of Association of the Company and who holds office up to the date of this Annual General Meeting of the Company under section 161(1) and other applicable provisions of the Companies Act, 2013 and who is eligible for appointment and in respect of whom the Company has received notice in writing under section 160(1) of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

8. To consider, and, if thought fit, to pass, the following resolution as an ordinary resolution:

   "**RESOLVED THAT** pursuant to the recommendation of the Nomination and Remuneration Committee, the approval of the Board of Directors (the "Board") and pursuant to the provisions of section 196,197 and other applicable provisions of the Companies Act, 2013, as amended, and the Rules made thereunder, as amended, read with Schedule V of the Companies Act, 2013, as amended, approval of the Members be and is hereby accorded to appoint Mr. Anil V. Whabi, as whole-time Director designated as Director Finance (DIN 00142052), for the period from 26th August, 2016 to 25th August, 2021 and on the terms and conditions including remuneration payable as specified in the Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 annexed to this notice.

   RESOLVED FURTHER THAT the Agreement dated 26th October, 2016 entered into by the Company with Mr. Anil V. Whabi for his appiontment and remuneration payable to him read with Company's letter dated 26th May, 2017 for revision in remuneration of Mr. Anil V. Whabi with effect from 1st April, 2017 be and are hereby specifically approved with liberty to the Board and/ or the Nomination and Remuneration Committee of the Company to alter and vary the terms and conditions of the same in accordance with the applicable provisions of the Companies Act, 2013 and/or any schedules thereto.

   RESOLVED FURTHER THAT the remuneration as mentioned in the Agreement entered into by the Company on 26th October, 2016 with Mr. Anil V. Whabi read with the Company's letter dated 26th May, 2017 for revision in remuneration of Mr. Anil V. Whabi w.e.f. 1st April, 2017 and further revision, if any, in remuneration of Mr.Anil V. Whabi from time to time during the tenure of his appointment shall be the minimum remuneration by way of basic salary and/ or variable pay, and other allowances not exceeding the limits specified under Section II of part II of Schedule V of the Companies Act, 2013, as amended, or such other limits as may be prescribed by the Government of India from time to time as minimum remuneration payable to Mr. Anil V. Whabi in case of inadequate profits or no profits in any financial year during the currency of his tenure as whole-time Director, designated as Director – Finance, as may be required.

   RESOLVED FURTHER THAT the Board and/or Nomination and Remuneration Committee be and are hereby authorized to enhance, alter or vary from time to time the scope and quantum of remuneration, perquisites, benefits and amenities payable during the tenure of appointment of Mr. Anil V. Whabi, provided that any revision in the quantum of remuneration payable to him shall not exceed the statutory limits specified under section 197 read with Schedule V of the Companies Act, 2013, as amended, and shall be subject to such approvals, sanctions or permissions, as may be required for such revision in the remuneration.

   RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters, and things as may be necessary, usual or expedient to give effect to the above resolution."

9. To consider, and, if thought fit, to pass, with or without modification(s), the following resolution as a special resolution:

"**RESOLVED THAT** pursuant to the provisions of section 197 and any other applicable provisions of the Companies Act, 2013 read with the Rules made thereunder, a sum as may be decided and directed by the Board of Directors not exceeding one percent per annum of the net profits of the Company calculated in accordance with the provisions of section 198 of the Companies Act, 2013, with a cap of ₹ 2,00,00,000/- (Rupees two crores only) be paid to and distributed by way of commission amongst the directors other than the managing director or whole time directors of the Company or some or any of them in such amounts or proportions and in such manner and in all respects and such payments shall be made in respect of the profits of the Company for each financial year commencing from 1st April, 2016.

RESOLVED FURTHER THAT the above remuneration shall be in addition to fee payable to the director(s) for attending the meetings of the Board or any Committee thereof or for any other purpose whatsoever as may be decided by the Board of Directors and reimbursement of expenses for participation in the Board and other meetings."

By Order of the Board of Directors

For Finolex Industries Limited

Pune
26th May, 2017

Vidya R. Shembekar
General Manager (Legal)
and Company Secretary
Membership No. ACS 8944

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

   A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in aggregate not more than ten (10) percent of the total paid-up share capital of the Company.

   A proxy form is enclosed herewith.

   The register of the proxy will be available for inspection at the registered office of the Company on all working days except Saturdays, Sundays and public holidays during the business hours (i.e. 10.00 a.m. to 3.00 p.m.) of the Company.

2. The Explanatory Statement pursuant to section 102 (1) of the Companies Act, 2013, in respect of special businesses under Item Nos.5 (five) to 9 (nine) is annexed hereto.

3. The register of members and the share transfer books of the Company will remain closed from 29th July, 2017 to 11th August, 2017, both days inclusive for the purpose of payment of dividend for the financial year ended 31st March 2017.

4. Dividend, if declared at the Meeting, will be credited / dispatched between 21st August, 2017 to 26th August, 2017 to those members whose names appear on the register of members of the Company as on 11th August, 2017 or on the register of beneficial owners maintained by the depositories as at the close of their business hours on 28th July, 2017.

5. Voting through electronic means:

(a) In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted vide Notification F. No. 01/34/2013-CL-V-Part-II dated March 19, 2015 enacting the Companies (Management and Administration) Amendment Rules, 2015, the Company is pleased to provide Members, the facility to exercise their right to vote on resolutions proposed to be passed at the 36th Annual General Meeting by electronic means and the business may be transacted through e-voting services provided by The Central Depository Services (India) Limited ("CDSL").

   Members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting').

   The Members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.

   In terms of Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are requested to cast their votes through e-voting as explained above. Further, pursuant to the said Regulations, the Members who do not have access to the e-voting facility may cast their vote by returning the enclosed ballot form on or before 5.00 p.m. on 10th August, 2017 to the scrutinizer (fill in the enclosed Ballot Form and post it to the Scrutinizer at the Investors' Relation Centre address mentioned in this annual report) or polling paper at the Meeting. Instructions for casting votes by ballot can be found on the ballot form.

Members who have not exercised their voting rights either through e-voting or ballot may exercise their voting right at the Meeting in a manner provided in the Companies Act, 2013.

b) The instructions for Members voting electronically are as under:

(i) The voting period begins on Tuesday, 8th August, 2017 at 9.30 a.m. and ends on Thursday, 10th August, 2017 at 5.00 p.m. During this period, Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 4th August, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Members who have already voted prior to the Meeting date would not be entitled to vote at the Meeting venue.

(iii) The Members should log on to the e-voting website www.evotingindia.com.

(iv) Click on Shareholders/Members.

(v) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digit Client ID,

c. Members holding shares in Physical Form should enter the Folio Number registered with the Company. Members holding multiple folios are requested to get their holdings consolidated.

(vi) Enter the Image Verification as displayed and click on Login.

(vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by the Income Tax Department (Applicable for both demat Members as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in the demat form will now reach the 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take the utmost care to keep your password confidential.

(xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN of FINOLEX INDUSTRIES LIMITED on which you choose to vote.

(xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same is the option "YES/NO". Select the desired option. Option YES implies that you assent to the Resolution and option NO implies that you dissent the Resolution.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view all the details pertaining to the entire Resolution.

(xv) After selecting your desired option, click "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click "OK", else to change your vote, click "CANCEL" and accordingly modify your vote.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take a print out of the votes cast by clicking on the "Click here to print" option on the Voting page.

(xviii) If a demat account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & Enter the details as prompted by the system.

(xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can be downloaded app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your Mobile.

(xx) **Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details, a Compliance User should be created using the admin login and password. The Compliance User would be able to link the

account(s) for which they wish to vote on.

- The list of accounts linked to the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xxi) In case you have any queries or issues regarding e-voting, you may refer to the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, or write an e-mail to helpdesk.evoting@cdslindia.com.

(c) Mr. S. V. Deulkar, Partner, SVD & Associates, Company Secretaries has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

The Scrutinizer shall, immediately after the conclusion of the e-voting period, unblock the votes in the presence of at least two (2) witnesses who are not in the employment of the Company and make, not later than three (3) days of conclusion of the Meeting, a consolidated Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company or a person authorized by him in writing who shall counter-sign the same.

The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.finolexwater.com and on the website of CDSL e-voting and communicated to the National Stock Exchange of India Limited & BSE Limited.

6. The details of Mrs.Ritu P. Chhabria (DIN 00062144) who is proposed to be re-appointed as director liable to retire by rotation, are given separately in the notice.

   The details of Mr. Anil V. Whabi proposed to be appointed as director and whole-time director as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are given in the explanatory statement which forms part of this notice.

7. Members whose shareholding is in the dematerialized form are requested to direct the change of address notifications and updation of bank/mandate/ECS details to their respective depository participants. Members holding shares in physical form may please send such details to the Company at its Investor Relations Centre at D1/10, MIDC, Chinchwad, Pune 411 019 quoting their folio numbers.

8. Since the scrip of the Company is mandated for trading compulsorily in demat form, Members holding shares in the physical form are requested to consider dematerializing the same.

9. Members who have not appointed nominees are requested to do so. The prescribed form for appointment of nominee / change in nominee are available on the Company's website.

10. Members desirous of obtaining any information concerning the accounts and operations of the Company for the financial year ended on 31st March, 2017 are requested to address their questions to the Company Secretary at the registered office of the Company so as to reach on or before 31st July, 2017. This will ensure the requested information may be made available.

11. While lodging requests for share transfer/transmission of shares, please ensure that copies of PAN card(s) of all transferors and transferees/legal heirs are enclosed. In the absence of PAN card copies, the Company cannot give effect to the requests for transfer/transmission/name deletion etc. All existing shareholders holding shares in physical form are requested to send a copy of their PAN card so that the records can be updated.

12. Members are requested to note that pursuant to the provisions of section 124 and other applicable provisions of the Companies Act, 2013, as amended, and rules made thereunder, as amended. The dividend remaining unclaimed / unpaid for the period of seven years from the date of transfer to "Unclaimed Dividend Account" shall be credited to the Investor Education and Protection Fund set up by the Central Government. Members are also requested to furnish Bank Account No., name of Bank, Branch, IFSC Code and place with PIN Code No. where the account is maintained to prevent fraudulent encashment of dividend warrants.

13. Members are requested to bring their copies of the annual reports and the attendance slips duly filled-in to the Meeting. Members holding shares in demat form are requested to bring their Client ID and Depository Participant (DP) ID numbers for easy identification for attendance at the Meeting.

14. Pursuant to the provisions of Rule 18 of the Companies (Management and Administration) Rules, 2014 a Company can send the annual report by electronic mail (e-mail address) to the Members as per the records of the Company or as provided by depositories. As such, Members holding shares in physical form are advised to forward their e-mail addresses to the Company for registration at the following e-mail investors@finolexind.com. Members holding shares in dematerialized form are requested to register / update their e-mail addresses with the concerned depository participants to enable the Company to send the soft copy of the annual report by e-mail. It is also clarified that in case any member desires to get a hard copy of the annual report, the same would be sent to the Member free of cost. Members are further advised to mention their e-mail addresses and land-line and mobile nos. in all correspondence for quick communication.

15. All documents referred to in the notice and explanatory statement annexed thereto will be available for inspection at the Company's registered office during normal business hours on working days except Saturday, Sunday and Public Holidays during business hours i.e. 10.00 a.m. to 3.00 p.m of the Company up to the date of the Meeting.

16. The Company has an in-house share transfer activity situated at the address mentioned in the Investor Relations Center.

17. A route map giving directions to the venue of the Meeting is given on page 288.

Explanatory Statement pursuant to section 102 of the Companies Act, 2013 (the "Act") sets out all material facts relating to the business mentioned at item nos. 5 to 9 of the accompanying notice dated 26th May, 2017.

Item No. 5

In terms of the provisions of section 148 of the Companies Act, 2013 (the "Act") the Board of Directors (the "Board") at its meeting held on 26th May, 2017 has, on the recommendation of the Audit Committee approved the appointment of M/s. S. R. Bhargave & Co., Cost Auditor, (Registration No.000218) for the audit of cost records maintained by the Company as per the requirements of the Act and Rules made thereunder for the financial year ending 31st March, 2018. As approved by the Board, the annual remuneration payable to M/s. S. R. Bhargave & Co. for the financial year ending 31st March, 2018 is ₹ 4,00,000/- (Rupees four Lakh only) plus applicable taxes, and reimbursement of out of pocket expenses at actuals plus applicable taxes.

M/s. S.R.Bhargave & Co, have furnished a certificate regarding their eligibility for appointment as Cost Auditors of the Company. They have vast experience in the field of cost audit and have concluded the audit of the cost records of the Company for the previous year under the provisions of the Act.

The Board recommends the resolution at item No.5 of the accompanying notice for ratification of the Cost Auditor's remuneration by the Members of the Company.

None of the directors or key managerial personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item no. 5 of the accompanying Notice.

Item No. 6

Pursuant to the provisions of section 42 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 (hereinafter collectively referred to as the "Rules"), the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, a company offering or making an invitation to subscribe to secured Non-Convertible Debentures ("NCD") on a private placement basis is required to obtain the prior approval of the Members by way of a Special Resolution. Such an approval can be obtained once a year for all the offers and invitations made for such NCDs during the year.

NCDs issued on a private placement basis are a significant source of borrowings for the Company. The approval of the Members is being sought by way of a special resolution under sections 42 and 71 of the Act read with the Rules made thereunder to enable the Company to offer or invite subscription for secured NCDs on a private placement basis, in one or more tranches during the period of one year from the date of passing of the resolution at Item No.6, upto a sum not exceeding ₹ 2,50,00,00,000/- (Rupees two hundred fifty crores) within the overall borrowing limits of the Company, as approved by the Members from time to time.

The Board recommends the resolution set out in item no.6 for approval of the Members of the Company.

None of the directors or key managerial personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at item no. 6 of the accompanying notice.

Item No. 7

Mr. Anil V. Whabi was appointed as an Additional Director of the Company by the Board at its meeting held on 26th August, 2016. He holds the office upto the date of the thirty-sixth Annual General Meeting of the Company. A Notice has been received from a member of the Company signifying its intention to propose Mr. Anil V. Whabi's appointment as a Director along with a deposit of ₹ 1,00,000 proposing Mr. Anil V. Whabi as a candidate for the office of director. Mr. Anil V. Whabi has given his consent, to act as director of the Company, if appointed.

The Additional information on whole-time Director recommended for reappointment required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given in the page no. 282 of this report.

The Board recommends the resolution set out in item no.7 for approval of the members.

None of the directors and key managerial personnel except Mr. Anil V. Whabi Director – Finance of the Company are concerned or interested, financially or otherwise, in the resolution set out at item no. 7. Mr. Anil V. Whabi is not related to any other Director of the Company.

Item No. 8

The Board of Directors, on recommendation of the Nomination and Remuneration Committee, at the meeting held on 26th August, 2016 considered the appointment of Mr. Anil V. Whabi, as a whole-time director designated as Director-Finance for a period of five years from 26th August, 2016 to 25th August, 2021 on the terms and conditions including remuneration to be paid in case of inadequate profits or no profits as are set out in the agreement dated 26th October, 2016 entered into by the Company with Mr. Anil V. Whabi read with the Company's letter dated 26th May, 2017 for revision in remuneration of Mr. Anil V.Whabi with effect from 1st April, 2017, subject to necessary approvals as may be required by operation of law. Mr. Anil V. Whabi is already a Chief Financial Officer and Key Managerial Person of the Company with effect from 11th August, 2014.

The main terms and conditions of the appointment and remuneration payable to him are as under:

A. Period of appointment as whole-time director designated as Director-Finance

From 26th August, 2016 to 25th August, 2021.

B. Remuneration

The Company shall pay Mr. Anil V. Whabi in consideration of his duties a basic salary in the scale of ₹ 2,00,000 to ₹ 10,00,000 per month with annual increment as may be decided by the Board and/ or Nomination and Remuneration Committee within the abovementioned scale:

Basic salary for the period from 26th August, 2016 to 31st March, 2017 is ₹ 2,33,899/- per month And Basic salary for the period from 1st April, 2017 is ₹ 2,89,025/- per month.

C. Commission

Commission as such percentage of the net profits of the Company computed in the manner laid down under section 198 of the Companies Act, 2013 or such amount as the Board of Directors may determine.

D. Perquisite and Allowances

In addition to the Salary and Commission as stated above, Mr. Anil V. Whabi shall be entitled to the following allowances / perquisites.

i. House rent allowance of 30% of basic salary.

ii. Soft furnishing allowance as may be decided by the Board and/or Nomination and Remuneration Committee. The soft furnishing allowance for the period from 26th August, 2016 to 31st March, 2017 is ₹ 40,975 per month The soft furnishing allowance for the period from 1st April, 2017 onwards is ₹ 55,000/-.

iii. Conveyance allowance as per the rules of the Company.

iv. Bonus/Ex-gratia/performance incentive as announced by the Company as per its rule.

v. Medical allowance including reimbursement as per the rules of the Company.

vi. Education allowance including reimbursement as per the rules of the Company.

vii. Compensatory allowance as per the rules of the Company.

viii. Leave with full pay and all allowances as per the rules of the Company.

ix. Yearly encashment of leave during the tenure of employment as per the rules of the Company.

x. Leave Travel Concession as per the rules of the Company.

xi. Personal Accident Insurance as per the rules of the Company.

xii. Company's contribution to provident fund and gratuity fund as per the rules of the Company.

xiii. Provision of motor car as per the rules of the Company and reimbursement of driver's salary as per the policy of the Company.

xiv. Telephone: Free landline facility at residence and mobile phone facility that is to say all charges including rentals, call and internet charges etc. shall be paid by the company in full. Personal long distance calls to be billed by the Company to Mr. Anil V. Whabi

xv. Retirement and other benefits, as per the rules of the Company.

E. The Board shall have the authority to alter or vary the terms of appointment and remuneration including commission and perquisites payable to Mr. Anil V. Whabi during the tenure of the agreement entered into by the Company with Mr. Anil V. Whabi, within the overall limits specified under the provisions of section 197, Schedule V and other applicable provisions of the Companies Act, 2013 and relevant rules framed thereunder.

F. Minimum Remuneration

i. In the event of inadequate profits or no profits in any financial year during the tenure of the agreement entered into by the Company with Mr. Anil V. Whabi, the salary mentioned in paragraph B and allowances/ perquisites mentioned in D above, shall be the minimum remuneration payable to Mr. Anil V. Whabi subject to necessary approvals and other applicable provisions of the Companies Act, 2013 and relevant rules framed thereunder.

G. Other terms and conditions

i. During his employment with the Company, Mr. Anil V. Whabi shall devote such time and attention to the business and affairs of the Company as may be necessary and shall use his best endeavors to promote its interest and welfare.

ii. Mr. Anil V. Whabi, so long as he functions as a whole-time director designated as Director-Finance shall not be paid any sitting fees for attending the meetings of the Board or any Committees thereof.

iii. Mr. Anil V. Whabi would cease to be a director, ipso facto, on the employment with the Company getting ceased or terminated or determined.

iv. Either party shall be entitled to determine or terminate the Agreement by giving to the other advance notice of three (3) months or by giving in cash the basic salary for three (3) months in lieu of the notice.

The aforesaid may be treated as details of the terms and conditions of the appointment and remuneration, including revision thereof, payable to Mr. Anil V. Whabi as whole-time director designated as Director-Finance of the Company pursuant to Section 196 of the Companies Act, 2013.

The Additional information for appointment as on whole-time director as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given in the page no. 282 of this report.

The Board recommends the resolution set out in item no.8 for approval of the members.

None of the directors except Mr. Anil V. Whabi or any other key managerial personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at item no. 8.

Item No. 9

The members of the Company at their 33rd annual general meeting held on 20th September, 2014 approved by way of a special resolution passed in pursuance of the Companies Act, 2013 (the "Act") and other applicable provisions, if any, of the Companies Act, the payment of remuneration by way of commission to the non-executive directors of the Company, of a sum not exceeding one percent per annum of the net profits of the Company, calculated in accordance with the provisions of the Act, provided that none of the abovesaid directors shall receive individually a sum exceeding ₹ 10,00,000 /-.

Pursuant to the provisions of sections 149, 197 and any other relevant provisions of the Companies Act, 2013 and taking into account the roles and responsibilities of the directors, it is proposed that the Directors other than managing director and the whole time directors shall be paid for each financial year of the Company commencing from 1st April, 2016, remuneration not exceeding one percent per annum of the net profits of the Company computed in accordance with the provisions of the Companies Act, 2013 with an overall cap of ₹ 2,00,00,000/- (Rupees two crores only). This remuneration by way of commission will be distributed amongst all or some of the directors as approved by the Board of Directors from time to time and subject to any other applicable requirements under the Companies Act, 2013.

This remuneration shall be in addition to fee payable to the directors for attending the meetings of the Board or any Committee thereof and reimbursement of expenses for participation in the Board and other meetings.

Accordingly, an approval of the members is sought by way of a special resolution under the applicable provisions of the Companies Act, 2013 for payment of remuneration by way of commission to the directors of the Company other than managing director and whole time directors, as set out in the resolution at item no. 9 of the notice.

The Board recommends the resolution set forth in item no. 9 for the approval of the members.

The managing director, whole time directors and key managerial personnel of the Company and their relatives are not concerned or interested, financially or otherwise, in this resolution set out at item no. 9 of the notice. Non-executive independent directors of the Company may be deemed to be concerned or interested in these resolution to the extent of the remuneration by way of commission that may be received by them.

By Order of the Board of Directors
For Finolex Industries Limited

Pune
26th May, 2017

Vidya R. Shembekar
General Manager (Legal)
and Company Secretary
Membership No. ACS 8944

Additional information on Directors recommended for appointment/re-appointment as required under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mrs. Ritu P. Chhabria

(a) A brief resume of the director

Mrs. Ritu P. Chhabria, holds a double major in Economics and Marketing from Richmond College, London and also holds a degree in Public Relations. She was co-opted as a director of the Company with effect from 21st March, 2015. She is the Managing Trustee of Mukul Madhav Foundation, the CSR partner of the Company. She looks after the day-to-day activities of the Trust.

(b) Nature of her expertise in specific functional areas

In 1999, Mrs. Ritu P. Chhabria established Mukul Madhav Foundation to channelize social welfare programmes carried out by her. She has been instrumental in providing assistance in the field of health care, education and social welfare to the economically and socially underprivileged sections of the society to improve their quality of life.

(c) Disclosure of relationships between directors inter-se

Mrs. Ritu P, Chhabria is the spouse of Mr. Prakash P. Chhabria, the Executive Chairman of the Company.

(d) Names of listed entities in which the person also holds the directorship and the membership of Committees of the board

Mrs. Ritu P. Chhabria does not hold directorship of any other listed entities. She is a member of CSR Committee of the Company.

(e) Shareholding in the Company.

Mrs. Ritu P. Chhabria holds 4450 equity shares of the Company.

Mr. Anil V. Whabi

(a) A brief resume of the director

Mr. Anil V. Whabi, Director (Finance) & CFO, age 57 years was appointed as a whole-time director by the Board of the Company at its meeting held on 26th August, 2016. Mr. Anil V. Whabi, is a science graduate from the University of Jodhpur. He is also a Chartered Accountant, from the Institute of Chartered Accountants of India. He has over 33 years of experience in various companies.

(b) Nature of his expertise in specific functional areas

Expert in strategic planning, financial structuring, cross border acquisitions, fund raising and better utilization of resources etc.

(c) Disclosure of relationships between directors inter-se

None of the directors are related to Mr. Anil V. Whabi.

(d) Names of listed entities in which the person also holds the directorship and the membership of Committees of the board

Mr. Anil V. Whabhi does not hold directorship on any other listed entities. He is a member of Share Transfer Committee, Finance Committee & Risk Management Committee.

(e) Shareholding in the Company.

Mr. Anil V. Whabi does not hold any equity shares of the Company.

FINOLEX INDUSTRIES LIMITED

Form No. MGT-11

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L40108PN1981PLC024153

Name of the Company: **FINOLEX INDUSTRIES LIMITED**

Registered office: Gat No.399, Urse, Taluka Maval, District Pune 410506. Tel No.02114-237251 Fax No.02114-237252.

Email: investors@finolexind.com Website: www.finolexwater.com

Name of the member(s) :	
Registered address:	
E-mail Id:	
Folio No./DPID & Client Id:	

I/We, being the member(s) of______shares of the above named Company, hereby appoint:

1	Name :
	Address:
	E-mail address:
	or failing him
2	Name :
	Address:
	E-mail address:
	or failing him
3	Name :
	Address:
	E-mail address:
	or failing him

as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the thirty-sixth annual general meeting of the Company, to be held on the Friday, 11th August, 2017 at 11.00 a.m. at Kirloskar Institute of Advanced Management Studies, Gat No.356 & 357, Near Tata

Foundry Maval, Village Dhamane, Taluka Maval, District Pune 410 506 and at any adjournment thereof in respect of such resolutions as are indicated below:

	Ordinary business
1	To receive, consider and adopt the audited financial statements (including the consolidated financial statements) of the Company for the financial year ended 31st March, 2017 together with the reports of the directors' and the auditors'
2	To declare dividend on equity shares for the financial year ended 31st March, 2017.
3	To appoint a director in place of Mrs. Ritu P. Chhabria (DIN 00062144), who retires by rotation and, being eligible, offers herself for re-appointment.
4	To re-appoint M/s. P. G. Bhagwat, Chartered Accountants (Firm Registration No.101118W), as the Statutory Auditors of the Company to hold office for a second term of 5 years from the conclusion of thirty-six annual general meeting till the conclusion of the 41st annual general meeting, on such remuneration as may be mutually agreed between the Board of Directors (the "Board") and the Statutory Auditors
	Special business
5	To ratify a consolidated remuneration of ₹ 4,00,000/- plus taxes, as applicable and out of pocket expenses payable to M/s. S. R. Bhargave & Co., Cost Accountants who have been appointed by the Board of Directors of the Company for the audit of the cost records of the Company for the financial year ending 31st March, 2018.
6	To give approval for issuing offer(s) or invitation(s) to subscribe to secured Non-Convertible Debentures ("NCDs") for a sum not exceeding ₹ 2,50,00,00,000/- (Rupees two hundred fifty crores only) on a private placement basis in one or more tranches during a period of one year from the date of passing of this resolution within the overall borrowing limits of the Company, as approved by the members, from time to time.
7	To give approval for appointment of Mr. Anil V. Whabi (DIN 00142052) as Director of the Company liable to retire by rotation.
8	To give approval for appointment of Mr. Anil V. Whabi (DIN 00142052) as whole-time Director designated as Director - Finance with effect from 26th August, 2016 and remuneration payable to him.
9	To give approval for payment of commission to the directors other than managing director or whole time director of the company not exceeding one per cent of the net profit or the Company calculated under provisions section 198 of the Companies Act, 2013 with a cap of ₹ 2,00,00,000/- (Rupees two crores only) for each financial year commencing from 1st April, 2016.

Signed this____________day of___________2017

Affix Revenue Stamp of fifteen paise

Signature of shareholder Signature of Proxy

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. For the resolutions, explanatory statement and notes please refer notice of 36th annual general meeting.

FINOLEX INDUSTRIES LIMITED

Registered Office : Gat No.399, Urse, Taluka Maval,
District Pune 410 506, Maharashtra, India
CIN :L40108PN1981PLC024153
Tel No.02114-237251, Fax No.02114-237252
E-mail: investors@finolexind.com Website: www.finolexwater.com

BALLOT FORM

1	Name	
	Registered Address of the sole/ first named shareholder	
2	Name of the joint shareholder(s), if any.	
3	Registered folio/DPID & Client ID No	
4	No of shares held	

I/We hereby exercise my/our vote in respect of the resolutions to be passed for the business stated in the notice of thirty-sixth annual general meeting of the Company to be held on Friday, 11th August, 2017 by sending my /our assent or dissent to the said resolution(s) by placing the ('1) marks at the appropriate box below:

Item No	Description	No of equity shares held	I/We assent to the resolution (For)	I/We dissent to the resolution (Against)
1	To receive, consider and adopt the audited financial statements (including the consolidated financial statements) of the Company for the financial year ended 31st March, 2017 together with the reports of the directors' and the auditors'			
2	To declare dividend on equity shares for the financial year ended 31st March, 2017.			
3	To appoint a director in place of Mrs. Ritu P. Chhabria (DIN 00062144), who retires by rotation and, being eligible, offers herself for re-appointment.			
4	To re-appoint M/s. P. G. Bhagwat, Chartered Accountants (Firm Registration No.101118W), as the Statutory Auditors of the Company to hold office for a second term of 5 years from the conclusion of thirty-six annual general meeting till the conclusion of the 41st annual general meeting, on such remuneration as may be mutually agreed between the Board of Directors (the "Board") and the Statutory Auditors			
	Special business			
5	To ratify a consolidated remuneration of ₹ 4,00,000/- plus taxes, as applicable and out of pocket expenses payable to M/s. S. R. Bhargave & Co., Cost Accountants who have been appointed by the Board of Directors of the Company for the audit of the cost records of the Company for the financial year ending 31st March, 2018.			

6	To give approval for issuing offer(s) or invitation(s) to subscribe to secured Non-Convertible Debentures ("NCDs") for a sum not exceeding ₹ 2,50,00,00,000/- (Rupees two hundred fifty crores only) on a private placement basis in one or more tranches during a period of one year from the date of passing of this resolution within the overall borrowing limits of the Company, as approved by the members, from time to time.			
7	To give approval for appointment of Mr. Anil V. Whabi (DIN 00142052) as Director of the Company liable to retire by rotation.			
8	To give approval for appointment of Mr.Anil V. Whabi (DIN 00142052) as whole-time Director designated as Director - Finance with effect from 26th August, 2016 and remuneration payable to him.			
9	To give approval for payment of commission to the directors other than managing director or whole time director of the company not exceeding one per cent of the net profit or the Company calculated under provisions section 198 of the Companies Act, 2013 with a cap of ₹ 2,00,00,000/- (Rupees two crores only) for each financial year commencing from 1st April, 2016.			

Place: Date :	 Signature of shareholder

1. Members may fill up the ballot form and submit the same in a sealed envelope to the Scrutinizer, Mr. S.V.Deulkar, Partner, SVD & Associates, Company Secretaries, at Finolex Industries Limited, D 1/10, MIDC, Chinchwad, Pune 411019 so as to reach by 5.00 p.m. on Thursday, 10th August, 2017. Ballot form received thereafter will strictly be treated as if not received.
2. The Company will not be responsible if the envelope containing the ballot form is lost in transit.
3. Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the Scrutinizer on the validity of the forms will be final.
4. In the event member casts his/her votes through both the processes i.e. e -voting and ballot form, the votes in the electronic system would be considered and the ballot form would be ignored.
5. There will be only one ballot form for every Folio/DP ID Client ID irrespective of the number of joint members.
6. In case of joint holders, the ballot form should be signed by the first named shareholder,and in his/her absence by the next named shareholders.
7. Where the ballot form has been signed by an authorized representative of the body corporate/ Trust/Society, etc. a certified copy of the relevant authorization/Board resolution to vote should accompany the ballot form.
8. For the resolutions, explanatory statement and instructions for e-voting procedure, please refer notice of the 36th annual general meeting of the Company.

FINOLEX INDUSTRIES LIMITED

Registered Office : Gat No.399, Urse, Taluka Maval,
District Pune 410 506, Maharashtra, India
CIN :L40108PN1981PLC024153
Tel No.02114-237251, Fax No.02114-237252
E-mail: investors@finolexind.com Website: www.finolexwater.com

36th Annual General Meeting – 11th August, 2017

ATTENDENCE SLIP

(To be handed over at the entrance of the venue of the meeting)

Folio No.

DP ID No. & Client Id No.

Member's Name (In block letter)

No of shares held

Proxy's Name (In block letter)

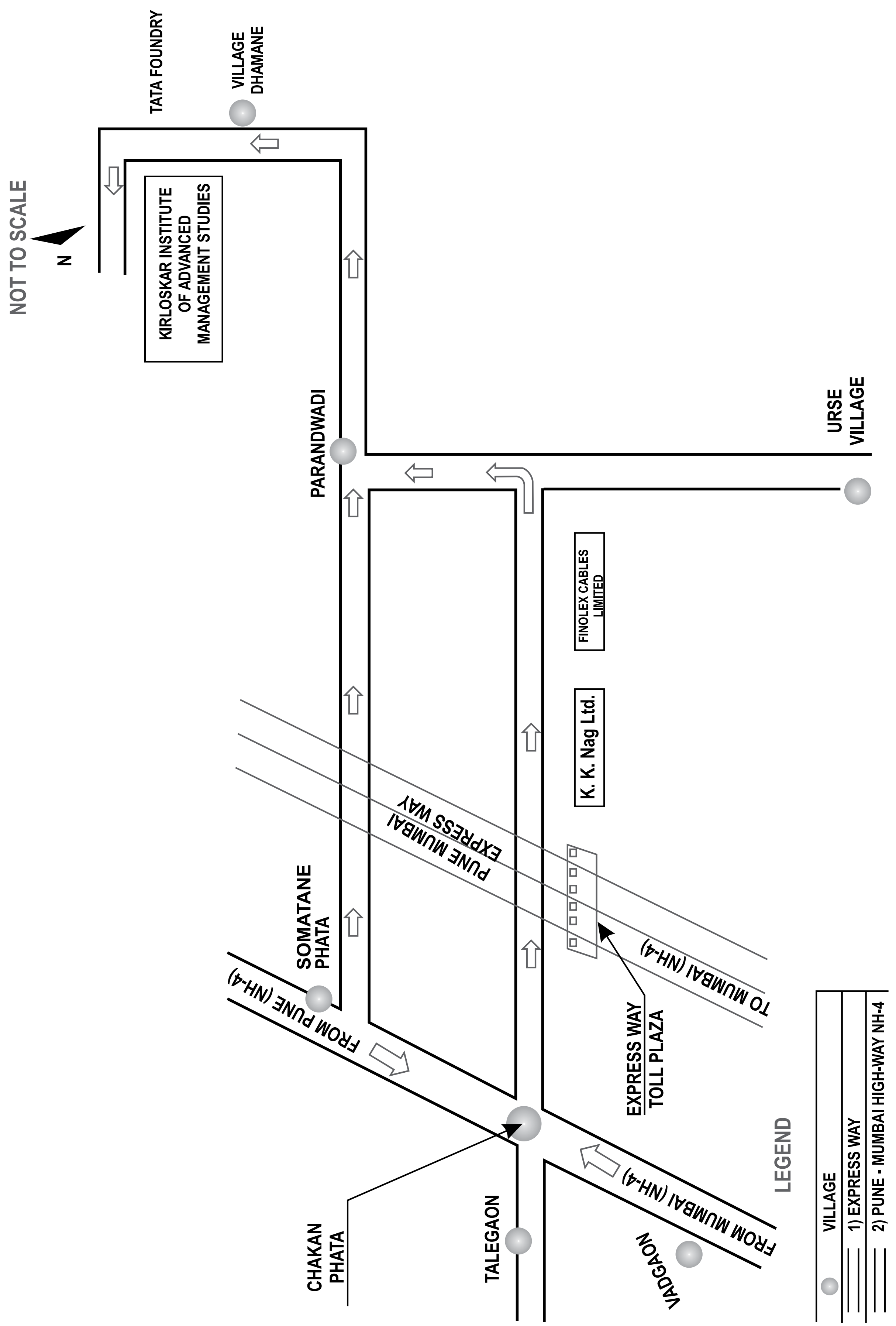
I hereby record my presence at the 36th Annual General Meeting held at Kirloskar Institute of Advanced Management Studies, Gat No.356 & 357, Near Tata Foundry, Maval Village Dhamane, Taluka Maval, District Pune 410 506 on Friday, 11th August, 2017 at 11.00 a.m.

Member's / Proxy's Signature

Notes:

1. Interested joint members may obtain attendance slips from the Registered Office of the Company.
2. Members/joint members/proxies are requested to bring the attendance slips with them. Duplicate slips will not be issued at the entrance of the meeting hall.

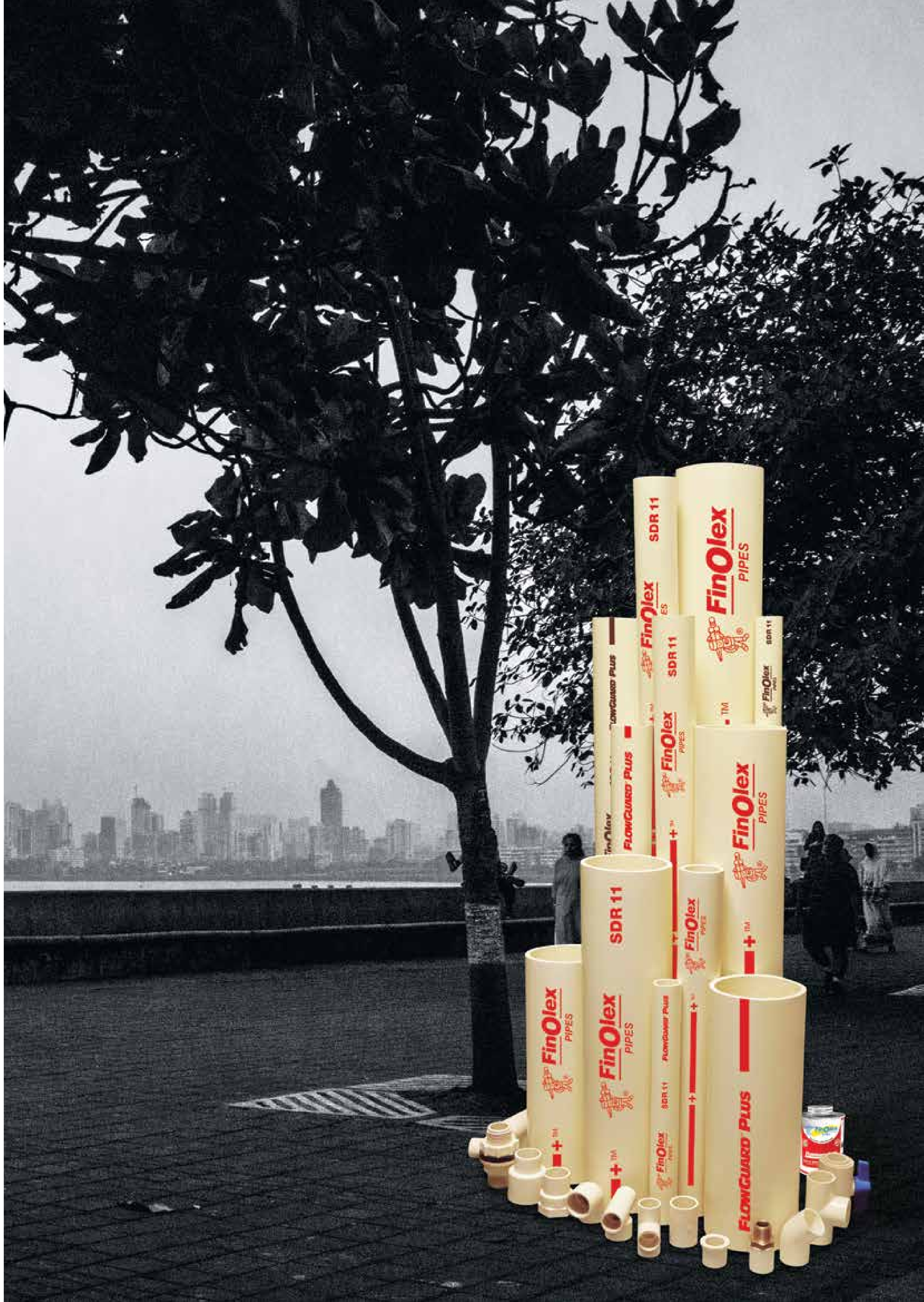
ROAD MAP FOR KIRLOSKAR INSTITUTE OF ADVANCED MANAGEMENT STUDIES



BIBLIOGRAPHY

Sr. No.	Particulars
1	http://www.business-standard.com/article/news-ians/india-to-have-bigger-population-than-china-by-2024-un-117062200222_1.html
2	http://www.livemint.com/Politics/TpqIr4H1ILsusuBRJlizHI/India-to-see-severe-shortage-of-jobs-in-the-next-35-years.html
3	http://economictimes.indiatimes.com/news/economy/indicators/indias-per-capita-income-rises-9-7-per-cent-to-rs-1-03-lakh-in-fy17/articleshow/58930178.cms
4	http://www.livemint.com/Money/YWXoETAc9c4HcJTDL8wcXM/187-gross-household-savings-percentage.html
5	http://www.indianeconomy.net/splclassroom/348/what-is-housing-for-all-by-2022-mission/
6	Meeting Asia's Infrastructure Needs Report by Asian Development Bank - Page 43
7	http://www.hindustantimes.com/business-news/india-s-economy-to-grow-7-1-this-year-7-5-in-2018-un-report-says/story-xoi2ZENsHXYscvILAXbcJL.html
8	http://timesofindia.indiatimes.com/business/india-business/govt-unveils-3-year-road-map-for-evergreen-revolution/articleshow/58797679.cms
9	OECD report dated Feb 2017 & Economic Survey dated Jan 2017
10	http://www.persistencemarketresearch.com/market-research/pvc-market.asp
11	PLATTS
12	Union Budget 2017-18 – Speech and Key Features
13	Union Budget 2017-18 – Speech and Key Features

Notes



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