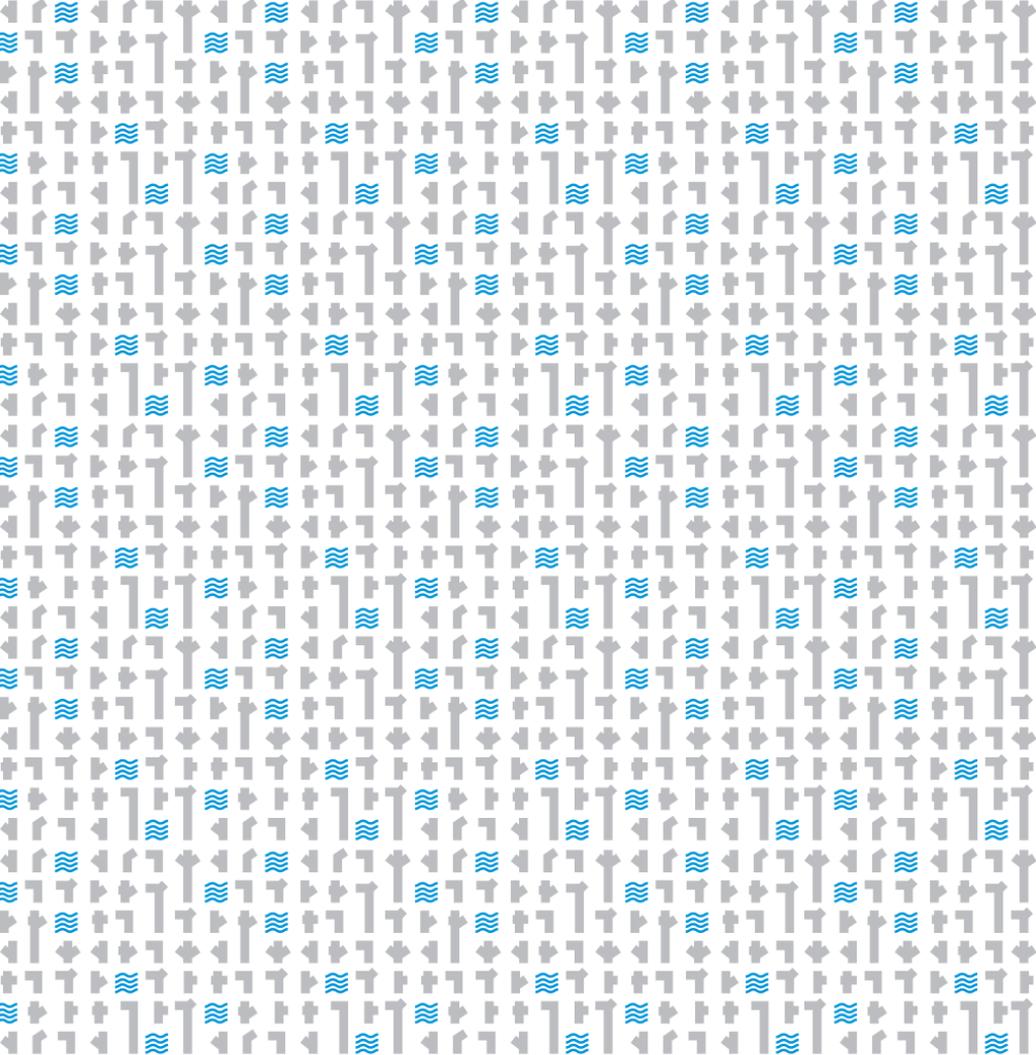




**Finolex**  
**INDUSTRIES**

34<sup>th</sup> Annual Report 2014-15



Finolex Industries Limited



Extrusion machines at the Finolex Urse plant



Finolex Pipes & Fittings

**HAR KADAM AAPKE SAATH**  
AB INTERNET PAR BHI HOGI BAAT

14,595 followers  
 87,600 impressions  
 1,91,700 views

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 Finolex-India

**OUR MOST IMPORTANT CAMPAIGNS**

<p><b>#EVERYDROPCOUNTS</b></p> <p>Our water filtration system is compatible with the kind of water consumption that Indian households demand for. Keeping them happy is our goal.</p> <p>AND WE GOT AN</p> <p><b>4,752,424</b> Impressions</p> <p><b>1,251,982</b> Unique Reach</p> <p><b>4,935</b> Tweets</p>	<p><b>#AAANKITARAHAHMATABAHO</b></p> <p>In the occasion of World Environment Day, Finolex Please members to create awareness about the quality of water.</p> <p>AMAZING RESPONSE</p> <p><b>15,973,085</b> Impressions</p> <p><b>1,738,824</b> Unique Reach</p> <p><b>4,722</b> Tweets</p>
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**THIS LED TO FINOLEX TRENDING NATIONALLY ON TWITTER**



## Chairman's Message



Dear Shareholders,

Over the past year, your Company has achieved modest growth in terms of production and sales.

The business scenario was affected by a sharp drop in PVC prices on the back of a global crash in oil prices during the third quarter of FY 2015. The unseasonal rains and hailstorms in many parts of the country also played a part in affecting demand. The prices have now recovered and we are confident of moving back to our projected growth path.

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

I am delighted to share with you that Finolex Pipes have been recognized as India's most trusted Brand in the category "Manufacturing – Pipes" by the Brand Trust Report 2015 coupled with ranking as one of the top 1,000 brands out of 19,000 brands studied. This is recognition for years of hard work in giving consistently high quality products to our customers through our ever increasing network of dealers and sub-dealers.

Distribution is an important aspect for success in the PVC pipes and fittings industry. Realizing this, your Company has opened depots at Cuttack (Odisha), Noida (Uttar Pradesh) and Indore (Madhya Pradesh).

Your Company continues its commitments to CSR activities. I am happy to share that your Company has recently received an "Excellence in CSR" award by the Amity Global School.

The Board joins me in expressing deep appreciation to the employees and the management for their consistent hard work and valued contribution during the year.

With warm regards,

**Prakash P Chhabria**  
Executive Chairman

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Chairman Emeritus  
**Mr. Kishan P. Chhabria**

## 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

**Mr. Shrikrishna N. Inamdar**  
 Independent Director

**Mr. Prabhakar D. Karandikar**  
 Independent Director

**Mr. Sanjay S. Math**  
 Director (Operations)

**Dr. Sunil U. Pathak**  
 Independent Director

**Mr. Anil V. Whabi**  
 Chief Financial Officer

**Mr. Umesh M. Gosavi**  
 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  
 Mr. Saurabh S. Dhanorkar  
 Dr. Sunil U. Pathak

### Risk Management Committee

Mr. Prakash P. Chhabria, Chairman  
 Mr. Saurabh S. Dhanorkar  
 Dr. Sunil U. Pathak

### 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.No.020-27408200/27408571  
Fax No.020-27479000  
E-mail:investors@finolexind.com

### 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](http://www.finolexwater.com)

## Management discussion and analysis

### Introduction

In the year under review, your Company has seen a continued growth in its performance. Your Company has 3 major areas of business – PVC pipes & fittings, PVC resin and Power.

### Financial review

The business scenario both in terms of product demand and pressure on margins was affected largely due to a sharp drop in PVC prices during October-December 2014 and due to unseasonal rain and hailstorms in many parts of the country during the year under review. The total income from operations (net) marginally increased from ₹ 2,453 crores to ₹ 2,476 crores. However, profit before tax for the year has decreased from ₹ 242 crores to ₹ 81 crores while net profit after tax decreased from ₹ 170 crores to ₹ 48 crores.

The steep decline in the price of crude oil, which in turn caused more than a 20% fall in the price of PVC resin, resulted in an abnormal erosion in your Company's margin during third quarter of FY 2015. The loss of inventory carry of raw material and finished products during this unprecedented and unforeseeable situation caused a heavy loss to your Company during the third quarter. Prices revived gradually subsequently during the next quarter. However, because of the loss incurred during third quarter, your Company posted a much lower profit as compared to the previous year.

### Outlook for your Company

#### Company overview

Finolex Industries Limited (FIL) is predominantly engaged in the business of manufacturing PVC pipes & fittings. It is the only PVC pipe manufacturing company in India which enjoys backward integration, with its own PVC resin manufacturing unit.

Your Company, which was incorporated in 1981, continues to maintain its number one ranking across the PVC pipes and fittings industry in India.

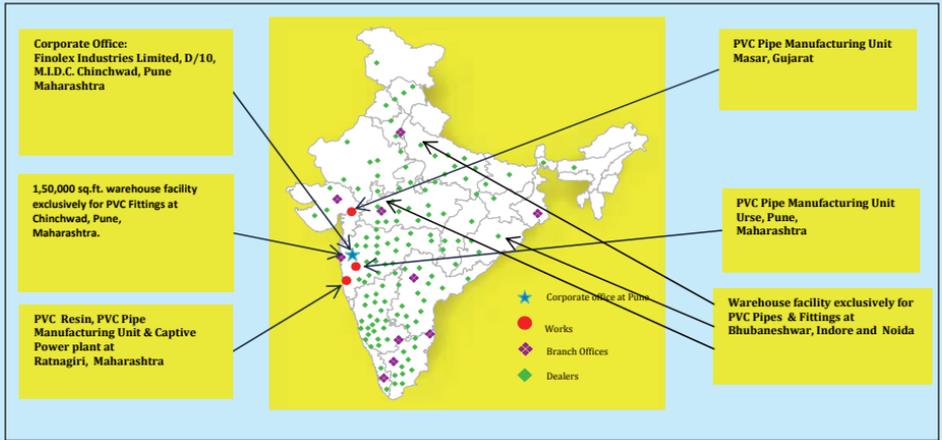
Since the predominant material used to transport water during those early days was metal and concrete, the initial years of your Company were spent in developing and building the market for PVC pipes and fittings. Your Company started as a PVC pipe manufacturing company in 1981. With the aim to become fully integrated, a state of the art PVC resin manufacturing unit was commissioned at Ratnagiri in 1994, which was further expanded in 2006. In order to reduce its dependency on the grid for its power requirements, FIL commissioned a 43 MW thermal power plant at Ratnagiri in 2009-10.

#### Your Company at a glance

- India's largest backward integrated PVC pipe manufacturer with a PVC pipe & fittings production capacity of 2,50,000 MT
- Backward integration
  - PVC resin capacity - 2,72,000 MT
  - Captive thermal power plant capacity - 43 MW

- Pan India distribution network through a wide network of dealers, sub-dealers and retail outlets – 15,000+ touch points
- High level of trust from its customers , spread across the length and breadth of India
- Superior brand recall due to high quality product offerings for agriculture, housing, building & construction

### FIL – Pan India reach

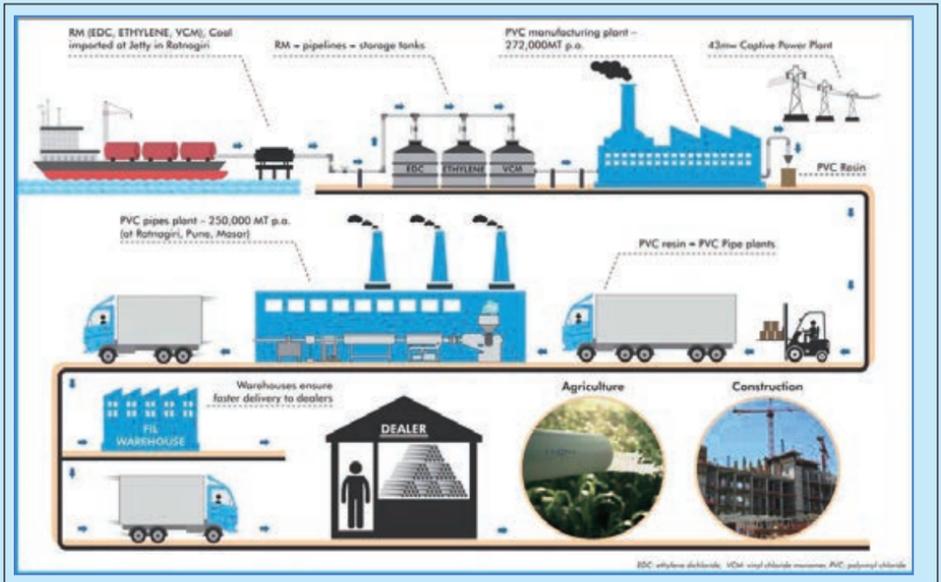


### Business model

Your Company has a strong focus on the agriculture-pipe market and operates on an unique cash-n-carry model. Over the years, your Company has built a very large distribution network, which adds to its strength. Your Company is now focusing on increasing the PVC pipes & fittings production capacity and widening the distribution reach. The strength of your Company lies in its quality products, satisfied customers and of course a dedicated team.

- Key revenue driver – mainly the PVC pipes & fittings segment, with a steadily increasing in-house consumption of PVC resin.
- Market wise sales are distributed between agriculture (approximately 70%) and non-agriculture (approximately 30%) which is mainly construction.
- Key cost components - EDC, Ethylene and VCM are the key raw materials for PVC production.
- Margin improvement initiatives are underway. However, the raw material price fluctuation, which is not in line with PVC price movement, does impact operating margins.

## FIL – Value Chain



### PVC pipes and fittings division:

'Finlex' is the number one brand name in the Indian PVC pipes & fittings industry. The product power is essentially due to superior quality, wide distribution reach and high brand recall. Your Company sells rigid PVC pipes for agricultural (approximately 70%) and non-agricultural applications (approximately 30%). PVC is a better material for water transportation:

- PVC pipes have better flow characteristics as compared to galvanized iron or cement pipes
- PVC pipes are easy to install and are corrosion free
- PVC pipes are easier to transport because of their low weight per meter

Over the years, your Company has successfully established the concept of PVC pipes & fittings as the preferred material for water transportation. The brand has been built through a sustained focus on high quality products and deep market penetration. To achieve this, your Company undertakes various branding activities such as organizing farmer meets, plumber meets, participating in village fairs, industrial and agricultural exhibitions and TV advertising. The Company also launched a new website reflecting its vision.

## Branding activities



## New website – reflecting change

[www.finolexwater.com](http://www.finolexwater.com) : With better disclosures, greater engagement

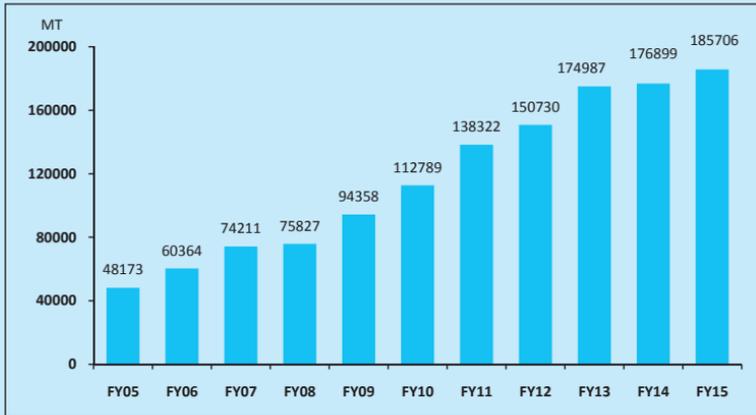


Your Company always recognizes the tremendous importance of PVC pipes in the life of a typical Indian farmer. In fact, your Company believes that the pipeline, which brings water to the fields, is in a true sense, the farmer's "lifeline".

Your Company believes in consistently providing consumers with high quality products that ensure trouble free service for decades.

Your Company enjoys a high level of trust from its customers, spread across the length and breadth of India. Our products are sold through a network of more than 15,000 dealers, sub-dealers and retailers. Your Company continuously invests in the expansion of PVC pipes & fittings capacity.

## Sales volume of PVC pipes & fittings



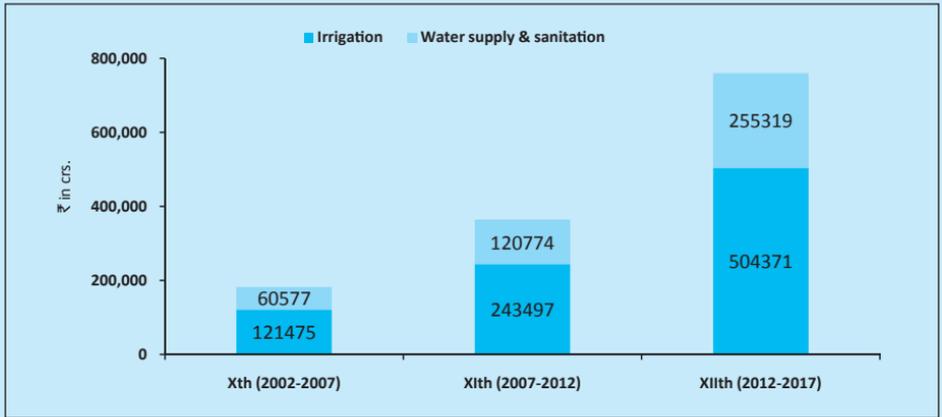
The largest market segment for your Company's products is agriculture which is prone to the vagaries of nature. Unseasonal rains do impact the sale of pipes and fittings in the short term. However, in the long run the demand for PVC pipes and fittings will continue to grow due to the fact that more than half of the cultivated area in India has no access to irrigation. The requirement for laying new pipe lines is, therefore, very large and your Company expects the demand to increase over the coming years. Unseasonal rains impacted the sales volume during the last quarter of the financial year. This is the second year in succession when rains impacted demand during a period that is normally regarded as the peak season for your Company's products. Structurally, the demand for pipes is merely postponed, not eliminated. Your Company is, therefore, confident of high growth numbers in the coming years.

Distribution is an important aspect for success in the PVC pipes and fittings industry. Realising this, your Company opened a depot at Cuttack and is starting two new depots at Noida and Indore. Your Company has also introduced new value added products during the year under review.

### Prospects for PVC pipes and fittings industry:

Irrigation has played a major role in agriculture in India. At 157.35 million hectares, India holds the second largest agricultural land in the world. In India, only 44% of the total agricultural land is under irrigation. Of this, 60% of the irrigated land depends on ground water for its water requirements. This means that more than half of India's agriculture still depends on the monsoon rains. Successive governments have allocated large funds to increase the reach of irrigation.

## Government spending in 5-Year plans



Source: NitiAayog / Planning Commission

An increase in disposable income in rural India and a continued focus by the Government to increase irrigation coverage in the country augurs well for the demand of your Company's products. We have, therefore, seen a CAGR of around 15% over the last ten years, and expect this trend to continue in the years to come.

### Policy support

- The Government is increasing Minimum Support Prices (MSPs) to ensure higher crop production
- Schemes like Rashtriya Krishi Vikas Yojana (RKVY) incentivises states to increase private investment in agriculture and allied sectors
- National Food Security Mission (NFSM) to increase production of rice, wheat and pulses
- Promising opportunities in storage facilities; potential storage capacity expansion of 35 million tonnes under the 12<sup>th</sup> Five Year Plan

### Non-Agriculture sector

Traditionally, before the 1990's, most of the pipes used in housing and construction were either metal GI pipes or cast iron pipes. Over the last decade, there has been a distinct change in the trend and a visible shift from metal pipes to plastic pipes. Metal pipes which were being used earlier in housing, construction, sewage and sanitation are being replaced by plastic pipes. Plastic pipes have natural advantages as compared to metal pipes. They are anti-corrosive in nature and relatively light weight vis-à-vis metal pipes.

Accordingly, your Company has also been focusing on leveraging its distribution strength, by targeting the rising demand for pipes & fittings in the non-agricultural sector in tier II and tier III cities. Within the domestic construction market, the tier II and tier III cities offer growth potential as they are less penetrated. Your Company believes that this strategy shields its sales from recessionary trends, in

residential and commercial sectors in the metros. Your Company expects a steady growth in the non-agricultural sector of the market.

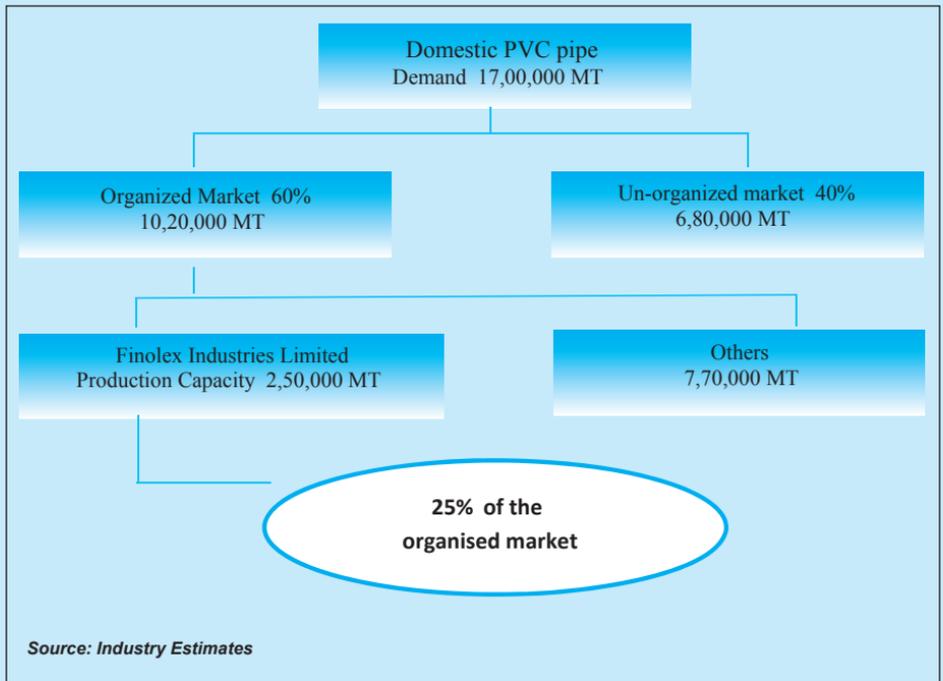
### Government initiatives in Union Budget 2015-16 to benefit FIL

- Emphasis on increasing irrigated areas will boost pipe demand
- Measures like unified agricultural market, ₹ 8.5 lakh crore target for farm loans and investment in rural infrastructure to further benefit the company
- A roof for each family and the call given for 'Housing for All' by 2022 to provide 20 million houses in urban areas and 40 million houses in rural areas

### Market characteristics & opportunity

The size of the Indian PVC pipe industry is about 1.7 million MT. The share of the organised market is 60% and is further rising with an increase in brand and quality preference. Due to increased distribution reach and the consistent quality of their products, organised players have been gaining market share from the unorganised sector. This shift from an unorganised to an organised market will be accelerated after the introduction of GST and is likely to benefit your Company tremendously.

### PVC Pipe – addressable market



### PVC Resin division:

Your Company has a state of the art manufacturing facility for producing PVC resin in Ratnagiri, Maharashtra, with a total capacity of about 2,72,000 MT p.a.. The backward integration of PVC resin gives us a unique advantage of consistent high quality raw material. With the rising internal consumption of PVC resin and branding initiatives, your Company's business model is increasingly transforming from B2B to B2C.

#### PVC resin plant at Ratnagiri, Maharashtra



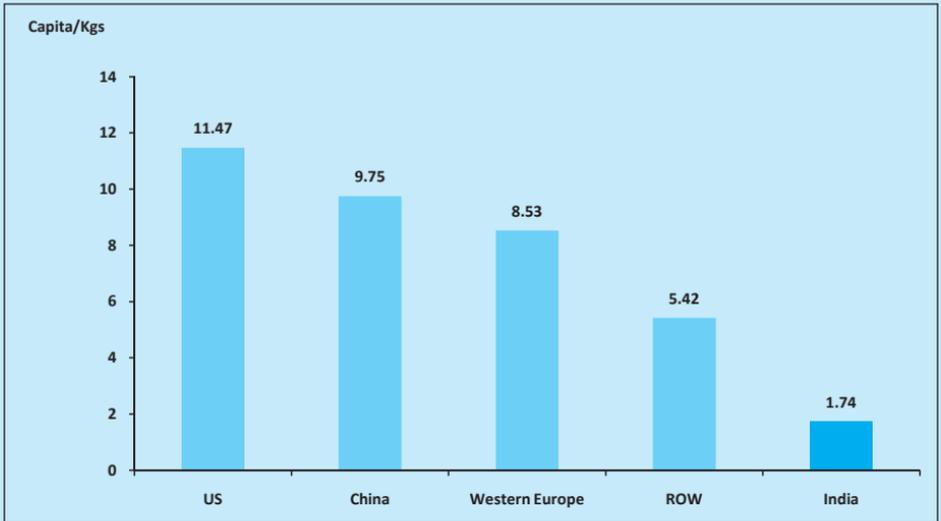
Your Company's state-of-the-art PVC resin manufacturing facility was commissioned in 1994 in technical collaboration with Uhde GmbH of Germany, and a licensed technology from Hoechst AG. The initial capacity of PVC resin was 1,30,000 MT p.a. which was enhanced to 2,60,000 MT p.a. in 2006, of which 2,50,000 MT p.a. comprised of Suspension PVC and 10,000 MT p.a. of Emulsion PVC. The Emulsion PVC capacity was further increased to 22,000 MT p.a. in FY13, taking the total current capacity to 2,72,000 MT p.a..

### Business outlook

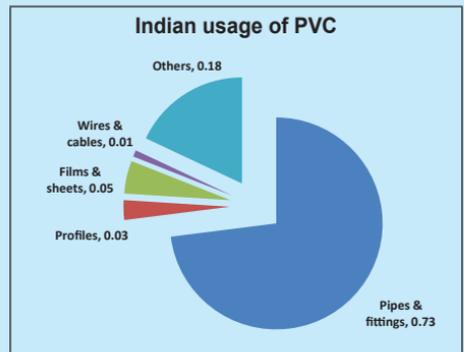
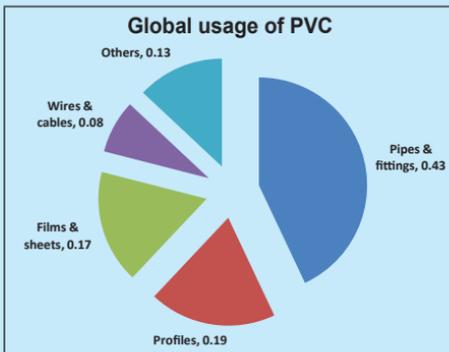
The domestic demand for PVC resin has grown by almost 8% during the year under review. However, the domestic production capacity has not seen a significant increase, due to which the gap between demand and supply has grown further during the year under review, to 1.35 million MT p.a.

During the year under review, your Company produced 2,35,049 MTs of PVC resin, out of which 1,21,423 MT was sold in the market and the balance was consumed captively. Your Company expects its captive consumption to grow, making it increasingly less dependent on the market for PVC resin. This has resulted in your Company steadily moving away from a B2B business model of PVC resin to a B2C business of PVC pipes and fittings. We believe that this transition will help achieve better ROCE for the Company.

### Global per capita consumption of PVC



Source: Industry Estimates



Source: Industry Estimates

Asia as a continent has a preference for PVC, and India is no exception to this trend. PVC has major growth prospects. Among different types of pipes in India, PVC pipes have a market share of 86%, whereas, PE & PP have a market share of 12% and 2% respectively. Even in PVC consumption, India's per capita consumption remains amongst the lowest in the world. India's consumption of PVC is 1.74 Kgs as compared to 9.75 Kgs in China and 11.47 Kgs in the US. PVC largely goes into the manufacturing of pipes in India, which accounts for about 73% consumption.

## Power plant

Your Company has set up a 43 MW power plant at Ratnagiri in order to provide uninterrupted high quality power to its production facility there. Generating power from this plant has resulted in substantial savings for your Company, as compared to the cost of purchasing power from the grid. Exclusive and better quality power has also led to improved productivity of the plant.

## Risks and concerns

Your 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. The volatility of crude oil prices and its derivatives is another cause for concern. We continue to import our main raw materials, viz., EDC, Ethylene, VCM and coal. Based on the operations of the Company, new risks, if any, are identified and appropriate steps are taken to mitigate them. The Company, being exposed to foreign exchange risks and interest rate risks, the same are managed and mitigated by your Company by closely monitoring the currency markets and taking appropriate steps.

The surplus cash generated during the course of business is sometimes invested with banks / mutual funds. The detailed guidelines for investment of the surplus amount have been laid down and the Management reviews these regularly.

Your Company continues to accord the highest priority for safety in all of 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. We are proud to announce that we have completed 7.10 million man-hours without any reportable accident at the PVC resin plant at Ratnagiri.

Your 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 with them, and enough information is provided to understand and monitor them. Your Company believes in total transparency in sharing information about its business operations with all its stakeholders. Your Company strives to provide maximum possible information in the Management Discussion and Analysis which is a part of the Annual Report.

## Internal control systems

Your Company has put in place adequate internal control procedures and internal financial controls, proportionate to the nature of the business and the size of the operations for the smooth conduct of all businesses.

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 and internal controls. This is conducted on a periodical basis through audit plans, audit findings and promptness of issue resolution through follow-ups.

## Human resources

Your Company's industrial relations continue to be harmonious. Your Company has increased its focus on training and development and has recruited the services of a reputed management education institute to impart training at every level within the organization. A team of selected middle level executives have been identified as potential future leaders. A structured leadership development program has been implemented, in order to develop their abilities to take on larger responsibilities in the coming years. Additionally, a detailed program of activities has been laid out, to ensure that each and every employee of the Company undergoes training for a minimum stipulated number of man-days every year. Your Company believes that this initiative of developing employee potential will go a long way in helping your Company to excel in the coming years. The employee strength of your Company currently stands at 1,198.

## Cautionary statement

Estimates and expectations stated in this Management Discussion and Analysis may be a "forward-looking statement" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expected or implied. Important factors that could make a difference to your Company's operations include economic conditions affecting demand/ supply, price conditions in the domestic and international markets, and changes in Government regulations, tax laws, other statutes and other incidental factors.

## Directors' Report

To the Members,

Your directors have pleasure in presenting the thirty-fourth annual report together with the audited accounts for the year ended 31<sup>st</sup> March, 2015.

### State of the Company's affairs:

#### Financial Results

	(₹ in lakhs)	
	<b>2014-15</b>	<b>2013-14</b>
Profit before depreciation & finance charges	19,922.18	37,052.54
Less:		
Finance charges	5,976.70	6,637.17
Profit before depreciation and taxation	13,945.48	30,415.37
Deductions for:		
i) Depreciation	5,867.42	6,229.18
ii) Provision for taxation	3,300.23	7,171.53
Profit after depreciation and taxation	4,777.83	17,014.66
Add:		
Surplus of Profit and Loss account of earlier year	12,688.83	9,837.14
Less:		
Depreciation as per Schedule II	2,028.57	-
Note 7(b) of the Companies Act, 2013		
Appropriations:		
(i) General reserve	500.00	4,000.00
(ii) Proposed dividend (including prior year adjustments)	2,481.91	8,686.67
(iii) Tax on dividend	496.23	1,476.30
Balance carried over to the Balance Sheet	11,959.95	12,688.83

#### Operations

The operational performance is summarized below:

Income	2,49,638.51	2,49,671.13
Profit before tax	8,078.06	24,186.19
Profit after tax	4,777.83	17,014.66

#### PVC Resin

Production	- in (MTs)	2,35,049	2,52,236
Sale	in (MTs)	1,21,423	1,24,122
(excluding interdivisional):	- in ₹ lakhs	77,915.62	87,441.07

#### PVC Pipes and Fittings

Production	- in (MTs)	1,85,679	1,85,134
Sale	in (MTs)	1,85,786	1,76,899
	- in ₹ lakhs	1,69,381.76	1,56,326.64

#### Power

Production	- in (MW)	1,65,865	2,37,929
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## Dividend

Your directors have recommended dividend on equity shares @ 20% (₹ 2/- per equity share) for the financial year 2014-2015. The final dividend on equity shares including corporate dividend tax, if approved by the members, will absorb ₹ 2,978.14 lakhs.

## Transfer to reserves

Your directors proposed to transfer an amount of ₹ 500 lakhs to the general reserves. An amount of ₹ 11,959.95 lakhs is proposed to be retained in the statement of profit and loss.

## 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 8 (5) (vi) of the Companies (Accounts) Rules, 2014.

## Management discussion and analysis

Pursuant to clause 49 VIII D of the listing agreements entered into with stock exchanges (the "Listing Agreement"), management discussion and analysis report of financial condition and results of operations has been reviewed by the audit committee and the same is forming a part of this annual report.

## Consolidation of financial statements

Your Company does not have any subsidiary company, however it does have associate companies. Pursuant to section 129(3) and other applicable provisions of the Companies Act, 2013 (the "Act"), read with the Companies (Accounts) Rules, 2014, as amended, the Accounting Standards issued by the Institute of Chartered Accountants of India including amendments made thereto, the Company is not required to prepare consolidated financial statements for the financial year 2014-15.

## Revision in financial statements

There has been no revision in the financial statements of the Company during the financial year 2014-2015.

## Subsidiary and Associate Companies

Pursuant to Rule 8(1) of the Companies (Accounts) Rules, 2014, the performance and financial position of the Associate companies of the Company is not required to be given as stated above. The Company has no subsidiary or joint venture company.

Further, it is reported that pursuant to Rule 8(5)(iv) of the Companies (Accounts) Rules, 2014 that no company has become an associate of the Company during the financial year 2014-15. Further, no company has ceased to be an associate company of the Company during the financial year 2014-15.

The Company has also formulated the policy on material subsidiary pursuant to the provisions of clause 49 of the Listing Agreement. The Material Subsidiary Policy has been displayed on website of the Company [www.finolexwater.com](http://www.finolexwater.com) at link at <http://www.finolexwater.com/policies-code-of-conduct/>

## 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 had 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 had taken proper and sufficient care for the 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 had prepared the annual accounts on a going concern basis;
- e) the directors had 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 had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## Corporate governance

Pursuant to clause 49 of the Listing Agreements, a separate section on corporate governance and a certificate obtained from the auditors of the Company regarding compliance with the conditions of corporate governance is forming a part of this annual report, which includes:

- (i) all elements of remuneration package such as salary, benefits, bonus, stock options, pension, etc. of all the directors;
- (ii) details of fixed component and performance linked incentives along with performance criteria;
- (iii) service contracts, notice period, severance fees;
- (iv) stock option details, if any, and whether the same has been issued at a discount as well as period over which accrued and over which exercisable.

## 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 the note no. 1.9 in financial statements, annexures 2, 3 and 5 (iv) 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 their 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 website of the Company [www.finolexwater.com](http://www.finolexwater.com) at link at <http://www.finolexwater.com/policies-code-of-conduct/>.

### **Risk management**

During the year, your directors have constituted a Risk Management Committee. The details of Committee and its terms of reference are set out in the Corporate Governance Report forming a part of the Board's Report.

The Company has a robust risk management framework to identify, 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 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 an internal control system which includes internal financial controls, the policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of business, including adherence to the Company's policies, the safeguarding of the assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and timely preparation of reliable financial information, commensurate with the size, scale and complexity of its operations.

The scope and authority of the internal auditor have been defined by the audit committee from time to time. To maintain its objectivity and independence, the internal auditor reports its 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 and thereby strengthen the controls. Audit observations and corrective actions thereon are presented to the audit committee of the Board.

### Directors and key managerial persons:

Pursuant to sections 149 (1) and 161 of the Companies Act, 2013 (the "Act") read with Rule 8 (5) of the Companies (Accounts) Rules, 2014 and provisions of the 49 (IIA1) of the Listing Agreements, the following details relating to directors and key managerial persons are reported:

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

### Appointment of woman director

During the financial year 2014-15, that is to say, the year under review, your directors have appointed Mrs. Ritu P. Chhabria as an additional director (Woman director) to hold the office with effect from 21<sup>st</sup> March, 2015 up to the date of ensuing annual general meeting of the Company. Notice has been received from a member of the Company proposing Mrs. Ritu P. Chhabria as a candidate for the office of director of the Company. She is part of promoters' group and related to Mr. Prakash P. Chhabria, Executive Chairman of the Company. Your directors recommend the appointment of Mrs. Ritu P. Chhabria as a director on the Board of the Company.

### Re-appointment of director

Mr. Saurabh S. Dhanorkar, Managing Director, retires by rotation and being eligible, offers himself for the reappointment.

None of the other directors are related inter-se except Mr. Prakash P. Chhabria and Mrs. Ritu P. Chhabria who are related to each other.

### Appointment of key managerial person

The Board at the meeting held on 26<sup>th</sup> July, 2014, on recommendation of nomination and remuneration committee, appointed Mr. Anil V. Whabi, as president finance and chief financial officer with effect from 11<sup>th</sup> August, 2014. The Board has also designated Mr. Saurabh S. Dhanorkar, Managing Director and Mr. Umesh M. Gosavi, Company Secretary as Key Managerial Personnel.

### Independent directors

During the year under review, 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 who are not liable to retire by rotation. Pursuant to section 149(7) of the Act, all independent directors have given declarations for the financial year 2015-16 that they meet the criteria of independence as laid down under section 149 (6) the Act and clause 49 of the Listing Agreement.

### **Training and familiarisation programme for directors**

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

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

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

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

Pursuant to clause 49 (II) (B) (7) of the Listing Agreement, the Company has adopted the familiarisation programme for independent directors with an aim to provide to the independent directors insight in their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc.

The details of the familiarisation programme for independent directors are available on the website of the Company [www.finolexwater.com](http://www.finolexwater.com) at link at <http://www.finolexwater.com/policies-code-of-conduct/>.

### **Policy on directors' appointment and remuneration**

The Nomination and Remuneration Committee of the Company is governed by a 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.

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

The Company has devised a policy for performance evaluation of independent directors, Board, Committees and other individual Directors which include criteria for performance evaluation of the non-executive directors and executive directors.

The nomination and remuneration policy, inter alia, giving details about the policy on directors' appointment and remuneration including the criteria for determining qualifications, positive attributes, independence and other details are included in nomination and remuneration policy attached herewith.

### **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**

Pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details of employees as required are furnished in Annexure 3.

## Auditors and Auditors' report:

### Auditors

Pursuant to section 139 of the Companies Act, 2013, M/s. P. G. Bhagwat, Chartered Accountants, Pune was appointed as auditors until the conclusion of the annual general meeting to be held in the year 2017 (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 issued a certificate of eligibility pursuant to section 141 of the Companies Act, 2013. Your directors recommend the ratification of the appointment of M/s. P. G. Bhagwat, Chartered Accountants, Pune from the conclusion of the annual general meeting of the Company to be held in the year 2015 until the conclusion of annual general meeting to be held in the year 2016.

### Appointment of cost auditors

The Board at its meeting held on 28<sup>th</sup> May, 2015 has reappointed M/s. S. R. Bhargave & Co. as cost auditors for carrying out audit of cost accounting records of the Company for the financial year ending 31<sup>st</sup> March, 2016. Pursuant to the provisions of section 148 of the Companies Act, 2013 and rules made thereunder, the ratification of the members is necessary for the payment of remuneration to 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, Company Secretaries in practice, Pune to undertake the secretarial audit of the Company. The secretarial audit report for the financial year 2014-15 is annexed herewith and marked as Annexure 4.

There is no qualification, reservation or adverse remark or disclaimer made (i) by the auditor in his report; and (ii) by the company secretary in practice in his Secretarial Audit Report for the financial year 2014-15.

### Disclosures:

Pursuant to section 134(3)(a) to (q) there are certain items are required to report by the Company in 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 Listing Agreement and the Companies Act, 2013 are described in the corporate governance report of the annual report.

### Audit Committee

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. 58. There are no instances of the Board not accepting the recommendation of the Audit Committee during the financial year 2014-15.

## 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. 59.

## 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 attached herewith and marked as Annexure 5.

## Vigil mechanism / Whistle blower policy

Pursuant to section 177(9) and (10) of the Act and clause 49 of the Listing Agreement, the Company has established a vigil mechanism named 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 mechanism and makes provision for direct access to the Chairman of the Audit Committee in exceptional cases as envisaged under the WBP. The details of the WBP are explained in the corporate governance report and also posted on the website of the Company.

## Sexual harassment policy

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

Pursuant to section 186 of the Companies Act, 2013, the details of loans given, investments made or guarantee given are given in note nos. 13, 14 & 16 to the financial statements for the financial year 2014- 2015 on page nos. 87 & 88 of the annual report.

Pursuant to clause 32 of the Listing Agreement, it is clarified that the Company has no loans/ advances and investments in its own shares.

No loans have been given by the Company to persons in its employment, directors or key managerial personnel.

### **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 future.

### **Shares**

#### **Employee stock option scheme**

The paid-up equity share capital as on 31<sup>st</sup> March, 2015 was ₹ 1,240.93 lakhs. During the year under review, your directors confirm that no shares are issued under stock option.

#### **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.

#### **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 in its plants. Your Company has put in place internationally acclaimed Environment Management System under ISO 14001 certification at Ratnagiri. Your Company in compliance with all applicable environmental regulations in respect of air, water, noise, hazardous waste, e-waste etc. to mitigate potential environment impact on society.

Your Company's manufacturing plants are well equipped with firefighting & safety equipment. In addition, your Company's PVC resin manufacturing plant at Ratnagiri has put in place a process safety system with well-equipped firefighting facilities. The plant has its own fire tenders which are capable of performing fire and rescue services for all types of emergencies. Fire tenders are sent on fire calls in villages/communities nearby as well as for attending calls in Ratnagiri city and industries around Ratnagiri. To keep firefighting system up-to-date and alert, mock drills and fire drills are performed through-out the year as per "On site Emergency Management Plan" with participation of all key personnel in the factory premises. Demonstration drills are performed in nearby schools and other establishments for the benefit of the public at large. Your Company believes, this is an excellent example of "Service beyond self".

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo required to be given is annexed herewith and marked as Annexure 6

#### **Business responsibility statement:**

Your Company continues its focus on various initiatives on environments, social and governance prospective. As stipulated in clause 55 of the Listing Agreement, the details of business responsibility are given below.

## Prevention of Air Pollution

Your Company has installed processes in place to comply with the requirement of National Ambient Air Quality Standards. All 12 parameters including particulate matters, sulfur dioxide and oxides of nitrogen are analyzed as per the standards. All stack emissions are also regularly monitored and the flue gas quality is under control as per specification laid down by respective pollution control boards.

## Zero Effluent Discharge

As a part of its endeavor to keep the environment and water bodies, around its plants at Ratnagiri, free from contaminants and pollution, your Company has successfully achieved its goal for zero discharge of its treated effluent outside the plant premises 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 plant does not generate any effluents and are free from pollution. Ground water quality is monitored regularly by sampling and analysis of bore well water.

## Effluent Treatment Plant

The aqueous effluent generated during the PVC manufacturing processes, undergoes various treatments in your Company's world class effluent treatment plants such as equalization, flocculation, floc separation, aeration activated sludge process, clarification, polishing using activated carbon filter etc. The treated effluent is checked every day to ensure that it meets with MPCB specifications.

## Effluent Recycle Plant

Part of the treated effluent undergoes further treatment in effluent recycle plant such as biological treatment, phosphate removal, ultra filtration and demineralization process for recycling it in the plant operations.

## Tree Plantation

Remaining treated effluent fit for irrigation is used for growing trees planted in the plant premises. Your Company has planted and nurtured close to 50,000 trees of different varieties including fruit bearing trees such as mangoes, chikoo, cashew, coconut etc. within the PVC manufacturing plant and captive power plant premises. Tree Plantation activity is carried out annually during the week-long celebrations of World environment Day commencing on 5<sup>th</sup> June every year.

## Rain water harvesting

Your Company has built two large reservoirs which help in collecting rain water from nearby land. Also these reservoirs are filled by pumping water from a dam on nearby river. This dam has also helped in bringing up the ground water table in the nearby vicinity.

## Corporate social responsibility:

Pursuant to section 135 of the Act, the Board has constituted Corporate Social Responsibility Committee (CSR) and also framed the corporate social responsibility policy. The details of CSR Committee are given in corporate governance report section of the annual report on page no. 66.

The corporate social responsibility policy of the Company displayed on website of the Company [www.finolexwater.com](http://www.finolexwater.com) at link at <http://www.finolexwater.com/policies-code-of-conduct/>.

As a responsible corporate citizen, your Company actively contributes to the social and economic development of the communities in and around the plants' locations. Your Company in association with Mukul Madhav Foundation ("MMF"), a charitable trust, have partnered in this journey for many years. 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. Special focus has been placed on education, health care, community development, environment and self-development.

Your Company has incurred expenditure on various CSR activities aggregating to ₹ 383.86 lakhs during the financial year 2014-15. The details of the few of the activities undertaken by your Company in association with MMF are stated below. The detailed report on the CSR activities is attached as Annexure 7.

Some of the activities undertaken by your Company in association with MMF are stated below:

## **I. Education**

### **Mukul Madhav Vidyalaya – A school with a difference**

Working in and around the villages of Ratnagiri, your Company felt a desperate need for rural upliftment through basic and dynamic education hence your Company in association with MMF started upgrading and uplifting existing schools with toilets, water tanks, computers, books and sports equipment. In 2008, your Company leased 10 acres of land to MMF for establishment of a school on the outskirts of Ratnagiri. Mukul Madhav Vidyalaya was established in 2010 to provide education in English as the primary medium of instruction at a nominal cost for the benefit of socially and economically underprivileged children. The school was established with 150 students from nursery to I standard and the school now boasts of over 497 students. These students are the first generation (of farmers' and fishermen's children) to study in an English medium school. In order to meet the day-to-day requirements of the school children, MMF has developed the infrastructure of Mukul Madhav Vidyalaya.

The school is equipped with computers, LCD screens and a library, enabling the outside world to enter the school and enrich the lives of both the student's and their teachers. The teachers undergo ongoing training programmes to ensure that their knowledge and skills are up-to-date with constant training in Pune and visiting faculty.

Our CSR activities at Masar, a village in the State of Gujarat, are still in the initial stages. Your Company recently started extending financial assistance and support to two schools, Prathamik School and Girdhar Vidhyalaya. Both these schools are located very close to your Company's plant.

Your Company has provided benches and desks, tables for the teachers, and computers so that the students can learn using internet. In order to encourage the students in pursuing education, your Company has awarded scholarships and prizes to the top performers and deserving students. We are tying up with fellows of Teach for India to start English classes.

### **Scholarships / Educational assistance**

Your Company provides financial assistance to deserving students, for their primary and secondary education as well as those wishing to pursue their higher education in the fields

of engineering, architecture and doctorate programmes. It donated ₹ 1 lakh to Shri Shahu Shikshan Prasarak Seva Mandal (Mrs. Vijayadevi Yadav International School). It also supported 5 kids pursuing with engineering and donated school uniforms, shoes, notebooks, books to schools at Panchgani. The foundation has setup fellowships for resident doctors at reputed hospitals. Doctors studying for their post-graduation are eligible to avail this fellowship programme. These resident doctors are trained under experienced doctors associated with these hospitals. The trained doctors are entitled to additional financial help, should they need it for setting up their own clinic/practice.

## II. Health

### Free health checkup camps

Free health checkup camps were organized at twenty four municipal schools in and around Ratnagiri and Pune. In aggregate, 8,124 school children benefit from these medical camps annually.

### Finolex Women's Well-Being Clinic at Ratnagiri

Women in and around Ratnagiri had to travel out of the city for undergoing mammography and colposcopy tests. Identifying the need, a mammography machine was set up by your Company at Parkar Hospital in Ratnagiri. Reports are sent to Prashanti Cancer Care Mission online and renowned Oncologist Dr. C.B. Koppiker visits the center once in 3 months. Women in and around Ratnagiri have been benefiting from these tests which are available at a subsidized cost. It is now possible to have access to the best possible diagnosis and expert opinion from Prashanti Cancer Care Mission, Pune.

History was created on 7<sup>th</sup> June, 2014 at Ratnagiri when the first ever "Therapeutic Mammoplasty" was carried out by Dr. Koppiker. The patient was diagnosed under diagnostics at "Finolex Women's Well-Being Clinic".

### Cardiac Surgeries by Healing Little Hearts team

Healing Little Hearts ("HLH") is a registered charity set up in UK. With the objective to carry out free pediatric heart surgeries in India, the team consists of doctors who specialize in operating on underweight children suffering from congenital heart diseases and in post operative care. Teams of specialized doctors visit Pune, every quarter.

During the current financial year, your Company and MMF has initiated the project and invited HLH team to visit Pune. In the financial year 2014-15, HLH team conducted 68 cardiac surgeries. HLH team carried out cardiac surgeries for the privileged and underprivileged children. All these surgeries took place at Ruby Hall Clinic, Pune.

MMF has also sponsored a lot of patients who underwent Cochlear Implant at Sanwad Speech and Hearing Clinic.

### Fund Raiser Event for Make A Wish Foundation

Your Company along with MMF hosted a fund raising program for Make A Wish Foundation ("MAW") at Pune. MAW has been dedicated in granting the most cherished wish of children between the age group of 3 and 18 years, living with life-threatening illnesses. In this event, several corporate and individual donors participated in the auction and donated for this charitable cause. Through this fundraiser, MMF also raised funds for various projects and medical appeals for the treatment of needy patients.

### Breast Cancer Awareness Symposium

Your Company along with MMF organized a "Breast Cancer Awareness Symposium," on 24th July, 2014 at Pune in association with Prashanti Cancer Care Mission. The event was a grand success as about 1,000 women participated in this eye opening event where MMF had invited a panel of experts, who spoke about importance of early detection, prevention and education related to breast cancer.

### Donations made to Zilla Parishad School, Urse

Your Company in association with MMF set up a computer lab at Zilla Parishad School, Urse, which includes 15 branded computers and set of 15 tables and chairs, air conditioned computer lab for use of the students at the school. Your company also donated cupboard, food plate racks and submersible pumps for water supply for use of students. The new computer lab was inaugurated on 1<sup>st</sup> September, 2014.

Your Company in association with MMF donated benches, desks and blackboards to Vidya Jyoti School, a slow learner's school based in Pune.

### Seminar Conducted by UK Professionals in Pune for Mental Health Professionals

Your Company in association with MMF, organized a 4 (four) day certified program in mental illness treatment at Symbiosis Centre for Distance Learning, Pune. This program was organized in conjunction with UK based charitable organization, Concern for Mental Health and World Psychiatric Association (WPA).

The objective of the program was to spread awareness about their importance of mental health work. Your Company also want to emphasize inclusion of mental health care into primary health care in India and also to educate general practitioner doctors and mental health professionals in becoming more proficient in recognizing and treating psychiatric illnesses.

The program received an overwhelming response and benefitted 95 individuals from various sectors of mental health. The course was delivered by Dr. Ghazala Afzal, Dr. Shirin Pezeshgi, Dr. Cosmos Hallstorm and Dr. Gordana Malavic, who are specialists in the field of psychiatry.

### Defibrillator Machine Donated to Sassoon Hospital, Pune

Your Company in association with MMF donated a Defibrillator Machine to Sassoon Hospital, Pune. This is a lifesaving machine useful to help revive a patient's heartbeat, in cases of cardiac disorders.

### Young Champions Sponsorship

Your Company sponsored two young champions representing Slum Soccer KVA Team India in the Homeless World Cup for an International Football Tournament held in Chile from 19<sup>th</sup> October, 2014 to 26<sup>th</sup> October, 2014 which aims to eradicate homelessness.

### Cyclathon 2014

Your Company in association with MMF and Bicycle Angels (a non-profit social initiative that donates livelihood bicycles), organized a Cyclathon from Pune to Ratnagiri from 18<sup>th</sup> November, 2014 to 22<sup>nd</sup> November, 2014. During this event, medical camps were organised at the destination and cycles were donated enroute to Ratnagiri. Cycles were given to identified and genuine men and women for a livelihood.

## Our Marathon

Your Company in association with MMF supported “Prashanti Cancer Care Mission to host its 3<sup>rd</sup> Annual, “Our Marathon 2014” on 21<sup>st</sup> December, 2014.

“Our Marathon” was held in the presence of film personalities who came together to extend their support towards the cause of creating awareness of “Breast Cancer” which is one of the most dreaded diseases of modern times.

“Our Marathon” received a tremendous response wherein 7,000 individuals came forward to run and support this cause.

## Donations Made to ZP School, Kothrud

Your Company in association with MMF provided four water tanks of 500 liters each, ten grain storage boxes and 10 chairs to Zilla Parishad schools as a part of school up-gradation program on 21<sup>st</sup> January, 2015.

## Donation to Dr.Bandorwala Leprosy Hospital

In order to support the mission of Dr.Bandorwala Leprosy Hospital, your Company in association with MMF extended financial assistance to enable the hospital to purchase Micro Cellular Rubber Foot Wears (special footwear made for leprosy patients), Prostheses (artificial device that replaces a missing body part), Fixed Ankle Break Walder (device that supports ankle movements), and Plaster Zote Shoes (special shoes for artificial limbs).

## II Indo-British Advanced Master class in Oncoplastic Breast Surgery and Breast Cancer Symposium, 2015

Your Company in association with MMF provided financial assistance for the “II Indo-British Advanced Master class in Oncoplastic Breast Surgery and Breast Cancer Symposium 2015 (the Symposium)”.

During the conference, the Indian Faculty (Trainers) for the Oncoplastic mastership program underwent an orientation with the English faculty. This symposium was well appreciated by the professionals who attended the program.

## Mammography and Pap smear checkup camp for Women at Mahila Seva Mandal, Pune

To sensitize and create public awareness about breast and cervical cancer, on the eve of International Women’s Day, your Company in association with MMF and Prashanti Cancer Care Mission organized a cancer checkup camp for the women of the Mahila Seva Mandal, Karve Road, Pune.

Two main cancer detection tests were carried out for thirty five women under the observation of qualified doctors, a counselor and trained technicians. These checkups were carried out in a mobile van (check-ups “At Your Doorstep”) which had all the advanced machinery and equipment.

## Education and Medical assistance

Your Company in association with MMF has provided financial assistance and supported 15 patients suffering from various ailments for their expensive medical treatment.

Your Company and MMF helped a project from NGO Asha Kiran, Kolhapur by donating text books, school uniform, school bags, stationery & project material.

### III Community development

As a part of our historical Galap, we continued to implement drinking water supply schemes in the adjoining areas of Golap, with the help of Gram Panchayats of the respective villages. Your Company, under “Rashtriya Gramin Peyajal Yojana” helped the Gram Panchayats of Kolambe, Bhatye and Phansriya villages. Before these schemes were implemented, your Company organized supply water to the villages from a well, by providing pumps, a pipeline and water tanks. While taking care of the water shortage, your Company also extended financial help to the Gram Panchayats for payment of repair charges, electricity bills etc. in respect of the existing water supply schemes.

#### Gyan Key project

Your company has undertaken first of this kind project to provide selected books library at various schools. Under this project, during the month of June, your Company distribute 150 useful books to 1,000 rural secondary schools across Maharashtra for their libraries. These books are useful to the students in their studies. This project is well appreciated by the schools and also students.

#### Amity Pune CSR Awards - 2014

Amity Awards Pune – 2014 was awarded to your Company in the Manufacturing Companies Category in recognition to its CSR activities carried out in association with MMF.

#### Cautionary statement

Statements in the Board's Report and the Management Discussion & Analysis describing the Company's objectives, expectations or forecasts may be forward-looking 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 selling prices 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 members of the Company.

For and on behalf of the Board of Directors

Pune  
28<sup>th</sup> May, 2015

**Prakash P. Chhabria**  
Executive Chairman

# Annexure to Directors' Report 2014-15

## 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. Non-executive 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 or decided by the Key Managerial person from time to time.

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 2014-15, the ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2014-15 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 KMP for Financial year 2014-15 ₹	% increase/ (decrease) in Remuneration in the Financial Year 2014-15	Ratio of remuneration of each Director/ to median remuneration of employees (times)	Comparison of the remuneration of the KMP against the performance of the Company
1	Mr. Prakash P. Chhabria Executive Chairman	3,73,86,214	(44.65%)	98.96	Profit before tax decreased by 66.60% and Profit After Tax decreased by 71.92% in financial year 2014-15.
2	Mr. Saurabh S. Dhanorkar Managing Director (KMP)	1,33,09,949	(30.11%)	35.23	
3	Mr. Sanjay S. Math Director- Operations	99,21,133	(29.17%)	26.26	
4	Mr. Sanjay K. Asher Non- Executive Director	4,10,000	(2.38%)	1.09	-
5	Mr. Kanaiyalal N. Atmaramani Non- Executive Director	5,30,000	(8.62%)	1.40	-
6*	Mrs. Ritu P. Chhabria Non- Executive Director	-	-	-	-
7	Mr. Dara N. Damania Non- Executive Director	6,90,000	18.97%	1.83	-
8	Mr. Shrikrishna N. Inamdar Non- Executive Director	9,40,000	6.82%	2.49	-
9	Mr. Prabhakar D. Karandikar Non- Executive Director	9,50,000	7.95%	2.51	-
10	Dr. Sunil U. Pathak Non- Executive Director	8,70,000	1.16%	2.30	-

11	Mr. Anil V. Whabi Chief Financial Officer (KMP)	48,81,471	#	Not Applicable	Profit Before Tax decreased by 66.60% and Profit After Tax decreased by 71.92% in financial year 2014-15.
12	Mr. Umesh M Gosavi Company Secretary (KMP)	28,65,940	6.74%	Not Applicable	

\*Mrs. Ritu P. Chhabria was appointed as an Additional Director (Woman Director) with effect from 21<sup>st</sup> March, 2015.

# Details not given as Mr. Anil V. Whabi joined as Chief Financial Officer for part of the year with effect from 11<sup>th</sup> August, 2014.

- ii) The median remuneration of employees of the Company during the financial year 2014-15 was ₹ 3,77,796 per annum.
- iii) In the financial year 2014-15, there was an increase of 5.33% in the median remuneration of employees.
- iv) There were 1,198 permanent employees on the rolls of the Company as on 31<sup>st</sup> March, 2015;
- v) Relationship between average increase in remuneration and company performance: The Profit before Tax for the financial year 2014-15 decreased by 66.60% whereas the increase in median remuneration was 5.33%. 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) Comparison of the remuneration of the key managerial personnel against the performance of the Company:  
Profit Before Tax decreased by 66.60% and Profit After Tax decreased by 71.92% in financial year 2014-15. Remuneration of the KMP decreased by 3.09%.
- vii)
  - a) Variations in the market capitalisation of the Company: The market capitalization as on 31<sup>st</sup> March, 2015 was ₹ 363,661.51 lakhs (₹ 239,255.89 lakhs as on 31<sup>st</sup> March, 2014).
  - b) Price Earnings Ratio of the Company was 73.67 as at 31<sup>st</sup> March, 2015 and was 13.95 as at 31<sup>st</sup> March, 2014.
  - c) Percentage increase over/ decrease in the market quotations of the shares of the Company as compared to the rate at which the Company came out with the last public offer in the year:  
The Company has come out with public offer in 1992. An amount of ₹ 40 in the said last public offer would be worth ₹ 293.05 as on 31<sup>st</sup> March, 2015 indicating a compounded annual growth rate of 8.65%. This is excluding the dividend accrued and paid thereon.
- viii) Average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year 2014-15 was 5.81%, whereas the decrease in the managerial remuneration for the same financial year was 38.96%.

- ix) The key parameters for any variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per nomination and remuneration policy for directors, key managerial personnel.
- x) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the financial year 2014-15: Not applicable.
- xi) It is hereby affirmed that the remuneration paid is as per the Nomination and Remuneration Policy for directors and key managerial personnel.

### Annexure 3 to Directors' report

#### The Particulars of Employees

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

Sr. No	Employee Name	Designation	Qualification	Age (yrs.)	Experience (yrs.)	Date of Commencement of Employment	Gross remuneration paid ₹	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	51	30	13.03.1992	37,386,214	Finolex Cables Limited	0.137	Mrs. Ritu P. Chhabria
2	Mr. Saurabh S. Dhanorkar	Managing Director	B.Com (Hons), F.C.A	59	36	14.06.1983	13,309,949	Kirloskar Brothers Ltd.	0.004	No
3	Mr. Sanjay S. Math	Director (Operations)	B.E.(Chem.), D.M.S.	59	40	13.12.2011	9,921,133	I.G.Petrochemicals, Taloja, Raigad	0.002	No
4	Mr. Anil V. Whabi	Chief Financial Officer	B.Sc., ACA	55	31	11.08.2014	4,881,471	Kotkar Energy Dynamics Pvt. Ltd.	Nil	No

Note:

- 1 The above employment are permanent in nature and contractual.
- 2 During the financial year 2014-15, no employee received remuneration in excess of whole time directors.

## Annexure 4 to Directors' report

**SVD & ASSOCIATES  
COMPANY SECRETARIES**

4<sup>th</sup> Floor, Vedwati Apartments, Shivajinagar, Pune 411005  
Telephone: 020 6900 0666, email: deulkarcs@gmail.com

**Form No. MR-3  
SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2015

[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 adherence of 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, minutes 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 31<sup>st</sup> March, 2015 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, minutes books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2015 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 Contract (Regulations) 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 Investments, Overseas Direct Investments 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) The Securities and Exchange Board of India (Prohibition of Insider trading) Regulations, 1992;

- (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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 **(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 (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (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 of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India **(not applicable as on today)**.
  - (ii) The Listing Agreements entered into by the Company with the Stock Exchange(s).
- 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 Committee 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 and regulations and guidelines.

**For SVD & Associates**  
Company Secretaries

S. V. Deulkar  
Partner

FCS No. 1321  
C.P. No: 965

Place: Pune

Date: 28<sup>th</sup> May, 2015

## Annexure 5 to Directors' report

## Form MGT 9

EXTRACT OF ANNUAL RETURN  
as on the financial year ended on 31<sup>st</sup> March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**REGISTRATION AND OTHER DETAILS:**

- i) CIN:- L40108PN1981PLC024153
- ii) Registration Date : 28<sup>th</sup> 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, 27408570, Fax No.020-27479000, E-mail : investors@finolexind.com, Website : [www.finolexwater.com](http://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:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	PVC	20131	31.47
2	PVC PIPES & FITTINGS	22209	68.40

**III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable section
1	FINOLEX PLASSON INDUSTRIES PRIVATE LIMITED Plot No 399 Urse Tal-Maval Dist- Pune, 410506 Maharashtra	U41000PN1992PTC067896	Associate	46.35	2(6)
2	RAJASTHAN OLIVE CULTIVATION LIMITED Pant Krishi Bhawan, Janpath, Jaipur 302 005 Rajasthan	U01122RJ2007PLC024246	Associate	25.00	2(6)
3	PAWAS PORT LIMITED D 1/10, MIDC. Chinchwad, Pune 411 019, Maharashtra	U45203PN2007PLC130990	Associate	49.99	2(6)

#### IV SHAREHOLDING 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 1 <sup>st</sup> April, 2014				No. of Shares held at the end of the year i.e. on 31 <sup>st</sup> March, 2015				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	1363149	0	1363149	1.10	1376249	0	1376249	1.11	0.01
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
<b>Sub-total (A) (1):-</b>	<b>65100597</b>	<b>0</b>	<b>65100597</b>	<b>52.46</b>	<b>65113697</b>	<b>0</b>	<b>65113697</b>	<b>52.47</b>	<b>0.01</b>
<b>(2) Foreign</b>									
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
<b>Sub-total (A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>65100597</b>	<b>0</b>	<b>65100597</b>	<b>52.46</b>	<b>65113697</b>	<b>0</b>	<b>65113697</b>	<b>52.47</b>	<b>0.01</b>

<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	2535366	17178	2552544	2.06	5808857	8878	5817735	4.69	2.63
b) Banks / FI	20540	3751	24291	0.02	22736	3251	25987	0.02	0.00
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	950	950	0.00	0	450	450	0.00	0.00
g) FIs	5438988	2600	5441588	4.39	5946233	700	5946933	4.79	0.40
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (B) (1):-</b>	<b>7994894</b>	<b>24479</b>	<b>8019373</b>	<b>6.47</b>	<b>11777826</b>	<b>13279</b>	<b>11791105</b>	<b>9.50</b>	<b>3.03</b>
<b>2. Non-Institutions</b>									
<b>a) Bodies Corp.</b>									
i) Indian	7806369	51494	7857863	6.33	6603202	51194	6654396	5.36	-0.97
ii) Overseas	0	400	400	0.00	0	400	400	0.00	0.00
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	16213911	9982157	26196068	21.11	15072681	9494701	24567382	19.80	-1.31
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	15421360	35500	15456860	12.46	14396017	52490	14448507	11.64	-0.82
<b>c) Others (specify)</b>									
Clearing member	57631	0	57631	0.05	45799	0	45799	0.04	-0.01

Corporate Body - Margin Account	85724	0	85724	0.07	149839	0	149839	0.12	0.05
Corporate Body - Broker	39273	0	39273	0.03	72612	0	72612	0.06	0.03
Corporate Body - Central Government	10000	0	10000	0.01	0	0	0	0.00	-0.01
Corporate Body CM/ TM client Beneficiary Account	59143	0	59143	0.05	47550	0	47550	0.04	-0.01
Corporate Body CM/TM client Margin Account	93201	0	93201	0.08	22126	0	22126	0.02	-0.06
Corporate Margin Account	50	0	50	0.00	0	0	0	0.00	0.00
Individual CM/ TM Client Beneficiary Account	1246	0	1246	0.00	0	0	0	0.00	0.00
NRIs	468424	215528	684352	0.54	432283		642858	0.52	-0.02
Limited Liability Partnership	0	0	0	0.00	40683	0	40683	0.03	0.03
Trustees	1400		1400	0.00	65827	0	65827	0.05	0.05
/Finlex Industries Limited Employees' Welfare Trust	0	432600	432600	0.34	0	432600	432600	0.35	0.01
Sub-total (B) (2):-	40257732	10717679	50975411	41.08	36948619	10241960	47190579	38.03	-3.04
Total Public Shareholding (B)=(B)(1)+ (B)(2)	48252626	10742158	58994784	47.54	48726445	10255239	58981684	47.53	-0.01
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0	0.00
Grand Total (A+B+C)	113353223	10742158	124095381	100.00	113840142	10255239	124095381	100	0.00

## (ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year i.e.1 <sup>st</sup> April, 2014			Share holding at the end of the year i.e. 31 <sup>st</sup> March, 2015			% 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	0.00	18782	0.02	0.00	0.00
2	AMIT KATARA	950	0.00	0.00	950	0.00	0.00	0.00
3	AMRITA KATARA	22125	0.02	0.00	22125	0.02	0.00	0.00
4	AMRITA MUKESH KATARA	950	0.00	0.00	950	0.00	0.00	0.00
5	AMIT KATARA	5400	0.00	0.00	5400	0.00	0.00	0.00
6	KATARA AMRITA MUKESH	3500	0.00	0.00	3500	0.00	0.00	0.00
7	KATARA ARUNA MUKESH	146720	0.12	0.00	146720	0.12	0.00	0.00
8	KATARA ARUNA MUKESH	0	0.00	0.00	11000	0.09	0.00	0.09
9	KATARA MUKESH DOLUMAL	23030	0.02	0.00	23030	0.02	0.00	0.00
10	KATARA MUKESH DOLUMAL	3500	0.00	0.00	3500	0.00	0.00	0.00
11	AMIT KATARA	15500	0.01	0.00	15500	0.01	0.00	0.00
12	AMRITA KATARA	15500	0.01	0.00	15500	0.01	0.00	0.00
13	DEEPAK KISHAN CHHABRIA	80921	0.07	0.00	80921	0.07	0.00	0.00
14	KAVITA SANJAY RAHEJA	37002	0.03	0.00	37002	0.03	0.00	0.00
15	KAVITA SANJAY RAHEJA	55877	0.05	0.00	55877	0.05	0.00	0.00
16	KISHAN PARSRAM CHHABRIA	170342	0.14	0.00	170342	0.14	0.00	0.00
17	KISHAN PARSRAM CHHABRIA	200	0.00	0.00	200	0.00	0.00	0.00
18	PRIYA VIJAY CHHABRIA	60200	0.05	0.00	60200	0.05	0.00	0.00
19	RISHI VIJAY CHHABRIA	1350	0.00	0.00	1350	0.00	0.00	0.00
20	SUNITA KISHAN CHHABRIA	153592	0.12	0.00	153592	0.12	0.00	0.00
21	VIJAY KISHAN CHHABRIA	200	0.00	0.00	200	0.00	0.00	0.00
22	VIJAY KISHAN CHHABRIA	106150	0.09	0.00	106150	0.09	0.00	0.00
23	VINI DEEPAK CHHABRIA	26400	0.02	0.00	26400	0.02	0.00	0.00
24	GAYATRI PRAKASH CHHABRIA	69775	0.06	0.00	74825	0.06	0.00	0.00
25	HANSIKA HIYA PRAKASH CHHABRIA	66975	0.05	0.00	66975	0.05	0.00	0.00
26	PRAKASH PRALHAD CHHABRIA	163749	0.13	0.00	170549	0.14	0.00	0.01
27	PRAKASH PRALHAD CHHABRIA	200	0.00	0.00	200	0.00	0.00	0.00
28	PRALHAD PARSRAM CHHABRIA	111559	0.09	0.00	59	0.00	0.00	-0.09
29	RITU PRAKASH CHHABRIA	2700	0.00	0.00	4450	0.00	0.00	0.00
30	ORBIT ELECTRICALS PRIVATE LIMITED	23330901	18.80	0.00	23330901	18.80	0.00	0.00
31	KATARA DENTAL PVT.LTD.	213950	0.17	0.00	213950	0.17	0.00	0.00
32	FINOLEX CABLES LIMITED	39432597	31.78	0.00	39432597	31.78	0.00	0.00
33	FINOLEX CABLES LIMITED	760000	0.61	0.00	760000	0.61	0.00	0.00
		<b>65100597</b>	<b>52.46</b>	<b>0.00</b>	<b>65113697</b>	<b>52.47</b>	<b>0.00</b>	<b>0.01</b>

At the End of the year (or on the date of separation, if separated during the year)

## (iii) Change in Promoters' Shareholding

Sl No.	Name of Promoters	Shareholding		Date	Increase/ (Decrease) in Share holding	Reason for increase/ (decrease)	Cumulative Shareholding during the year (01-04-2014 to 31-03-2015)	
		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	KATARAARUNA MUKESH	0	0.000	1-Apr-2014				
				27-Aug-2014	111000	Transfer	111000	0.089
2	GAYATRI PRAKASH CHHABRIA	111000	0.089	31-Mar-2015			111000	0.089
		69775	0.056	1-Apr-2014				
3	PRAKASH PRALHAD CHHABRIA			21-Aug-2014	1750	Purchase	71525	0.058
				26-Sep-2014	3300	Purchase	74825	0.060
		74825	0.060	31-Mar-2015			74825	0.060
		163749	0.132	1-Apr-2014				
4	PRALHAD PARSRAM CHHABRIA			21-Aug-2014	3500	Purchase	167249	0.135
				26-Sep-2014	3300	Purchase	170549	0.137
		170549	0.137	31-Mar-2015			170549	0.137
		111559	0.090	1-Apr-2014				
5	RITU PRAKASH CHHABRIA			27-Aug-2014	(111000)	Transfer	559	0.000
				17-Nov-2014	(500)	Transfer	59	0.000
		59	0.000	31-Mar-2015			59	0.000
		2700	0.002	1-Apr-2014				
				21-Aug-2014	1750	Purchase	4450	0.004
		4450		31-Mar-2015			4450	0.004

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

Sl No.	Name of shareholder	Shareholding		Date	Increase/ (Decrease) in Share holding	Reason for increase/ decrease	Cumulative Shareholding during the year (01-04-2014 to 31-03-2015)	
		No of Shares at the beginning /end of the year	% of total shares of the Company					
1	ANUJ ANANTRAI SHETH	5031002	4.05	1-Apr-2014				
				11-Apr-2014	(350000)	Transfer	4681002	3.77
		4681002	3.77	31-Mar-2015			4681002	3.77
2	FRANKLIN INDIA SMALLER COMPANIES FUND	411849	0.33	1-Apr-2014				
				4-Apr-2014	50000	Transfer	461849	0.37
				23-May-2014	1981	Transfer	463830	0.37
				13-Jun-2014	45000	Transfer	508830	0.41
				20-Jun-2014	202989	Transfer	711819	0.57
				30-Jun-2014	4959	Transfer	716778	0.58
				18-Jul-2014	3322	Transfer	720100	0.58

				25-Jul-2014	36393	Transfer	756493	0.61
				1-Aug-2014	48799	Transfer	805292	0.65
				8-Aug-2014	39808	Transfer	845100	0.68
				15-Aug-2014	20908	Transfer	866008	0.70
				22-Aug-2014	4092	Transfer	870100	0.70
				12-Dec-2014	40000	Transfer	910100	0.73
				19-Dec-2014	112578	Transfer	1022678	0.82
				9-Jan-2015	75000	Transfer	1097678	0.88
				16-Jan-2015	50000	Transfer	1147678	0.92
				30-Jan-2015	16865	Transfer	1164543	0.94
				6-Feb-2015	7528	Transfer	1172071	0.94
				13-Feb-2015	125607	Transfer	1297678	1.05
				13-Mar-2015	28960	Transfer	1326638	1.07
				20-Mar-2015	194494	Transfer	1521132	1.23
		1527252	1.23	31-Mar-2015	6120	Transfer	1527252	1.23
3	HITEN ANANTRAI SHETH	1500000	1.21	1-Apr-2014		No change		
		1500000	1.21	31-Mar-2015			1500000	1.21
4	GAGANDEEP CREDIT CAPITALS PVT LTD	1389500	1.12	1-Apr-2014		No change		
		1389500	1.12	31-Mar-2015			1389500	1.12
5	WARBURG VALUE FUND	3250000	2.62	1-Apr-2014				
				4-Apr-2014	(74202)	Transfer	3175798	2.56
				11-Apr-2014	(146476)	Transfer	3029322	2.44
				18-Apr-2014	(77260)	Transfer	2952062	2.38
				25-Apr-2014	(202062)	Transfer	2750000	2.22
				2-May-2014	(129667)	Transfer	2620333	2.11
				9-May-2014	(70484)	Transfer	2549849	2.05
				16-May-2014	(49849)	Transfer	2500000	2.01
				23-May-2014	(141700)	Transfer	2358300	1.90
				30-May-2014	(108300)	Transfer	2250000	1.81
				6-Jun-2014	(47912)	Transfer	2202088	1.77
				13-Jun-2014	(77686)	Transfer	2124402	1.71
				20-Jun-2014	(91008)	Transfer	2033394	1.64
				30-Jun-2014	(33394)	Transfer	2000000	1.61
				1-Aug-2014	(29969)	Transfer	1970031	1.59
				8-Aug-2014	(46781)	Transfer	1923250	1.55
				15-May-2014	(23250)	Transfer	1900000	1.53
				5-Sep-2014	(35200)	Transfer	1864800	1.50
				9-Sep-2014	(64800)	Transfer	1800000	1.45
				12-Sep-2014	(100000)	Transfer	1700000	1.37
				10-Oct-2014	(36253)	Transfer	1663747	1.34
				17-Oct-2014	(380751)	Transfer	1282996	1.03
		1282996	1.03	31-Mar-2015			1282996	1.03
6	PRESCIENT SECURITIES PVT LTD	0	0.00	1-Apr-2014				
				9-May-2014	1200000	Transfer	1200000	0.97
				4-Jul-2014	(11802)	Transfer	1188198	0.96
		1188198	0.96	31-Mar-2015			1188198	0.96
7	FINOLUX AUTO PRIVATE LTD	1184658	0.95	1-Apr-2014		No change		
		1184658	0.95	31-Mar-2015			1184658	0.95
8	DSP BALCKROCK MICRO CAP FUND	0	0.00	1-Apr-2014				
				20-Jun-2014	282576	Transfer	282576	0.23
				24-Oct-2014	44792	Transfer	327368	0.26
				31-Oct-2014	10000	Transfer	337368	0.27
				7-Nov-2014	10235	Transfer	347603	0.28

				21-Nov-2014	226650	Transfer	574253	0.46
				16-Jan-2015	271038	Transfer	845291	0.68
				20-Mar-2015	95884	Transfer	941175	0.76
		941175	0.76	31-Mar-2015			941175	0.76
9	ZAFAR AHMADULLAH	704732	0.57	1-Apr-2014		No change		
		704732	0.57	31-Mar-2015			704732	0.57
10	SHIVANI T TRIEDI	16316	0.01	1-Apr-2014				
				13-Jun-2014	25000	Transfer	41316	0.03
				4-Jul-2014	(16343)	Transfer	24973	0.02
				11-Jul-2014	116081	Transfer	141054	0.11
				18-Jul-2014	(17600)	Transfer	123454	0.10
				25-Jul-2014	(25000)	Transfer	98454	0.08
				5-Sep-2014	304000	Transfer	402454	0.32
				16-Jan-2015	72500	Transfer	474954	0.38
				23-Jan-2015	25000	Transfer	499954	0.40
				13-Feb-2015	4986	Transfer	504940	0.41
				27-Feb-2015	59090	Transfer	564030	0.45
				6-Mar-2015	18411	Transfer	582441	0.47
				13-Mar-2015	90233	Transfer	672674	0.54
		672674	0.54	31-Mar-2015			672674	0.54
11	AKASH BHANSALI	725299	0.58	1-Apr-2014				
				13-Mar-2015	(241800)	Transfer	483499	0.39
		483499	0.39	31-Mar-2015			483499	0.39
12	SONAL D SHAH	750000	0.60	1-Apr-2014				
				21-Nov-2014	(131000)	Transfer	619000	0.50
				13-Feb-2015	(47189)	Transfer	571811	0.46
				20-Feb-2015	(18226)	Transfer	553585	0.45
				27-Feb-2015	(214585)	Transfer	339000	0.27
		339000	0.27	31-Mar-2015			339000	0.27
13	TEEN LOK ADVISORY SERVICES PVT LTD	1200000	0.97	1-Apr-2014				
				2-May-2015	(1200000)	Transfer	0	0.00
		0	0.00	31-Mar-2015			0	0.00
14	SHANKAR RESOURCES PVT LTD	1086952	0.88	1-Apr-2014				
				2-May-2014	(1086952)	Transfer	0	0.00
		0	0.00	31-Mar-2015			0	0.00

(v) Shareholding of Directors and Key Managerial Personnel:

Sl No.	Name of Director/ KMP	Shareholding		Date	Increase/ Decrease in Share holding	Reason for increase/ decrease	Cumulative Shareholding during the year (01-04-2014 to 31-03-2015)	
		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	Prakash P. Chhabria	163949	0.132	1-Apr-2014				
	Executive Chairman			21-Aug-2014	3500	Purchase	167449	0.135
				26-Sep-2014	3300	Purchase	170749	0.137
		170749	0.137	31-Mar-2015			170749	0.137
2	Sanjay K. Asher	0	0	1-Apr-2014	0	No shares held	0	0
	Director			31-Mar-2015	0		0	0

3	Kanaiyalal N. Atmaramani Director	0	0	1-Apr-2014	0	No shares held	0	0
		0	0	31-Mar-2015	0		0	0
4	Ritu Prakash Chhabria Additional Director	2700	0.002	1-Apr-2014				
		4450		21-Aug-2014	1750	Purchase	4450	0.004
				31-Mar-2015			4450	0.004
5	Dara N.Damania Director	900	0.001	1-Apr-2014		No transaction		
		900	0.001	31-Mar-2015	0		900	0.001
							900	0.001
6	Saurabh S.Dhanorkar Managing Director	5381	0.004	1-Apr-2014		No transaction		
		5381	0.004	31-Mar-2015	0		5381	0.004
7	Shrikrishna N. Inamdar Director	2000	0.002	1-Apr-2014		No transaction		
		2000	0.002	31-Mar-2015	0		2000	0.002
8	Prabhakar D.Karandikar Director	0	0	1-Apr-2014	0	No shares held	0	0
		0	0	31-Mar-2015	0		0	0
9	Sanjay S.Math Director (Operations)	3000	0.002	1-Apr-2014		No transaction		
		3000	0.002	31-Mar-2015	0		3000	0.002
10	Sunil U.Pathak Director	300	0.000	1-Apr-2014		No transaction		
		300	0.000	31-Mar-2015	0		300	0.000
11	Anil V. Whabi Chief Financial Officer	0	0	1-Apr-2014	0	No shares held	0	0
		0	0	31-Mar-2015	0		0	0
12	Umesh M. Gosavi Company Secretary	0	0	1-Apr-2014	0	No shares held	0	0
		0	0	31-Mar-2015	0		0	0

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment				(₹ in lakhs)	
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness	
Indebtedness at the beginning of the financial year					
i) Principal Amount	69,371.21	1,970.87	Nil	71,342.08	
ii) Interest due but not paid	Nil	Nil	Nil	Nil	
iii) Interest accrued but not due	532.61	Nil	Nil	532.61	
<b>Total (i+ii+iii)</b>	<b>69,903.82</b>	<b>1,970.87</b>	<b>Nil</b>	<b>71,874.69</b>	
<b>Change in Indebtedness during the financial year</b>					
• Addition	1,48,401.38	144.93	Nil	1,48,546.31	
• Reduction	(1,56,245.56)	Nil	Nil	(1,56,245.56)	
<b>Net Change</b>	<b>(7,844.18)</b>	<b>144.93</b>	<b>Nil</b>	<b>(7,699.25)</b>	
Indebtedness at the end of the financial year					
i) Principal Amount	61,590.15	2,115.80		63,705.95	
ii) Interest due but not paid	Nil	Nil	Nil	Nil	
iii) Interest accrued but not due	469.49	Nil	Nil	469.49	
<b>Total (i+ii+iii)</b>	<b>62,059.64</b>	<b>2,115.80</b>	<b>Nil</b>	<b>64,175.44</b>	

## 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	Mr.Sanjay S.Math, Director (Operations)	Total Amount
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	93,67,650	46,77,750	32,24,704	1,72,70,104
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	80,51,062	42,48,829	41,28,252	1,64,28,143
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	1,70,67,000	29,35,000	20,48,000	2,20,50,000
	- as % of profit	2.37%	0.41%	0.28%	3.06%
	- others, specify	-	-	-	-
5	Others, please specify- Retirement benefits	29,00,502	14,48,370	5,20,177	48,69,049
	Total (A)	3,73,86,214	1,33,09,949	99,21,133	6,06,17,297
	Ceiling as per the Act: ₹ 721.20 lakhs( being 10% of the net profit of the Company as per Section 198 of the Companies Act, 2013).				

## B. Remuneration to other directors: ₹

Sr. No.	Particulars of Remuneration								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	1,60,000	2,80,000	-	4,40,000	4,40,000	7,00,000	6,20,000	26,40,000
	• Commission	2,50,000	2,50,000	-	2,50,000	5,00,000	2,50,000	2,50,000	17,50,000
	• Others, please specify	-	-	-	-	-	-	-	-
	Total (1)	4,10,000	5,30,000	-	6,90,000	9,40,000	9,50,000	8,70,000	43,90,000
2	Other Non-Executive Directors								
	• Fee for attending board / committee meetings	-	-	-	-	-	-	-	-
	• Commission	-	-	-	-	-	-	-	-
	• Others, please specify- Retirement benefits	-	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-	-	-
	Total (B)=(1+2)	4,10,000	5,30,000	-	6,90,000	9,40,000	9,50,000	8,70,000	43,90,000
	Total Managerial Remuneration								6,50,07,297
	Overall Ceiling as per the Act	Ceiling as per the Act: ₹ 793.31 lakhs (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**

₹

Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel		
		Mr. Anil V. Whabi, Chief Financial Officer	Mr. Umesh M. Gosavi, Company Secretary	Total
		1	Gross salary	
a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	15,46,462	8,19,600	39,45,154
b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	30,86,807	18,22,934	22,400
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	2,48,202	2,23,406	4,71,608
	<b>Total</b>	<b>48,81,471</b>	<b>28,65,940</b>	<b>39,45,154</b>

**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**

The particulars of conversation of energy, Technology absorption and foreign exchange earnings and outgo as required under Rule 8 of the Company (Accounts) Rules, 2014 are given below:

**(A) Conservation of energy-****(i) the steps taken or impact on conservation of energy:****VCM PVC CPP Plant**

- New energy efficient air compressor K-9301 G installed in place of K-9301 B & commissioned in August 2014 resulted in energy saving of 14,56,498 KW in seven months. (289 kwh).

- Reuse of PVC plant hot condensate to preheat deaerator feed DM water in power plant to reduce steam consumption and then reuse of this condensate after polishing as DM water for deaerator feed water. System successfully commissioned in December, 2014. Heat Energy saving 2,930 MW per year. (366 kwh)
- Brine compressors Z-4313 A/B for 1 degree Centigrade brine supply were stopped and the condensers/ coolers using this brine are now connected to 13 degree centigrade brine system, brine temperature lowered from 13 to 8 deg. C. This has resulted in power saving of 2,65,954 KW per year. (32 kwh).
- 350 KVA lighting transformer along with separate MLDB panel was erected & commissioned in the year – 2014 .The VCM / SPVC plant and street lighting fixtures were covered under the project. Energy saving - 500 KW per day.

(ii) **the steps taken by the Company for utilising alternate sources of energy;**

With coal based power plant producing high pressure steam for the turbine, Finolex process plant has stopped the LSHS fired boilers and now use the steam from coal after extraction of power from 89 bar to 18 bar pressure.

High boil residue of the process plant is burnt without using any other fuel in the incinerator to generate steam after heat recovery from flue gas.

(iii) **the capital investment on energy conservation equipment;**

An efficient air compressor of Atlas Copco make (₹175 lakhs) is installed for producing compressed air feed to air separation plant.

A condensate heat recovery unit (₹ 46 lakhs) inclusive of a GEA make plate heat exchanger and piping system installed for recovering valuable heat energy of condensate.

A 350 KVA capacity lighting transformer (₹19 lakhs) (Automatic Electric Co Ltd) & a separate MLDB panel (Intrelec Engineering Make) was installed to save energy of VCM & SPVC plant and street lighting. Energy saving - 500 KW per day.

(B) **Technology absorption-**

(i) **the efforts made towards technology absorption;**

**Research and Development (R&D)**

**1. Specific areas where R&D has been conducted:**

- MS fusion welded studs on boiler bed coils of Boiler No 1 in CPP replaced with SS 304 fusion welded studs in October 2013 & this has increased life of bed coils from 18 months to 24 months. Similarly stud replacement for Boiler No.2 will be taken up in May 2015.This will avoid additional boiler shutdowns.
- Installation of a transducer and implementation of logic to control power generation by taking a signal from power export bay to turbine governing system has helped in regulating export power to MSEDCL bringing in control on power generation system.
- Vacuum Column replaced in September 2014 with fixed Valve trays in place of sieve

trays in rectification section of the column has resulted in improvement in Purity of Furnace feed EDC.

- A fast bus transfer system installed to make power available to power plant auxiliary system from 220 KV MSEDCL in case of generator tripping. This system will be tested on load in September, 2015. It will facilitate power plant Boiler's operation during generator tripping and continue steam supply to process plant avoiding process plant steam interruption. This will also reduce Generator hot start up time from present 4 hours to 2 hours
- Replacement of outside liner of E-PVC bag from Low density PE of 300 Gauge thickness weighing 100 gm/bag to High molecular weight high density polymer of 110 Gauge thickness weighing 30 gm/bag has resulted in cost saving ₹ 21 lakhs per year.

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution;

- Reduction in cost of the process
- Product improvements
- Improvement in on stream line
- Improvement in reaction efficiency
- Conservation of base material
- Environment protection and effluent quality improvement

(iii) 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;
- d. if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and

No technology imported during last three years.

(iv) 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 earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows are stated in the financial statement schedule 1.8 on page no. 103.

## Annexure 7 to Directors' report

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2014-15

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 lakhs)	17,279.85
3	Prescribed CSR expenditure (₹ in lakhs) (two percent of the amount mentioned in item 2 above)	345.60
4	Details of CSR spent during the financial year:	
	Total amount spent for the financial year (₹ in lakhs)	383.36
	Amount unspent, if any (₹ in lakhs)	Nil
	Manner in which the amount spent during the financial year	

Details of expenditure on CSR activities during the financial year 2014-15

Sr. No.	CSR Project or activity company can undertake as per Schedule VII of the Companies Act, 2013	Sector in which the project is covered (Clause no. of Schedule VII to the Companies Act, 2013, as amended)	Project or programs (1) Local area or other (2) Specify the state and district where projects or programs undertaken	Amount outlay (budget) project or programs wise ₹ in lakhs	Amount spent on project or programs (1) Direct expenditure (2) Overheads ₹ in lakhs	Cumulative expenditure upto the reporting period i.e. 2014-15 ₹ in lakhs	Amount spent : Direct or through implementing agency (modalities of execution of project or programs)
1	Promoting health care including preventing health care	(i)	Ratnagiri, Pune-Maharashtra, Masar-Gujarat	65.00	69.86	69.86	Direct/Implementing Agency Mukul Madhav Foundation
2	Promoting education including special education and employment enhancing vocation skills	(ii)	Ratnagiri, Pune-Maharashtra, Masar-Gujarat	57.00	65.44	65.44	Direct/Implementing Agency Mukul Madhav Foundation
3	Promote rural sports	(vii)	Ratnagiri, Pune-Maharashtra, Masar-Gujarat	3.00	2.18	2.18	Direct/Implementing Agency Mukul Madhav Foundation

Sr. No.	CSR Project or activity company can undertake as per Schedule VII of the Companies Act, 2013	Sector in which the project is covered (Clause no. of Schedule VII to the Companies Act, 2013, as amended)	Project or programs (1) Local area or other (2) Specify the state and district where projects or programs undertaken	Amount outlay (budget) project or programs wise ₹ in lakhs	Amount spent on projects or programs (1) Direct expenditure (2) Overheads ₹ in lakhs	Cumulative expenditure upto the reporting period i.e. 2014-15 ₹ in lakhs	Amount spent : Direct or through implementing agency (modalities of execution of project or programs
4	Rural development project	(x)	Ratnagiri, Pune-Maharashtra, Masar-Gujarat	20.00	40.87	40.87	Direct/Implementing Agency Mukul Madhav Foundation
5	Through NGO engaged in CSR activities	Qualified projects/ programs under (i) to (x)	Pune-Maharashtra	205.00	205.00	205.00	Direct/Implementing Agency Mukul Madhav Foundation
			<b>Grand total</b>	<b>350.00</b>	<b>383.36</b>	<b>383.36</b>	

### 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.

Saurabh S. Dhanorkar  
Managing Director  
Member - CSR Committee

Prakash P. Chhabria  
Executive Chairman  
Chairman - CSR Committee

## Auditors' certificate on corporate governance

To the members of FINOLEX INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by Finolex Industries Limited for the year ended on 31<sup>st</sup> March, 2015, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges.

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 Agreement.

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

For M/s P. G. BHAGWAT  
Chartered Accountants  
Firm's registration Number: 101118W  
Abhijeet Bhagwat  
Partner  
Membership Number: 136835

Pune  
28<sup>th</sup> May, 2015

## Corporate governance

### Compliance report for the year 2014-2015

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

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

- Fair and transparent business practices;
- Effective management control by Board of Directors;
- Adequate representation of promoter, executive, woman and independent directors on the Board of Directors;
- Accountability for performance;
- Monitoring of executive performance by the Board of Directors;
- 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 total 10 directors. The Company has an optimum combination of three executive, one woman non-executive and six non-executive independent directors.

The Board is represented by three executive directors. Mr. Prakash P. Chhabria is Executive Chairman from promoters' group of the Company. Mr. Saurabh. S. Dhanorkar is Managing Director and Mr. Sanjay S. Math is Director (Operations) in the category of the executive directors.

Mrs. Ritu P. Chhabria is woman (non-executive) director and from promoters' group.

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.

Attendance of the directors at the Board, Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee and Independent Directors Meetings and Annual General Meeting.

The details of attendance of each of the directors at the Board (BM), Audit Committee (ACM), Nomination and Remuneration Committee (NRCM) Stakeholders' Relationship Committee (SRCM) Corporate Social Responsibility Committee (CSRSM), Risk Management Committee (RMM) and Independent Directors (IDM) Meetings and last Annual General Meeting (AGM) held during the financial year 2014-2015, and details of number of outside directorships and committee positions held by them are given in Table 1.

Table 1

Sr. No.	Name of director	Attendance at Board, committee meetings & AGM (during 2014-2015)								Outside directorships*		Committee positions**	
		No. of BMs	No. of ACMs	No of NRCMs	No. of SRCMs	No of CSRMs	No of RMMs	No of IDMs	AGM	Member	Chairman	Member	Chairman
1	Mr. Prakash P. Chhabria	5	NA	NA	4	4	1	NA	Yes	10	Nil	1	1
2	Mr. Sanjay K. Asher	3	NA	3	NA	NA	NA	1	Yes	19	Nil	7	4
3	Mr. Anaiyalal N. Atmaramani	3	3	4	3	NA	NA	1	No	1	Nil	5	2
4	Mrs. Ritu P. Chhabria @	NA	NA	NA	NA	NA	NA	NA	NA	Nil	Nil	Nil	Nil
5	Mr. Dara N. Damania	5	4	4	4	NA	NA	1	Yes	6	Nil	6	1
6	Mr. Saurabh S. Dhanorkar	5	NA	NA	NA	4	1	NA	Yes	1	Nil	Nil	Nil
7	Mr. Shrikrishna N. Inamdar	5	4	4	4	NA	NA	1	Yes	8	Nil	7	4
8	Mr. Prabhakar D. Karandikar	5	4	4	4	NA	NA	1	Yes	11	Nil	7	4
9	Mr. Sanjay S. Math	5	NA	NA	NA	NA	NA	NA	Yes	Nil	Nil	Nil	Nil
10	Dr. Sunil U. Pathak	4	4	4	4	4	1	1	Yes	1	Nil	2	Nil

\* Outside directorships include directorships in private limited companies also.

\*\* Chairmanship/membership held on audit committee and stakeholders' relationship committee in public limited companies including the Company.

@ Mrs. Ritu P. Chhabria was co-opted as an additional director (Woman Director) on the Board with effect from 21<sup>st</sup> March, 2015

### No. of Board meetings held during the year

During 2014-2015, the Board of Directors met 5 (five) times, viz. on 12<sup>th</sup> May, 2014, 26<sup>th</sup> July, 2014, 20<sup>th</sup> September, 2014, 13<sup>th</sup> November, 2014 and 6<sup>th</sup> February, 2015. The time-gap between two meetings was less than four months.

### Appointment / re-appointment of directors

#### Appointment of Woman Director

Mrs. Ritu P. Chhabria (DIN 00062144) was co-opted as an additional director in the category of non-executive woman Director on the Board with effect from 21<sup>st</sup> March, 2015. She is part of the promoters' group. She is related to Mr. Prakash P. Chhabria, Executive Chairman of the Company.

Mrs. Ritu P. Chhabria is aged 47 years. She is a double major in Economics and Marketing from Richmond College - London and holds a Masters degree in Public Relations and is a prominent personality in the field of social welfare programmes. She is the Managing Trustee of Mukul Madhav Foundation ("MMF"), a well know charitable trust in Pune and looks after the day-to-day activities of MMF. MMF touched many lives in the areas of Healthcare, Education and Social Welfare in many parts of the country.

Mrs. Ritu P. Chhabria holds 4,450 shares in the Company.

Mrs. Ritu P. Chhabria will hold the office of director till the conclusion of the ensuing annual general meeting. The Company has received a notice from the member of the Company proposing Mrs. Ritu P. Chhabria as a candidate for the office of director.

### Re-appointment of director retiring by rotation

Mr. Saurabh S. Dhanorkar, Managing Director (DIN 00011322), retires at the thirty-fourth annual general meeting of the Company and being eligible, offers himself for re-appointment.

Mr. Saurabh S. Dhanorkar is aged 59 years, B.Com. (Hons.), Fellow Chartered Accountant. After a brief stint with an international accounting firm and an agro based public limited company, he joined the Company in the year 1983. He has wide experience in finance, marketing and other commercial activities. He is a director of the Company since December, 1996. Mr. Dhanorkar was appointed as Managing Director with effect from the close of business hours of 11th August, 2012. Mr. Dhanorkar is also a director of Pawas Port Limited. Mr. Saurabh S. Dhanorkar holds 5,381 shares of the Company.

### Other details relating to directors

- i. The information as required under Annexure X to clause 49 was made available to the Board in all its meetings.
- ii. None of the independent directors serve as independent directors in more than seven listed companies and none of the wholtime directors of the Company serve as independent directors in the listed company.
- iii. The Related Party Transactions Policy of the Company approved by the Board is displayed on the website of the Company [www.finolexwater.com](http://www.finolexwater.com) at link at <http://www.finolexwater.com/policies-code-of-conduct/>.

### 3. Code of conduct:

The Board has laid down the code of conduct for the Board and senior management team and for independent directors of the Company. The code is posted on [www.finolexwater.com](http://www.finolexwater.com) at link at <http://www.finolexwater.com/policies-code-of-conduct/>.

The Board members and senior management team personnel have affirmed compliance with the code. The declaration dated 9<sup>th</sup> May, 2015 received from Mr. Saurabh S. Dhanorkar, Managing Director in this regard is given below:

#### Certificate on compliance with code of conduct.

"I hereby declare that all Board members of the Company and senior management personnel have affirmed compliance with the code of conduct for the applicable period of the financial year 2014-15."

Pune  
Date : 9<sup>th</sup> May, 2015

Saurabh S. Dhanorkar  
Managing Director

#### 4. Audit committee:

##### Composition, members' names and chairperson:

- As on 31<sup>st</sup> March, 2015, the Audit Committee (the "Committee") consisted of 5 (five) independent directors viz. 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.
- 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 2014-2015, the Audit Committee met 5 (five) times, viz. on 12<sup>th</sup> May, 2014, 26<sup>th</sup> July, 2014, 20<sup>th</sup> September, 2014, 13<sup>th</sup> November, 2014 and 6<sup>th</sup> February, 2015.

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

Mr. Umesh M. Gosavi, Company Secretary of the Company 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 listing agreement 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 and performance and effectiveness of audit process;
- Examination and review of the quarterly and annual financial statement and 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 into any matter as referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to 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 the exercise of judgment by 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 an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for the purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation 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, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of 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 internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- 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 audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, members (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower mechanism;
- Approval of appointment of 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 mentioned in the terms of reference of the Audit Committee.

## 5. Nomination and Remuneration committee:

### Composition, name of members and Chairperson

The Board at its meeting held on 27<sup>th</sup> October, 2012 has constituted a Remuneration Committee. The Board at its meeting held on 12<sup>th</sup> May, 2014 renamed the Remuneration Committee as Nomination and Remuneration Committee.

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 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 requirement of skill sets by 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 Human Resources, 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.
- 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
- ensuring that the nomination processes 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;
  - recommending to the Board 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;
  - formulating a criteria/ recommendation for evaluation of performance of Independent Directors and the Board 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;
  - devising a policy/ recommendation on Board diversity; and
  - 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 the appointment and removal of such personnel.

## Meetings and attendance during the year

During the year, four meetings of the Nomination and Remuneration Committee were held on 12<sup>th</sup> May, 2014, 26<sup>th</sup> July, 2014, 13<sup>th</sup> November, 2014 and 6<sup>th</sup> February, 2015. 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 attached as Annexure 1 of the Directors' report and given on website of the Company at [www.finolexwater.com](http://www.finolexwater.com) at link at <http://www.finolexwater.com/policies-code-of-conduct/>.

## Details of remuneration to all directors

Details of remuneration paid to the executive directors for the financial year 2014-15 are given below:

Details of remuneration paid to the executive directors for the financial year 2014-15

Particulars	Mr. Prakash P Chhabria, Executive Chairman	Mr. Saurabh S Dhanorkar, Managing Director	Mr. Sanjay S Math, Director (Operations)
Salary and Allowances	1,55,45,182	79,91,029	67,08,015
Contribution to PF	11,24,118	5,61,330	3,86,960
Superannuation	13,87,800	6,93,000	-
Gratuity fund	3,88,584	1,94,040	1,33,217
Bonus	18,73,530	9,35,550	6,44,941
Performance Incentive	-	-	-
<b>Total</b>	<b>2,03,19,214</b>	<b>1,03,74,949</b>	<b>78,73,133</b>
Commission Payable	1,70,67,000	29,35,000	20,48,000
Notice Period	6 Months	3 Months	3 Months
Service Contract	Five years	Five years	Five years

The details of remuneration paid to the non-executive directors and number of shares held by them are given below:

Sr. No.	Name	Remuneration (₹)		Shares held
		Commission	Sitting fees	
1	Mr. Sanjay K. Asher	2,50,000	1,60,000	Nil
2	Mr. Kanaiyalal N. Atmaramani	2,50,000	2,80,000	Nil
3	Mrs. Ritu P. Chhabria	-	-	4,450
4	Mr. Dara.N. Damania	2,50,000	4,40,000	900
5	Mr. Shrikrishna N. Inamdar	5,00,000	4,40,000	2,000
6	Mr. Prabhakar D. Karandikar	2,50,000	7,00,000	Nil
7	Dr. Sunil U. Pathak	2,50,000	6,20,000	300

Note: None of the non-executive directors has any pecuniary relationship or transaction vis-à-vis the Company. Mr. Prakash P. Chhabria and Mrs. Ritu P. Chhabria are related to each other as husband and wife.

The non-executive directors are not getting any remuneration from the Company except the sitting fees and commission not exceeding ₹10 lakhs per annum as approved by the Board from time to time. All independent directors are expert in their respective fields and their services are beneficial to the Company.

## 6. Stakeholders' Relationship Committee:

### Composition, members' names and chairperson:

As on 31<sup>st</sup> March, 2015, the Stakeholders' Relationship Committee consisted of six directors viz. Mr. Kanaiyalal N. Atmaramani (Chairman of the committee), Mr. Dara N. Damania, Mr. Shrikrishna N. Inamdhar, Mr. Prabhakar D. Karandikar, Dr. Sunil U. Pathak and Mr. Prakash P. Chhabria of the Company.

### Brief description of terms of reference

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

- To review and note certificate received from Practising Company Secretary in compliance of Clause 47(c) of the listing agreement.
- To review Regulatory compliance and periodic report of the in-house STA for the six months' in terms of SEBI circular No. CIR/MIRSD/7/2012 dated 5<sup>th</sup> July, 2012.
- To review and note the status of Investor Complaints.
- To review and note the status of unclaimed dividend.
- To take necessary actions on the matters delegated by the Board from time to time.

### Compliance Officer

Mr. Umesh M. Gosavi, Company Secretary is the compliance officer of the Company.

### Details of shareholders' complaints

No of complaints received during the financial year 2014-15	No of complaints resolved to the satisfaction of complainant	No of pending complaints at the end of financial year i.e. on 31 <sup>st</sup> March, 2015
13	13	0

## 7. Risk Management Committee

### Composition, members' names and chairperson:

The Board at its meeting held on 26<sup>th</sup> July, 2014 has constituted the Risk Management Committee. As on 31<sup>st</sup> March, 2015, the Risk Management Committee consisted of three directors viz. Mr. Prakash P. Chhabria (Chairman of the Committee), Mr. Saurabh S. Dhanorkar and Dr. Sunil U. Pathak.

### Meetings and attendance during the year:

During 2014-15, the Risk Management Committee met 1 (one) time, viz. on 6<sup>th</sup> February, 2015.

The details of attendance of Risk Management Committee meeting by the directors during the year is given in Table 1.

### Brief description of terms of reference

Terms of reference of the Risk Management Committee shall be as follows;

- a. The Risk Management Committee (RMC) shall have at least three directors as 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 deem fit to 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.

## 8. Corporate Social Responsibility (CSR) Committee

### Composition, members' names and chairperson:

As on 31<sup>st</sup> March, 2015, the Corporate Social Responsibility Committee consisted of three directors viz. Mr.Prakash P. Chhabria (Chairman of the Committee), Mr.Saurabh S. Dhanorkar and Dr.Sunil U. Pathak.

### Meetings and attendance during the year:

During 2014-2015, the Corporate Social Responsibility Committee met 4 (four) times, viz.on 12<sup>th</sup> May, 2014, 26<sup>th</sup> July, 2014, 13<sup>th</sup> November, 2014 and 6<sup>th</sup> February, 2015.

The details of attendance of CSR 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") including any amendments or modification from time to time as applicable;
- 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 the 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 thereunder and periodical disclosure requirements.

## 9. Share Transfer Committee

### Composition, members' names and chairperson:

As on 31<sup>st</sup> March, 2015, the Share Transfer Committee consisted of four directors viz. Mr. Prakash P. Chhabria (Chairman of the Committee), Mr. Saurabh S. Dhanorkar, Mr. Prabhakar D. Karandikar and Dr. Sunil U. Pathak.

#### Brief description of terms of reference

- Consider and approve the transfer and transmission of securities i.e. shares, debentures and other security documents;
- Consider and approve issue of duplicate share certificate;
- Consider and approve split, consolidation of share/ debenture certificate 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.

## 10. Finance Committee

### Composition, members' names and chairperson:

As on 31<sup>st</sup> March, 2015, the Finance Committee consisted of four directors viz. Mr. Prakash P. Chhabria (Chairman of the Committee), Mr. Saurabh S. Dhanorkar, Mr. Sanjay K. Asher and Dr. Sunil U. Pathak.

#### Brief description of terms of reference

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

## 11. General body meetings

### i. The location and time where last three AGMs were held

Year	2011-2012	2012-2013	2013-2014
Date of AGM	11 <sup>th</sup> August, 2012	14 <sup>th</sup> September, 2013	20 <sup>th</sup> September, 2014
Time	10.30 a.m.	11.30 a.m.	11.00 a.m.
Place of AGM	Training Centre of Finolex Cables Limited, Urse, Taluk Maval, Dist. Pune - 410 506	Training Centre of Finolex Cables Limited, Urse, Taluk Maval, Dist. Pune - 410506	Kirloskar Institute of Advanced Management Studies, Gat No.356 & 357, Near Tata Foundry, Maval, Village Dhamane, Taluka Maval, District Pune, 410 506.

### ii. The details of special resolutions passed in the previous 3 AGMs and details of voting

## pattern.

Sr. No.	Date of AGM	Item of special resolution
1	11.8.2012	1) i) Reappointment of Mr. Prakash P. Chhabria as Managing Director for the period from 1 <sup>st</sup> December, 2011 to 30 <sup>th</sup> November, 2016 for five years. ii) Appointment of Mr. Prakash P. Chhabria as wholetime director designated as Executive Chairman for the remaining period of his term from the close of business hours of 11 <sup>th</sup> August, 2012.
		2) i) Reappointment of Mr. Saurabh S. Dhanorkar as wholetime director designated as Assistant Managing Director & Chief Operating Officer for the period from 1 <sup>st</sup> December, 2011 to 30 <sup>th</sup> November, 2016 for five years. ii) Appointment of Mr. Saurabh S. Dhanorkar as Managing Director for the remaining period of his term from the close of business hours of 11 <sup>th</sup> August, 2012.
		3) Appointment Mr. Sanjay S. Math, as wholetime director designated as Director (Operations) effective 4 <sup>th</sup> February, 2012 for a period of five years.
		4) To obtain approval for payment and distribution of a sum not exceeding 1% of the net profit by way of commission to the non-executive directors.
2	14.9.2013	No special resolution was passed.
3	20.9.2014	1) To obtain approval for 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 as 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 wholetime directors of the Company.

### Details of voting pattern

All resolutions were passed by majority.

#### iii. Any special resolution passed last year through postal ballot.

Pursuant to section 110 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, a special resolution under section 180(1)(a) required to be passed by means of postal ballot which includes e-voting, was passed by majority votes.

#### iv. Whether any special resolution is proposed to be conducted through postal ballot:

No special resolution is proposed to be conducted through postal ballot.

#### v. Procedure for postal ballot

No special resolution is proposed through postal ballot, hence the details of procedure are not given.

## 12. Disclosures:

- i. No transaction of material nature has been entered into by the Company with its promoters, directors or management or relatives etc. that may have a potential conflict with the interest of the Company.
- ii. There were no instances of non-compliance or penalty, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during last three years.
- iii. The Company has adopted the whistle blower policy. The said policy is available at website of the Company [www.finolexwater.com](http://www.finolexwater.com) at link at <http://www.finolexwater.com/policies-code-of-conduct/>. No personnel have been denied access to the audit committee.
- iv. The Company has complied with all the mandatory requirements of clause 49 of the Listing Agreements.

Application of non-mandatory requirements:

- 1) The Company has already moved to a regime of unqualified financial statements.
- 2) The Company has appointed separate persons to the post of Executive Chairman and Managing Director.
- 3) The internal auditor has access for the direct reporting to the Audit Committee.

## v. Cost Auditor:

With reference to the general circular No.15/2011-52/5/CAB 2011 dated 11<sup>th</sup> April, 2011 issued by the Government of India, Ministry of Corporate Affairs, Cost Audit Branch, New Delhi, following are the details of cost auditor and filing of cost audit report with Central Government.

Particulars of cost auditor	Details of filing of cost audit report for the period ended 31 <sup>st</sup> March, 2014
M/s. S. R. Bhargave & Co. 3, Kushaboo Apartments 5 No.78/2, Plot No.29, Bhusari Colony (L), Off Paud Road, Kothrud, Pune 411 038 E-mail: bhargaves@vsnl.net	Cost Audit Report: Due date: 27 <sup>th</sup> September, 2014 Filing date: 24 <sup>th</sup> September, 2014 Cost compliance report for 31 <sup>st</sup> March 2014 Filing date: 24 <sup>th</sup> September, 2014

## 13. Means of communication:

- The quarterly results were published during the year under review in leading national and regional newspapers appropriately.
- The quarterly results are displayed on [www.finolexwater.com](http://www.finolexwater.com) and on websites of BSE and NSE.
- The official news releases of the Company are displayed on the websites of BSE and NSE.
- Presentations made to institutional investors or to the analysts are available on website of the Company.
- The Management Discussion and Analysis Report is forming part of annual report. Detailed report is given on page no. 5.

## 14. General shareholder information:

## i. Annual general meeting:

- Day, date & time : Saturday, 29<sup>th</sup> August, 2015 at 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.

## ii. Financial Calendar (Tentative) : April, 2015 to March, 2016

Announcement of quarterly results of 2015-16 & annual general meeting	Quarterly results by 14 <sup>th</sup> August, 2015, 14 <sup>th</sup> November, 2015, 14 <sup>th</sup> February, 2016 and 30 <sup>th</sup> May, 2016 and annual general meeting by end of September, 2016.
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iii. Book Closure Period : 22<sup>nd</sup> August, 2015 to 29<sup>th</sup> August, 2015 (both days inclusive)iv. Dividend Payment date : Credit / dispatch between 3<sup>rd</sup> September, 2015 to 10<sup>th</sup> September, 2015.

## v. Listing on stock exchanges

Name of the stock exchange	Scrp Code
BSE Limited (BSE)	500940/finolexind
National Stock Exchange of India Limited (NSE)	FINPIPE
ISIN Code	INE183A01016

The annual listing fee for the year 2015-16 has been paid to BSE & NSE.

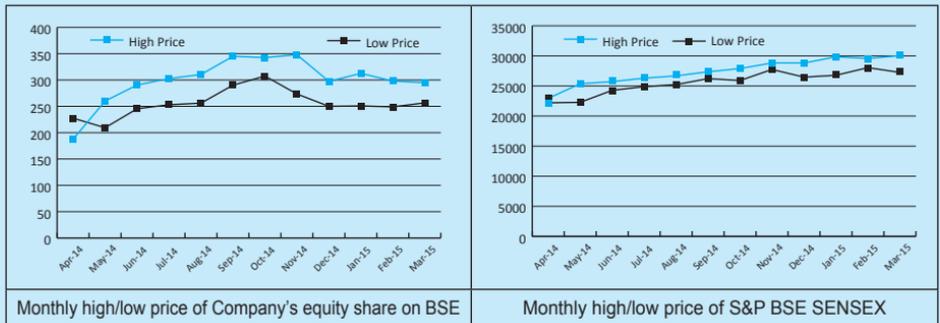
vi. Dividend payment date: 3<sup>rd</sup> September, 2015.

## vii. Market price data:

Monthly high/low (₹/share) during the financial year 2014-2015.

	High	Low										
	Apr-14		May-14		Jun-14		Jul-14		Aug-14		Sep-14	
BSE	227.50	187.55	259.90	209.40	290.45	245.25	302.75	253.00	310.35	256.00	345.00	290.15
NSE	227.50	186.50	260.00	205.85	289.40	244.10	302.60	256.65	310.50	256.00	344.00	288.00
	Oct-14		Nov-14		Dec-14		Jan-15		Feb-15		Mar-15	
BSE	342.60	307.50	348.00	273.50	297.35	250.00	312.60	250.70	298.00	248.90	295.00	256.50
NSE	341.80	308.05	347.70	265.40	296.80	250.00	312.35	250.00	299.00	247.20	296.00	262.50

## STOCK GRAPH-ONE YEAR COMPARATIVE GRAPH WITH S&amp;P BSE SENSEX



## viii Registrar and transfer agent:

The Company is registered with SEBI as in-house share transfer agent category II. All shareholders related services are provided in-house.

## ix. Share transfer system:

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

x. Shareholding pattern 31<sup>st</sup> March, 2015.

Category	No of shares	% of capital
Promoter and promoter group (including Finolex Cables Ltd.)	6,51,13,697	52.47
FII	59,46,933	4.79
Banks/FIs/MFs/Insurance companies	58,44,172	4.71
Bodies corporate	66,54,396	5.36
Indian public	3,90,15,889	31.44
NRI/OCB	6,43,258	0.52
Others	8,77,036	0.71
<b>Total</b>	<b>12,40,95,381</b>	<b>100.00</b>

Distribution of shareholding as on 31<sup>st</sup> March, 2015

No of equity shares held	No of shareholders	% of shareholders	Number of shares	% of shareholding
1-500	1,28,538	99.71	2,47,34,836	19.93
5001-10,000	159	0.12	11,69,935	0.94
10,001 and above	225	0.17	9,81,90,610	79.13
<b>Total</b>	<b>1,28,922</b>	<b>100.00</b>	<b>12,40,95,381</b>	<b>100.00</b>

- xi. Dematerialization of shares: NSDL: 81.09% & CDSL: 10.64%
- xii. Company has not issued any GDRS / ADRS / Share Warrants or any convertible instruments.
- xiii Plant locations:
- |   |   |
|---|---|
| Plant locations :<br><b>PVC, PVC pipes and power plants</b><br>Ranpar - Pawas Road,<br>District Ratnagiri 415 616,<br>Maharashtra, India. | <b>PVC pipes &amp; fittings plants</b><br>Gat No.399, Urse,<br>Taluka Maval,<br>District Pune 410 506,<br>Maharashtra, India. |
| <b>PVC pipes plant</b><br>Village Masar,<br>Taluka Padra,<br>District Vadodara 391 421,<br>Gujarat, India.                                | D1/10, M.I.D.C.<br>Chinchwad,<br>Pune 411 019,<br>Maharashtra, India.   |
- xiv Address for correspondence:  
**Investor Relations Centre**  
D1/10, M.I.D.C., Chinchwad,  
Pune 411 019, Maharashtra, India.  
Tel. No.020-2740 8200 / 2740 8571  
Fax No.020-27479000  
E-mail: investors@finolexind.com  
[www.finolexwater.com](http://www.finolexwater.com)

## Independent auditors' report

TO THE MEMBERS OF FINOLEX INDUSTRIES LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of FINOLEX INDUSTRIES LIMITED ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31<sup>st</sup> March, 2015, and its profit and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2015, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) There are no observations and comments on financial transactions or other matters which have an adverse effect on the functioning of the Company.
  - (f) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of section 164 (2) of the Act.
  - (g) There are no qualifications, reservations or adverse remarks relating to maintenance of accounts and other matters connected therewith.
  - (h) 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 the impact of pending litigations on its financial position in its financial statements – Refer Note 1.2 to the 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.

For M/s P G Bhagwat  
Chartered Accountants  
Firm's Registration No.: 101118W  
Abhijeet Bhagwat  
Partner  
Membership No.: 136835

## Annexure to the auditors' report

### Re: Finolex Industries Limited

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 have been physically verified by the management during the current year based on the regular programme of verification which in our opinion is reasonable having regard to the size of the company and the nature of its assets. According to the information and explanations given to us, discrepancies noticed on physical verification were not material and have been properly dealt with in the books of account.
- (ii) (a) Physical verification of inventory has been conducted by the management during the current year. In our opinion, the interval of such verification is reasonable.
- (b) In our opinion the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. Discrepancies noticed on physical verification were not material and the same have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act in the current year. Accordingly, the provisions of clause 3 (iii) (a) and (b) are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit we have not observed any major weaknesses or continuing failure to correct major weaknesses in internal control system.
- (v) According to the information and explanations given 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 explanations given 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 Government under sub-section (l) 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, wealth 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 explanations given to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31<sup>st</sup> March, 2015, for a period more than six months from the date they became payable.

- (b) According to the information and explanations given to us, dues of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax or cess which have not been deposited on account of any dispute are mentioned below:

Name of the Statute	Nature of Dues	Amount (in lakhs)	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	168.90	2013-14	Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty	28.98	2005-06, 2010-11, 2012-13	CESTAT
Central Excise Act, 1944	Excise Duty	20.82	2012-13	Additional Commissioner Assistant Commissioner (Appeals) Commissioner
		12.42	2005-06, 2008-09, 2011-12, 2012-13	
		3,454.59	1998-99, 2007-08, 2011-12	
		5.38	2006-07	
		45.01	2008-09	
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  Deputy Commissioner Joint Commissioner
		101.40	2007-08	
		24.72	2008-09, 2009-10	
Finance Act, 1994	Service Tax	489.12	2005-06	High Court
MVAT	VAT	270.49	2005-06	Bombay Tribunal
Central Sales Tax	CST	7,239.07	2005 to 2008	Bombay Tribunal

- (c) According to the information and explanations given to us, there are no amounts required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The Company has no accumulated losses at the end of 31<sup>st</sup> March, 2015. The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- (ix) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institution or bank and debenture holders.
- (x) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) 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.
- (xii) Based upon the audit procedures performed by us and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For M/s P G Bhagwat  
Chartered Accountants  
Firm's Registration No.: 101118W  
Abhijeet Bhagwat  
Partner  
Membership No.:136835

Pune  
28<sup>th</sup> May, 2015

Balance Sheet as at 31<sup>st</sup> March, 2015

		₹ in lakhs	
		Note	As at
		No.	31 <sup>st</sup> March 2015
			As at
			31 <sup>st</sup> March 2014
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a)	Share Capital	2	12,409.54
(b)	Reserves & Surplus	3	66,330.45
<b>Sub-total - Shareholders' funds</b>			<u>78,739.99</u>
<b>2 Non-current liabilities</b>			
(a)	Long-term borrowings	4	18,365.80
(b)	Deferred tax liabilities (net)	5	11,077.75
(c)	Other long-term liabilities	6	39.01
(d)	Long-term provisions	7	864.12
<b>Sub-total - Non-current liabilities</b>			<u>30,346.68</u>
<b>3 Current liabilities</b>			
(a)	Short-term borrowings	8	40,340.14
(b)	Trade payables	9	20,000.10
(c)	Other current liabilities	10	13,417.16
(d)	Short-term provisions	11	3,070.66
<b>Sub-total - Current liabilities</b>			<u>76,828.06</u>
<b>TOTAL - EQUITY AND LIABILITIES</b>			<u>1,85,914.73</u>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a)	Fixed assets	12	
(i)	Tangible assets		86,485.32
(ii)	Intangible assets		291.24
(iii)	Capital Work-in-progress		1,039.74
(b)	Non-current investments	13	12,461.09
(c)	Deferred tax assets (net)		-
(d)	Long-term loans and advances	14	5,880.50
(e)	Other non-current assets	15	-
<b>Sub-total - Non-current assets</b>			<u>1,06,157.89</u>
<b>2 Current assets</b>			
(a)	Current investments	16	5,505.00
(b)	Inventories	17	55,865.10
(c)	Trade receivables	18	4,870.44
(d)	Cash and bank balances	19	1,230.02
(e)	Short-term loans and advances	20	12,286.28
<b>Sub-total - Current assets</b>			<u>79,756.84</u>
<b>TOTAL - ASSETS</b>			<u>1,85,914.73</u>
Notes to the financial statements form an integral part of the balance sheet		1	

As per our report of even date

For M/s P. G. Bhagwat  
Chartered Accountants  
FRN 101118WAbhijeet Bhagwat  
Partner  
M. No. 136835Anil V. Whabi  
Chief Financial OfficerUmesh M. Gosavi  
Company Secretary

Prakash P. Chhabria

Executive Chairman

Sanjay K. Asher  
Kanaiyalal N. Atmaramani  
Dara N. Damania  
Saurabh S. Dhanorkar  
Shrikrishna N. Inamdar  
Prabhakar D. Karandikar  
Sanjay S. Math  
Dr. Sunil U. Pathak

Managing Director

Director (Operations)

Pune: 28<sup>th</sup> May, 2015Pune: 28<sup>th</sup> May, 2015

## Profit and Loss Statement for the year ended 31<sup>st</sup> March, 2015

₹ in lakhs

	Note No.	2014-15	2013-14
<b>Income</b>			
<b>I Revenue from operations (Gross)</b>	21	2,82,709.60	2,78,665.07
Less : Excise Duty		(35,094.67)	(33,361.98)
<b>II Other income</b>	22	2,023.58	4,368.04
<b>III Total revenue (I + II)</b>		<u>2,49,638.51</u>	<u>2,49,671.13</u>
<b>IV Expenses</b>			
Cost of materials consumed	23	1,77,907.48	1,73,888.38
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	5,384.92	(6,291.53)
Employee benefits expense	25	7,397.30	7,171.24
Other expenses	26	35,588.98	30,873.49
Finance costs	27	5,976.70	6,637.17
Depreciation and amortization expense		5,867.42	6,229.18
Total expenses		<u>2,38,122.80</u>	<u>2,18,507.93</u>
<b>V Profit before exceptional and extraordinary items and tax (III - IV)</b>		11,515.71	31,163.20
<b>VI Exceptional items</b>	1.12	3,437.65	6,977.01
<b>VII Profit before extraordinary items and tax (V - VI)</b>		<u>8,078.06</u>	<u>24,186.19</u>
<b>VIII Extraordinary items</b>		-	-
<b>IX Profit before tax (VII - VIII)</b>		<u>8,078.06</u>	<u>24,186.19</u>
<b>X Tax expense:</b>			
Current tax		1,810.44	5,850.00
Deferred tax		1,489.79	1,268.95
Less: Short/(Excess) provision of earlier years		-	52.58
		<u>3,300.23</u>	<u>7,171.53</u>
<b>XI Profit/(Loss) for the year from continuing operations (IX - X)</b>		<u>4,777.83</u>	<u>17,014.66</u>
<b>XII Profit/(Loss) from discontinuing operations</b>		-	-
<b>XIII Tax expense of discontinuing operations</b>		-	-
<b>XIV Profit/(Loss) from discontinuing operations (after tax) (XII - XIII)</b>		-	-
<b>XV Profit/(Loss) for the year (XI + XIV)</b>		<u>4,777.83</u>	<u>17,014.66</u>
<b>XVI Earning per equity share (nominal value of share ₹10 each)</b>	1.11		
Basic		3.85	13.71
Diluted		3.85	13.71
Notes to the financial statements form an integral part of the profit and loss statement	1		

As per our report of even date

For M/s P. G. Bhagwat  
Chartered Accountants  
FRN 101118W

Abhijeet Bhagwat  
Partner  
M. No. 136835

Anil V. Whabi  
Chief Financial Officer

Umesh M. Gosavi  
Company Secretary

Prakash P. Chhabria

Executive Chairman

Sanjay K. Asher  
Kanaiyalal N. Atmaramani  
Dara N. Damania  
Saurabh S. Dhanorkar  
Shrikrishna N. Inamdar  
Prabhakar D. Karandikar  
Sanjay S. Math  
Dr. Sunil U. Pathak

Managing Director  
Director (Operations)

Pune: 28<sup>th</sup> May, 2015Pune: 28<sup>th</sup> May, 2015

## Cash Flow Statement for the year ended 31<sup>st</sup> March, 2015

₹ in lakhs

	2014-15	2013-14
<b>A Cash flow from Operating Activities:</b>		
<b>Net Profit before Tax</b>	8,078.06	24,186.18
<b>Adjustments for :</b>		
Depreciation	5,867.42	6,229.18
Provision for diminution in value of investments	279.31	0.00
Provision for doubtful deposits	128.30	0.00
Debit balances written off	513.41	0.00
Profit on sale of investments (net)	(900.68)	(3,041.54)
Loss / (Profit) on sale of fixed assets	79.98	(16.63)
Dividend income	(425.00)	(359.30)
Interest income	(56.81)	(562.28)
Interest expenses	5,726.11	6,216.87
Exchange fluctuation ( Gain )/ Loss - net	1,288.06	6,977.01
Operating profit before working capital changes	<u>20,578.16</u>	<u>39,629.49</u>
<b>Adjustments for :</b>		
Trade and other receivables	3,588.86	(3,721.77)
Inventories	(5,270.48)	(2,316.79)
Trade and other payables	6,460.51	(3,810.24)
Cash generated from operations	<u>25,357.05</u>	<u>29,780.69</u>
Less:		
Taxes paid (net of refund)	<u>(3,917.38)</u>	<u>(5,234.94)</u>
<b>Net cash from operating activities (A)</b>	<u>21,439.67</u>	<u>24,545.75</u>
<b>B Cash flow from investing activities:</b>		
Purchase of fixed assets/ capital expenditure	(3,121.34)	(7,046.52)
Sale of fixed assets	52.49	300.12
(Purchase)/Sale of Investments ( net )	4,800.67	16,857.00
Interest received	56.81	562.28
Dividend received	425.00	359.30
<b>Net cash used in investing activities (B)</b>	<u>2,213.63</u>	<u>11,032.18</u>

## Cash Flow Statement for the year ended 31<sup>st</sup> March, 2015

₹ in lakhs

	2014-15	2013-14
<b>C Cash flow from financing activities:</b>		
Collection of overdue allotment/ call money	-	0.86
Proceeds from long term borrowings	-	23,000.00
Repayment of long term borrowings	(5,750.00)	(20,882.45)
Exchange fluctuation Gain/(Loss) - net	310.88	(7,753.71)
Short term loans movement	(3,481.48)	(14,201.72)
Interest paid	(5,789.21)	(6,666.91)
Dividend and corporate dividend tax paid	(9,794.95)	(7,791.84)
Dividend paid for earlier years	(10.41)	(95.11)
<b>Net cash from financing activities (C)</b>	<b>(24,515.17)</b>	<b>(34,390.88)</b>
A+B+C	(861.87)	1,187.05
Opening balance of cash and cash equivalents	2,091.89	904.84
Closing balance of cash and cash equivalents Refer Note 19	1,230.02	2,091.89

Notes:- 1) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statement issued by ICAI.

2) Previous year's figures have been regrouped wherever necessary to confirm to the current year's classification.

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

Abhijeet Bhagwat  
Partner  
M. No. 136835

Anil V. Whabi  
Chief Financial Officer

Umesh M. Gosavi  
Company Secretary

Pune: 28<sup>th</sup> May, 2015

Prakash P. Chhabria Executive Chairman

Sanjay K. Asher  
Kanaiyalal N. Atmaramani  
Dara N. Damania

Saurabh S. Dhanorkar Managing Director

Shrikrishna N. Inamdar  
Prabhakar D. Karandikar  
Sanjay S. Math  
Dr. Sunil U. Pathak

Director (Operations)

Pune: 28<sup>th</sup> May, 2015

## Notes to the financial statements

	₹ in lakhs	
	As at 31/03/2015	As at 31/03/2014
<b>Note 2 - Share Capital</b>		
Authorised:		
150,000,000 (150,000,000) Equity Shares of ₹10 each	15,000.00	15,000.00
Unclassified share capital	<u>8,500.00</u>	<u>8,500.00</u>
	<u>23,500.00</u>	<u>23,500.00</u>
Issued, subscribed and fully paid up:		
124095381 (124095381) Equity shares of ₹10 each fully paid	12,409.54	12,409.54
	<u>12,409.54</u>	<u>12,409.54</u>

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:	As at 31/03/2015		As at 31/03/2014	
	No.	₹ in lakhs	No.	₹ in lakhs
At the beginning of the period	12,40,95,381	12,409.54	12,40,95,381	12,409.54
Outstanding at the end of the period	<u>12,40,95,381</u>	<u>12,409.54</u>	<u>12,40,95,381</u>	<u>12,409.54</u>

### 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. During the year ended March 31, 2015, the amount of per share dividend recognised as distributed to equity shareholders was ₹ 2 (March 31, 2014 ₹ 7)

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:	As at 31/03/2015		As at 31/03/2014	
	No.	% of holding	No.	% of holding
Equity shares of ₹ 10 each fully paid				
Finolex Cables Ltd.	4,01,92,597	32.39%	4,01,92,597	32.39%
Orbit Electricals Private Limited	2,33,30,901	18.80%	2,33,18,901	18.80%

## Notes to the financial statements

	₹ in lakhs	
	As at 31/03/2015	As at 31/03/2014
<b>Note 3 - Reserves and surplus</b>		
<b>Capital reserve</b>		
As per last balance sheet	60.54	60.54
	<u>60.54</u>	<u>60.54</u>
<b>Share capital buyback reserve</b>		
As per last balance sheet	2,517.93	2,517.93
	<u>2,517.93</u>	<u>2,517.93</u>
<b>Share premium</b>		
As per last balance sheet	15,126.81	15,126.81
Add : Premium on shares issued	-	-
	<u>15,126.81</u>	<u>15,126.81</u>
<b>General reserve</b>		
As per last balance sheet	27,450.22	23,450.22
Add : transferred from surplus	500.00	4,000.00
	<u>27,950.22</u>	<u>27,450.22</u>
<b>Debenture redemption reserve</b>		
As per last balance sheet	7,500.00	7,500.00
Add : transferred from surplus	-	-
	<u>7,500.00</u>	<u>7,500.00</u>
<b>Contingency reserve</b>		
As per last balance sheet	1,215.00	1,215.00
Add : transferred from surplus	-	-
	<u>1,215.00</u>	<u>1,215.00</u>
<b>Surplus in the statement of profit and loss</b>		
Surplus at the beginning of the year	12,688.83	9,837.14
Less: As per Schedule II Note 7(b) of Companies Act, 2013 (Refer Note 1.13)	2,028.57	-
Profit for the year	4,777.83	17,014.66
<b>Less: Appropriations</b>		
- General reserve	500.00	4,000.00
- Proposed dividend	2,481.91	8,686.67
- Tax on dividend	496.23	1,476.30
Net surplus in statement of profit & loss	<u>11,959.95</u>	<u>12,688.83</u>
<b>Grand total</b>	<u><u>66,330.45</u></u>	<u><u>66,559.33</u></u>

## Notes to the financial statements

	₹ in lakhs	
	As at 31/03/2015	As at 31/03/2014
<b>Note 4 - Long-term borrowings</b>		
<b>Debentures*</b>		
Secured		
1000 (1000) 10.90% Secured redeemable non-convertible debentures of ₹ 1,000,000 each.	10,000.00	10,000.00
*Refer Note no. 1.1 for terms of redemption and nature of security		
<b>Term Loans</b>		
Secured		
From Banks	6,250.00	11,250.00
(For terms of Loan refer Note 1.1)		
<b>Deferred payment liabilities</b>		
Unsecured		
Sales Tax deferral loan	2,115.80	1,970.87
Deferred sales tax loan is interest free and payable in 10 yearly installments of various amounts starting from March 2020.		
	<u>18,365.80</u>	<u>23,220.87</u>
<b>Note 5 - Deferred tax (asset)/ liabilities (net)</b>		
<b>Deferred tax liabilities</b>		
On depreciation	11,662.70	11,070.56
<b>Deferred tax assets</b>		
On provision for employee benefits	(584.95)	(438.03)
<b>Net</b>	<u>11,077.75</u>	<u>10,632.53</u>
<b>Note 6 - Other long-term liabilities</b>		
Trade and security deposits	39.01	43.70
	<u>39.01</u>	<u>43.70</u>
<b>Note 7 - Long-term provisions</b>		
Leave encashment (Refer Note 1.10)	366.48	301.36
Gratuity (Refer Note 1.5)	497.64	505.12
	<u>864.12</u>	<u>806.48</u>

## Notes to the financial statements

	₹ in lakhs	
	As at 31/03/2015	As at 31/03/2014
<b>Note 8 - Short-term borrowings</b>		
Secured		
Loans Repayable on demand:		
Acceptances from banks	29,909.28	32,217.00
Working capital borrowings from banks	18.53	154.22
Other loans:		
Rupee short term loan from bank	-	10,000.00
Foreign currency short term loan from bank (Refer Note 1.1)	10,412.33	-
	<u>40,340.14</u>	<u>42,371.22</u>
<b>Note 9 - Trade payables</b>		
Trade payables (Refer Note 1.4)	<u>20,000.10</u>	<u>11,142.88</u>
	<u>20,000.10</u>	<u>11,142.88</u>
<b>Note 10 - Other current liabilities</b>		
<b>Current maturities of long term debts</b>		
Debentures		
500 (500) 9.50% Secured redeemable non-convertible debentures of ₹ 1,000,000 each.	-	2,000.00
Term loans from banks	5,000.00	3,750.00
Interest accrued but not due on loans	469.49	532.61
Unclaimed dividend	807.17	449.56
<b>Other payables</b>		
Advances from customers	2,361.29	2,926.93
Salary and reimbursement	1,215.13	1,566.45
Statutory dues	2,835.93	3,354.87
Provision for expenses	728.15	619.28
Forward contract payable	-	1,011.81
	<u>13,417.16</u>	<u>16,211.51</u>
<b>Note 11 - Short-term provisions</b>		
Proposed dividend	2,481.91	8,686.68
Tax on dividend	496.23	1,476.30
Leave encashment (refer note 1.10)	34.11	30.03
Gratuity (refer note 1.5)	58.41	24.77
	<u>3,070.66</u>	<u>10,217.78</u>

## (a) (i) TANGIBLES

Particulars	Additions				Deductions	Gross block as on 31.03.2015	For the year	Depreciation Transfer to Retained earnings*	Deductions	Bal as on 31.03.2015	Net block	
	Gross block as on 01.04.2014	Borrowing cost	AS-11	Normal additions							As at 31.03.2014	As at 31.03.2015
Free hold land	6,637.33	-	-	101.28	-	6,738.61	-	-	-	-	6,738.61	6,637.33
Lease hold land	100.70	-	-	-	-	100.70	0.99	-	-	24.39	76.31	77.31
Buildings	19,483.16	-	-	1,762.67	-	21,245.83	2,242.01	740.91	-	6,000.79	15,245.04	15,724.38
Plant and machinery	1,56,678.53	-	-	3,038.78	680.62	1,59,036.68	6,380.31	2,229.06	643.89	95,376.59	63,668.10	67,036.37
Office equipments	179.04	-	-	4.50	13.07	170.47	81.45	27.96	12.41	124.81	45.66	97.59
Furniture & fixtures	1,051.59	-	-	68.47	0.68	1,119.38	647.62	72.05	0.48	784.52	334.86	403.57
Vehicles	677.93	-	-	157.76	236.45	598.23	87.92	3.15	141.57	212.50	386.74	411.78
Total	1,84,808.28	-	-	5,133.46	930.82	1,89,010.91	94,419.56	8,904.39	3,073.13	1,02,525.59	86,465.32	90,388.73
Previous year	1,76,943.72	98.73	122.23	8,927.88	1,284.28	1,84,653.28	89,117.24	6,203.72	-	94,419.55	90,388.73	87,826.48

## (a) (ii) INTANGIBLES

Particulars	Additions				Deductions	Gross block as on 31.03.2015	For the year	Depreciation Transfer to Retained earnings*	Deductions	Bal as on 31.03.2015	Net block	
	Gross block as on 01.04.2014	Borrowing cost	AS-11	Normal additions							As at 31.03.2014	As at 31.03.2015
Computer software	188.28	-	-	194.43	-	382.72	36.16	-	-	91.48	291.24	132.56
Total	188.28	-	-	194.43	-	382.72	36.16	-	-	91.48	291.24	132.56
Previous year	155.94	-	-	32.34	-	188.28	25.46	-	-	55.32	132.96	126.08

## (a) (iii) Capital work-in-progress

Capital work-in-progress											1,039.74	3,246.31
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\* Refer Note 1.13

## Notes to the financial statements

### Note 13 - Non - current investments

	₹ in lakhs			
	As at 31/03/2015 No. of shares	As at 31/03/2014 No. of shares	As at 31/03/2015	As at 31/03/2014
<b>Non-trade-Investments</b>				
<b>Quoted and listed</b>				
<b>Associate companies:</b>				
Equity shares of ₹2 each fully paid-up in Finolex Cables Ltd.	2,21,87,075	2,21,87,075	1,02,60.02	1,02,60.02
<b>Other companies:</b>				
Equity shares of ₹2 each fully paid-up in Gulf Oil Corporation Ltd.	9,900	9,900	1.21	1.21
Equity shares of ₹10 each fully paid-up in Gold Crest Corporation Ltd.	12,400	12,400	4.96	4.96
[Aggregate market value of Quoted Investments ₹ 63,195.74 lakhs (₹ 24,574.49 lakhs)]				
Sub total			<u>10,266.19</u>	<u>10,266.19</u>
<b>Unquoted</b>				
<b>Associate companies:</b>				
Equity shares of ₹10 each fully paid-up in Finolex Plasson Industries Ltd.	46,35,000	46,35,000	749.77	749.77
Equity shares of ₹1000 each fully paid-up in Rajasthan Olive Cultivation Ltd.	7,500	7,500	75.00	75.00
Equity shares of ₹10 each fully paid-up in Pawas Port Ltd.	49,994	49,994	5.00	5.00
<b>Other companies:</b>				
Equity shares of ₹10 each fully paid-up in I2IT Private Limited (Net off diminution in value of ₹279.31 lakhs (Previous year Nil))	61,00,000	61,00,000	330.69	610.00
Equity shares of ₹ 10 each fully paid-up in Finolex Infrastructure Ltd.	53,43,404	53,43,404	534.34	534.34
Units of ₹100000 each fully paid-up in Peninsula Realty Fund	500	500	500.00	500.00
Equity shares of ₹10 each fully paid-up in The Saraswat Co-op Bank Ltd.	1,000	1,000	0.10	0.10
Sub total			<u>2,194.90</u>	<u>2,474.21</u>
Total			<u>12,461.09</u>	<u>12,740.40</u>
(Refer Note 1(ix) for basis of valuation)				

### Note 14 - Long-term loans and advances

	₹ in lakhs	
	As at 31/03/2015	As at 31/03/2014
<b>Unsecured - considered good :</b>		
Security deposits	642.76	645.56
Capital advances	102.75	388.74
<b>Other loans and advances</b>		
<b>Unsecured - considered good</b>		
Claims receivable	60.92	60.92
Prepaid expenses	62.64	40.50
Advance tax (Net off provision)	4,370.19	3,240.40
Other deposits and advances		
Unsecured - considered good	641.24	837.00
Doubtful	213.24	84.94
	<u>854.48</u>	<u>921.94</u>
Less : Provision for doubtful deposits and advances	<u>(213.24)</u>	<u>(84.94)</u>
	<u>641.24</u>	<u>837.00</u>
	<u>5,880.50</u>	<u>5,213.12</u>

## Notes to the financial statements

### Note 15 - Other non-current assets

	₹ in lakhs	
	As At 31/03/2015	As At 31/03/2014
Long term trade receivables		
Unsecured - considered doubtful	12.96	12.96
Less: Provision for doubtful receivables	(12.96)	(12.96)
	-	-

### Note 16 - Current investments

	As At	As At	As At	As At
	31/03/2015	31/03/2014	31/03/2015	31/03/2014
	No. of units	No. of units	₹ in lakhs	₹ in lakhs
<b>Quoted but not listed - Mutual Fund (MF) Units of ₹100 each</b>				
Birla MF - BSL Cash Plus - Growth	534,643	973,246	1,200.00	2,000.00
<b>Quoted but not listed - Mutual Fund (MF) Units of ₹1000 each</b>				
Axis MF - Axis Liquid Fund - Growth	-	133,761	-	1,900.00
DSPBR Liquidity Fund - Growth	54,991	-	1,100.00	-
IDBI MF - IDBI Liquid Fund - Growth	-	145,584	-	2,000.00
Reliance MF - Reliance Liquid Fund - Treasury Plan - Growth	-	64,027	-	2,000.00
Templeton India Treasury Mgt A/C super Inst Plan - Growth	57,482	-	1,200.00	-
<b>Quoted and listed - Secured Redeemable Index Linked NCD of ₹100,000 each</b>				
Citi Financial Consumer Finance India Limited	2,005	1,505	2,005.00	1,505.00
<b>Aggregate value of Quoted Investments</b>	<b>649,122</b>	<b>1,318,123</b>	<b>5,505.00</b>	<b>9,405.00</b>

[Aggregate market value of Quoted Investments ₹5559.51 lakhs (Previous Year ₹9417.19 lakhs)]  
(Refer Note 1(ix) for basis of valuation)

### Note 17 - Inventories

	₹ in lakhs	
	As at 31/03/2015	As at 31/03/2014
Raw materials*	31,886.30	20,983.43
Work-in-progress	3,703.34	3,312.92
Finished goods	16,242.54	22,017.88
Stores and spares	3,856.58	4,088.16
Packing material	176.34	192.27
	<b>55,865.10</b>	<b>50,594.66</b>

\* Includes goods in transit ₹7,549.44 lakhs (previous year ₹417.61 lakhs)  
(Refer Note 1 (iii) for basis of valuation)

## Notes to the financial statements

### Note 18 - Trade receivables

₹ in lakhs

	As at 31/03/2015	As at 31/03/2014
Trade receivables outstanding for a period exceeding six months from due date of payment:		
Unsecured - Considered good	168.11	342.31
Trade receivables outstanding for a period less than six months from due date of payment:		
Unsecured - Considered good	4,702.33	3,756.36
	<u>4,870.44</u>	<u>4,098.67</u>

### Note 19 - Cash and bank balances

#### Cash and cash equivalents

Cash on hand	32.94	32.07
Balances with banks in current accounts	389.91	1,610.26
Balances with banks for unpaid dividend	807.17	449.56
	<u>1,230.02</u>	<u>2,091.89</u>

### Note 20 - Short term loans and advances

#### Others

Unsecured - Considered good		
Deferred premium	-	1,555.88
Advances to employees	16.08	17.12
Advances to suppliers and others	1,083.91	2,916.13
Prepaid expenses	264.92	146.40
Advance tax (net off provision)	1,759.05	781.90
Claims Receivable		
- Excise, Service Tax, Customs	4,557.21	6,491.78
- VAT and Sales Tax	4,605.11	3,794.89
	<u>12,286.28</u>	<u>15,704.10</u>

### Note 21 - Revenue from operations

Sale of manufactured goods	2,80,265.64	2,76,122.29
Other operating revenues	2,443.96	2,542.78
Revenue from operations (gross)	<u>2,82,709.60</u>	<u>2,78,665.07</u>
Less: Excise duty	35,094.67	33,361.98
Net	<u>2,47,614.93</u>	<u>2,45,303.09</u>

## Notes to the financial statements

	₹ in lakhs	
	2014-15	2013-14
<b>Details of goods sold</b>		
<b>Finished goods</b>		
PVC	76,803.27	86,636.99
PVC pipes & fittings	1,63,953.34	1,51,133.72
Power (excluding captive)	317.55	1,535.38
Others	6,540.67	5,997.00
	<u>2,47,614.93</u>	<u>2,45,303.09</u>
<b>Note 22 - Other income</b>		
<b>Interest earned on</b>		
Overdues from customers	54.52	106.02
Others	2.29	456.26
<b>Dividend received</b>		
From long-term investments	425.00	359.30
Net gain on sale of current investments	900.67	3,041.54
Profit on sale of assets	4.54	65.58
Other non-operating income	636.56	339.34
	<u>2,023.58</u>	<u>4,368.04</u>
<b>Note 23 - Cost of materials consumed</b>		
Cost of raw material consumed	1,75,594.33	1,71,526.33
Packing material consumed	2,313.15	2,362.05
	<u>1,77,907.48</u>	<u>1,73,888.38</u>
<b>Details of raw material consumed</b>		
EDC	31,622.19	25,521.04
Ethylene	30,028.15	30,457.86
VCM	49,059.85	57,910.59
Coal	6,368.69	8,316.85
PVC (excluding captive)	29,839.94	25,301.35
Others	28,675.51	24,018.64
	<u>1,75,594.33</u>	<u>1,71,526.33</u>

## Notes to the financial statements

	₹ in lakhs	
	2014-15	2013-14
<b>Note 24 - Change in inventories of finished goods, work in progress &amp; stock in trade</b>	5,384.92	(6,291.53)
Inventories at the end of the year		
Work in progress	3,703.34	3,312.92
Finished goods	<u>16,242.54</u>	<u>22,017.88</u>
	<u>19,945.88</u>	<u>25,330.80</u>
Inventories at the beginning of the year		
Work in progress	3,312.92	5,279.73
Finished goods	<u>22,017.88</u>	<u>13,759.54</u>
	<u>25,330.80</u>	<u>19,039.27</u>
<b>Details of inventory</b>		
<b>(a) Raw material</b>		
EDC	9,427.02	5,840.26
Ethylene	15,272.31	7,186.77
VCM	202.85	335.02
Coal	2,352.68	676.17
PVC (excluding captive, including GIT))	892.49	1,450.98
Others	<u>3,738.95</u>	<u>5,494.23</u>
	<u>31,886.30</u>	<u>20,983.43</u>
<b>(b) Work-in-progress</b>		
PVC	578.18	821.71
VCM	256.94	209.37
PVC compound	2,838.32	2,189.06
Others	<u>29.90</u>	<u>92.78</u>
	<u>3,703.34</u>	<u>3,312.92</u>
<b>(c) Finished goods</b>		
PVC	3,792.90	9,966.50
PVC pipes & fittings	12,041.64	12,018.52
Others	<u>408.00</u>	<u>32.86</u>
	<u>16,242.54</u>	<u>22,017.88</u>
<b>Note 25 - Employee benefits expense</b>		
Salaries, wages, bonus and commission	6,137.34	6,114.23
Contribution to provident fund and other funds (Refer Note 1.5)	358.31	314.95
Staff welfare expenses	<u>901.65</u>	<u>742.06</u>
	<u>7,397.30</u>	<u>7,171.24</u>

## Notes to the financial statements

	₹ in lakhs	
	2014-15	2013-14
<b>Note 26 - Other expenses</b>		
Power and fuel	11,253.10	10,636.97
Stores and spares consumed	3,696.16	3,209.44
Other manufacturing expenses	7,017.73	6,809.32
Rent	226.54	196.37
Rates and taxes	1,097.22	1,106.61
Insurance	462.70	453.16
Repairs & maintenance (Buildings)	960.22	442.64
Repairs & maintenance (Plant & machinery)	1,692.07	1,199.92
Repairs & maintenance (Others)	312.11	249.46
Communication expenses	176.81	169.53
Travelling and conveyance	1,044.54	739.19
Directors sitting fees	26.40	21.00
Commission to non-executive Directors	17.50	21.00
Auditor's remuneration :		
- Statutory audit fees	22.00	22.00
- Limited review fees	4.50	4.50
- Tax audit fees	5.00	5.00
- Other fees and certification	3.20	7.99
- Out Of pocket expenses	0.69	0.92
Advertisement, publicity and sales promotion	2,436.51	1,480.05
Commission on sales	398.58	398.13
Freight outward & other selling expenses	1,441.05	1,252.28
Donations (Refer Note 1.14)	285.21	18.22
Loss on sale of assets	84.52	48.95
Provision for diminution in value of non-current investment	279.31	-
Legal and professional fees	1,027.59	1,204.84
Corporate social responsibility	383.36	178.80
Provision for doubtful deposits	128.30	-
Security expenses	495.16	437.38
Miscellaneous expenses	610.90	559.82
	<u>35,588.98</u>	<u>30,873.49</u>
<b>Note 27 - Finance costs</b>		
Interest expense	3,911.15	3,958.29
Other borrowing costs	250.59	420.29
Premium on forward exchange contracts	1,814.96	2,258.59
	<u>5,976.70</u>	<u>6,637.17</u>

## Notes forming part of the financial statements

### Note 1) Significant Accounting Policies

#### i) Basis of preparation:

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provision of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year.

#### ii) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, current assets, non-current assets, current liabilities and non-current liabilities and the disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### iii) Valuation of inventories:

Inventories are valued at lower of cost and net realizable value. Cost is determined on moving weighted average method. Cost of inventories comprises of cost of materials, conversion cost, other cost incurred in bringing the inventories to their present location and condition and excise duty wherever applicable.

#### iv) Cash and cash equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value.

#### v) Depreciation:

Depreciation on fixed assets has been provided in a manner that amortizes the cost of the assets over their estimated useful lives on straight line method as per the useful life prescribed under Schedule- II to the Companies Act, 2013 except in the case of Captive Power Plant where the management, based on a technical evaluation, have estimated the life to be 25 years which is lower than the life prescribed in Schedule – II

Amortisation is provided in respect of leasehold land over the period of lease.

#### vi) Revenue recognition:

Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer.

Where the ability to assess the ultimate collection with reasonable certainty is lacking at the time of raising any claim, revenue recognition is postponed to the extent of uncertainty involved. In such cases revenue is recognized only when it is reasonably certain that the ultimate collection will be made.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend from investments is not recognized in the profit and loss statement until a right to receive payment is established in the reporting period.

**vii) Fixed assets:**

Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation. Attributable finance costs and expenses of bringing the respective assets to working condition for their intended use are capitalised. Borrowing costs that are directly attributable to the acquisition or production of a qualifying asset are capitalised as part of the cost of those assets. Other borrowing costs are recognised as expense in the period in which they are incurred.

**viii) Foreign currency transactions:**

Initial recognition: A foreign currency transaction is recorded on initial recognition in the reporting currency by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion: At the year end, monetary items denominated in foreign currencies are converted into rupee equivalents at the year-end exchange rates.

Exchange differences: All exchange differences arising on settlement/conversion on foreign currency transactions are included in the Profit and Loss Statement.

In accordance with MCA notification on Accounting Standard 11 (AS 11), in respect of long term foreign currency loan taken for acquisition of assets, the exchange difference arising on reporting of said loan is adjusted to the cost of the respective assets.

Forward exchange contracts: The Company uses foreign exchange forward contracts and options to hedge its risks associated with foreign currency fluctuations.

Forward contracts/options entered into to hedge foreign currency risk on underlying liabilities are accounted as per Accounting Standard 11, "The Effects of changes in Foreign Exchange Rates". The premium arising at the inception of such forward contracts/options is amortised as expense over the life of the contract. Gains and losses arising on account of roll over/cancellation of forward contracts are recognised as income/ expense of the period in which such roll over/cancellation takes place.

Forward contracts/options entered into to hedge foreign currency risk on unexecuted firm commitments are accounted, keeping in view the principle of prudence as enunciated in AS 1, "Disclosure of Accounting Policies"; in pursuance of the announcement of the ICAI dated March 29, 2008 on Accounting for Derivative Losses.

**ix) Valuation of investments:**

Investments that are readily realizable and intended to be held for not more than

a year from the date on which such investment is made are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried at lower of cost and fair value determined on an individual investment basis.

Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of such investments.

**x) Employee benefits:**

**I. Short term employee benefits**

All employee benefits payable wholly within twelve months of rendering the services are classified as short term employee benefits. Benefits such as salaries, wages, expected cost of bonus and short term compensated absences, etc. is recognized in the period in which the employee renders the related service.

**II. Post-employment benefits**

**a) Defined contribution plans**

The Company's superannuation scheme, state governed provident fund and employee state insurance scheme are defined contribution plans. The contribution paid/payable under the scheme is recognized during the period in which the employee renders the related service.

**b) Defined benefit plans**

The employees' gratuity fund scheme is the Company's defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, is based on the market yields of Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognized immediately in the Profit & Loss Statement. The fair value of the plan's assets is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis. Gains or a loss on the curtailment or settlement of the defined benefit plan is recognized, when the curtailment or settlement occurs. Past service cost is recognized as expenses on a straight-line basis over the average period until the benefits become vested.

**III. Long term employee benefits**

The obligation of long term compensated absences are recognized in the same manner as in the case of defined benefit plans as mentioned in note II (b) above. Accumulated leaves that are expected to be utilized within the next 12 months are treated as short term employee benefits.

**xi) Segment accounting:**

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

**Allocation of common costs**

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

**Unallocable items**

Unallocable items include general corporate income and expense items which are not allocated to any business segment.

**Inter-segment**

Segment revenue from intersegment transactions is accounted on the basis of transfer price agreed between the segments.

**Segment accounting policies**

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

**xii) Accounting for leases:**

Assets taken on lease where significant portion of risk and rewards incidental to the ownership are not transferred are treated as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Statement on straight line basis over the lease term.

**xiii) Earnings per share:**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity Shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**xiv) Taxes on income:**

Tax on income for the current period is determined on the basis of taxable income after considering the various deductions available under The Income Tax Act, 1961.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year. The tax effect is calculated on the accumulated timing differences at the end of the accounting period based on prevailing enacted or substantively enacted regulations.

Deferred tax liabilities are recognized for all timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. At each reporting date the company reassesses the unrecognized deferred tax assets and reviews the deferred tax assets recognized.

**xv) Intangible assets:**

Intangible Assets are amortised over the useful life of the assets on Straight Line Method over a period of 6 years.

Research and development costs are expensed out as and when incurred, except for development costs which relate to the design and testing of new or improved material, products or processes which are recognized as an asset, when it is expected that such assets will generate future economic benefits.

**xvi) Impairment policy:**

The company assesses at each balance sheet date whether there is any indication that an asset or cash generating unit (CGU) may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's or CGU's net selling price or its value in use. 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.

**xvii) Provisions:**

A provision is recognized when the Company has a present obligation as a result of 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. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

**xviii) 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 or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

## 1.1) Terms of borrowings:

### Terms of debenture

1,000 privately placed 10.90 % secured redeemable non-convertible debentures of ₹ 10 lakhs each, aggregating to ₹ 10,000 lakhs ("10.90% NCDs") will be redeemed in 3 years bullet from the date of allotment i.e. 31st December, 2013.

### Terms of loan repayment

The term loan from Central Bank of India amounting to ₹ 10,000 lakhs 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 is repayable in 3 equal annual instalments starting from 31<sup>st</sup> March, 2015. From 01<sup>st</sup> Feb 2015, the interest rate has been changed to 10.25% + 0.25% p.a.

The term loan from Bank of Maharashtra amounting to ₹ 5,000 lakhs 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 term loan from Citibank NA amounting to ₹10,000 lakhs was availed in the financial year 2013-2014 at the interest rate of 10.75% p.a. From 1<sup>st</sup> July 2014, the rupee loan has been converted into USD loan at spot rate at the interest rate of 6 months USD libor + 270 basis points repayable on 1<sup>st</sup> July 2015.

### Nature of security for secured borrowings and working capital:

#### Debentures:

The outstanding amount payable on 10.90% NCDs of ₹10,000 lakhs with the interest accrued thereon but unpaid and all other costs, charges, expenses and fees payable to the debenture trustees namely Axis Trustee services Limited(ATSL) secured under the Debenture Trust deed and 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.

#### Term Loans:

**From Central Bank of India:** The outstanding amount payable on term loan of ₹ 10,000 lakhs 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 are 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.

**From Bank of Maharashtra:** The outstanding amount payable on term loan of ₹ 5,000 lakhs 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 are 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.

**From Citibank N.A.:** The outstanding amount payable on term loan of ₹ 10,000 lakhs availed from Citibank N.A. with all interest, liquidated damages, commitment charges, premia on prepayment, costs, expenses and other moneys and fees payable as applicable are secured by:

Extension of second equitable mortgage, to be created in favour of Citibank by deposit of title deeds with Axis Bank Ltd., New Delhi ("ABL") on pari passu basis with other second charge holders, ABL acting as an agent of Citibank N.A. which ranks subsequent and subservient in rank of priority over the first equitable mortgages created / to be 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.

**Working capital:**

The aggregate limits of working capital borrowings of ₹1,39,575 lakhs 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:

- (i) Hypothecation of inventories and book debts; and
- (ii) 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.

		Amount	Amount
		(₹ In lakhs)	(₹ In lakhs)
		2014-15	2013-14
<b>1.2</b>	<b>Contingent liabilities and commitments:</b>		
	<b>i) Claims against the Company not acknowledged as debt:</b>		
	<b>a)</b> 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
	<b>b)</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	930.29	910.97
	<b>c)</b> Excise/Customs/Service Tax in respect of which either show cause notice is received or the Company/Department is in appeal	6,322.90	5,702.89
	<b>d)</b> Sales Tax matters in respect of which either show cause notice is received or the Company/Department is in appeal	8,122.91	2,422.32
	<b>e)</b> Amounts claimed by banks in respect of derivative transactions which are under dispute not acknowledged as debt in USD 20,821,480/- (USD 26,671,840/-) 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.	13,022.56	15,980.22
	<b>Commitments:</b>		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	104.89	927.28
<b>1.3</b>	<b>A. Details of derivative instruments outstanding as at the Balance sheet date:</b>		
	The Company has entered into forward contracts/option transactions with an objective to hedge the financial risks associated with its business viz. foreign exchange, interest rate. Quantitative information of derivative instruments outstanding as at the Balance sheet date:		
	Forward contracts/Options for payables including firm commitments	-	63,539.40
	<b>B. The Company has not hedged the following foreign currency exposures:</b>		
	<b>(i) Borrowings grouped under :-</b>		
	Secured Loans -USD 645.69 lacs (20.38 lacs)	40,355.06	1,220.88
	<b>(ii) (a) Trade Payables -USD 182.39 lacs (123.23 lacs)</b>	11,399.09	7,383.26
	<b>(b) Trade Payables -EURO 0.0019 lacs (NIL)</b>	0.13	-
	The foreign currency exposures to the extent of ₹ 41,228.40 lacs (₹ 8,604.14) included above, which are not hedged by derivative instruments, are naturally hedged by future earnings linked to foreign currency due to import parity pricing of PVC resin.		

		Amount	Amount
		(₹ In lakhs)	(₹ In lakhs)
		2014-15	2013-14
<b>1.4</b>	<b>Trade Payables</b>		
	A) Outstanding to creditors other than Micro, Small & Medium Enterprise	19,974.91	11,136.01
	B) Interest Paid/Payable other than MSME	-	-
	C) Outstanding to Micro, Small & Medium Enterprise	25.19	6.87
	D) Interest Paid/Payable to MSME	-	-
	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. There were no outstanding dues to micro, small and medium enterprises which were outstanding for more than the stipulated period.		
<b>1.5</b>	<b>Disclosure as per Accounting Standard 15 (Revised)</b>		
	Amount of ₹ 358.31 lakhs (₹ 314.95 lakhs) is recognised as an expense and included in "Employees benefits expense" (Note 25) in the Profit and Loss Statement.		
	<b>The following table sets out the status of the Funded Gratuity Plan (defined benefit plan) as required under AS 15 (Revised).</b>		
	<b>Particulars</b>	<b>2014-15</b>	<b>2013-14</b>
	<b>a) Statement showing Changes in the Present Value of the Obligation</b>		
	Present Value of obligation at the beginning of the year	826.18	780.81
	Interest Cost	63.55	59.20
	Current Service Cost	58.59	64.18
	Benefits Paid	(63.72)	(81.55)
	Actuarial (gain)/ loss on obligation	(13.05)	3.54
	<b>Present Value Of obligation as at the end of the year</b>	<b>871.55</b>	<b>826.18</b>
	<b>b) Statement showing Changes in the Fair value of Planned Assets</b>		
	Fair value of plan Assets at the beginning of the year	296.29	291.42
	Expected Return on plan assets	23.45	23.51
	Contributions	57.41	60.45
	Benefits Paid	(63.72)	(81.55)
	Actuarial gain/ (loss) Plan Assets	2.07	2.46
	<b>Fair value of plan Assets at the end of the year</b>	<b>315.50</b>	<b>296.29</b>
	<b>c) Amount to be recognised in the Balance Sheet</b>		
	Present Value of obligation	871.55	826.18
	Fair Value of Plan Assets	(315.50)	(296.29)
	Liability/(asset)	556.05	529.89
	Unrecognised past service cost	0.00	0.00
	<b>Liability/(asset) recognised in the Balance Sheet</b>	<b>556.05</b>	<b>529.89</b>

		Amount	Amount
		(₹ In lakhs)	(₹ In lakhs)
		2014-15	2013-14
<b>d)</b>	<b>Expenses Recognised in the statement of Profit &amp; Loss Account</b>		
	Current Service Cost	58.59	64.18
	Interest Cost	63.55	59.20
	Expected Return on plan assets	(23.45)	(23.51)
	Net Actuarial (gain)/loss recognised in the year	(15.12)	1.09
	Past Service Cost	0.00	0.00
	<b>Expenses Recognised in the statement of Profit &amp; Loss</b>	<b>83.57</b>	<b>100.96</b>
<b>e)</b>	<b>Principal actuarial assumptions at the balance sheet date</b>		
	Discount rate	8% p.a.	8% p.a.
	Expected Return On Plan Assets	8% p.a.	8% p.a.
	Mortality as per Indian Assured Lives Mortality (2006-08) Ultimate		
	Future Salary Increases	6% p.a.	6% p.a.
	Disability	Nil	Nil
	Attrition	1% p.a.	1% p.a.
	Retirement	58 years	58 years
The company expects to contribute ₹7,079,180 in the financial year 2015-16 towards funding of the gratuity plan			

<b>Basis used to determine the overall expected return:</b>		
Life Insurance Corporation of India (LIC) manages the investments of Employee Gratuity Scheme. Expected rate of return on investments is determined based on the assessment made by the LIC at the beginning of the year on the return expected on its existing portfolio, along with the estimated incremental investments to be made during the year. Yield on the portfolio is calculated based on a suitable mark-up over the benchmark Government securities of similar maturities.		
	<b>Percentage</b>	<b>Percentage</b>
Central Government Securities	23.86	23.86
State Government Securities	16.14	16.14
Other Approved Securities (Government Guaranteed Securities)	1.21	1.21
Bonds and Debentures	39.32	39.32
Fixed Deposits	14.2	14.2
Equity Shares	4.67	4.67
Money Market Instruments	0.02	0.02
Mutual Fund	0.58	0.58
<b>Grand Total</b>	<b>100</b>	<b>100</b>

The estimates of future salary increase considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.  
General descriptions of defined plans:

**Gratuity Plan:**

The company operates gratuity plan 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.

		Amount (₹ In lakhs) 2014-15	Amount (₹ In lakhs) 2013-14
<b>1.6</b>	<b>CIF Value of Imports:</b>		
	Raw materials *	153,209.07	139,425.68
	Stores, spares and components	227.80	292.60
	Capital goods	92.43	2,136.47
	* Inclusive of high seas purchases		

<b>1.7</b>	<b>Consumption of Raw Materials</b>		
	<b>Imported</b>	<b>155,277.47</b>	<b>153,069.17</b>
		<b>88.43%</b>	<b>89.24%</b>
	<b>Indigenous</b>	<b>20,316.86</b>	<b>18,457.15</b>
		<b>11.57%</b>	<b>10.76%</b>
	<b>Total</b>	<b>175,594.33</b>	<b>171,526.33</b>

<b>1.8</b>	<b>Expenditure in Foreign Currency:</b>		
	Interest	450.20	714.64
	Subscription	34.79	18.40
	Travelling expenses	17.88	27.97
	Legal and professional fees	21.36	56.64
	Others	-	2.87

<b>1.9 Related Party Disclosures</b>	
Disclosures as required by Accounting Standard 18 "related party disclosures" are given below:	
<b>A) Names of related parties and nature of relationship where control exists</b>	
<b>Name of the related party</b>	<b>Nature of relationship</b>
1. Pawas Port Ltd.	Substantial interest
<b>B) Names of related parties with whom transactions have been entered into</b>	
Mr. Prakash P. Chhabria - Executive Chairman	Key Management Personnel
Mr. Saurabh S. Dhanorkar - Managing Director	Key Management Personnel
Mr. Sanjay S. Math - Director (Operations)	Key Management Personnel
Finolex Cables Limited	Associate Company
Finolex Plasson Industries Private Limited	Associate Company
Finprop Advisory Services Limited	Enterprises over which key management personnel or their relatives exercise significant influence
Magnum Machine Technologies Limited	

	Amount	Amount
	(₹ In lakhs)	(₹ In lakhs)
<b>C) Transactions with Related Parties</b>	<b>2014-15</b>	<b>2013-14</b>
<b>Nature of Transactions</b>		
<b>I. Sales, services and other income</b>		
<b>Sale of goods</b>		
Finolex Cables Limited	-	118.36
Finolex Plasson Industries Private Limited	3,148.81	2,654.78
<b>Reimbursement received of expenditure incurred</b>		
Finolex Cables Limited	124.94	95.38
<b>Dividend received</b>		
Finolex Cables Limited	354.99	266.24
Finolex Plasson Industries Private Limited	69.53	92.70
<b>II. Purchase of material / assets</b>		
<b>Purchase of raw material and components</b>		
Finolex Cables Limited	24.14	20.20
Finolex Plasson Industries Private Limited	1.25	1.57
Magnum Machine Technologies Limited	55.54	-
<b>Purchase of fixed assets</b>		
Finolex Cables Limited	5.27	54.09
Magnum Machine Technologies Limited	342.84	692.74

		Amount (₹ In lakhs)	Amount (₹ In lakhs)
		2014-15	2013-14
<b>C) Transactions with Related Parties</b>			
<b>III. Expenses</b>			
<b>Remuneration of Key Management Personnel</b>			
Mr. Prakash P. Chhabria		373.86	675.43
Mr. Saurabh S. Dhanorkar		133.10	190.43
Mr. Sanjay S. Math		99.21	140.08
<b>Services</b>			
Finprop Advisory Services Limited		14.23	49.20
<b>Rent</b>			
Finolex Cables Limited		70.28	10.33
<b>Reimbursement of expenses paid</b>			
Finprop Advisory Services Limited		0.36	1.04
<b>Dividend paid</b>			
Finolex Cables Limited		2,813.48	2,210.59
<b>Amounts outstanding</b>			
<b>Due to</b>			
Finolex Cables Limited		20.81	0.04
Finolex Plasson Industries Private Limited		20.85	-
<b>Due from</b>			
Finolex Cables Limited		0.04	18.30
Finolex Plasson Industries Private Limited		-	24.44
<b>1.10 Movement of provision for leave encashment</b>			
Carrying amount at the beginning of the year		331.39	314.79
Provision made during the year		262.79	265.38
Amount used during the year		193.59	248.79
Unused amounts reversed during the year		-	-
Carrying amount at the end of the year		400.59	331.39
<b>1.11 Earning per share</b>			
<b>Basic</b>			
a) Profit for the year		8,078.06	24,186.19
b) Less: Attributable tax thereto		3,300.23	7,171.53
c) Profit after tax		4,777.83	17,014.66
Weighted average number of equity shares used as denominator		12,40,95,381	12,40,95,381
Basic earning per share of nominal value of ₹ 10/- each		3.85	13.71
Note: There are no potential shares that have a dilutive effect on the EPS			

**1.12** Exceptional item includes foreign exchange loss (net) and settlement of claim against derivative ₹2,937.65 lacs (previous year ₹6,977.01 lacs) and write off of insurance claim on aircraft of ₹500 lacs (previous year ₹Nil).

**1.13** Effective from 1st April, 2014 the company has charged depreciation based on the revised useful life of the assets as per the requirements of Schedule II of the Companies Act, 2013 and in certain cases on the basis of technical evaluation. Consequently, depreciation charged is lower by ₹ 477.28 lakhs for the current year. Further, carrying value of the assets whose useful life was already exhausted as on 1st April, 2014, amounting to ₹3,073.12 lakhs and deferred tax credit of ₹1,044.55 lakhs thereon has been recognised in the opening balance of Retained earnings.

		Amount (₹ In lakhs) 2014-15	Amount (₹ In lakhs) 2013-14
<b>1.14</b>	Donations include political contributions of ₹280 lakhs (₹ Nil) paid to following political parties:		
	Bharatiya Janata Party	155.00	-
	Maharashtra Pradesh Nationalist Congress Party	50.00	-
	Shivsena	75.00	-

**1.15 Segment Reporting:**

Primary Segment

Based on the guiding principle given in the Accounting Standard-17 "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Company's primary segments are PolyVinyl Chloride (PVC), Pipes & fittings and Power.

The above business segments have been identified considering :

- i) The nature of the products
- ii) The related risks and returns
- iii) The internal financial reporting systems

Revenue and expenses have been accounted for on the basis of their relationship to the operating activities of the segment . Revenue and expenses , which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis , have been included under "Unallocable Expenses ". Assets and liabilities which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis , have been included under " Unallocable Assets / Liabilities".

Description	₹ in lakhs											
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	TOTAL	
A. Primary segment information												
Segment revenue												
(Net of excise duty)												
a) external sales	77,915.62	87,441.07	1,69,381.76	1,66,326.64	317.55	1,535.38	-	-	2,47,614.93	-	2,45,303.09	
b) inter-segment sales	78,093.92	83,861.57	-	-	12,757.01	14,912.31	-	-	(90,850.93)	(96,773.87)	2,45,303.09	
Total revenue	1,56,009.54	1,71,302.64	1,69,381.76	1,66,326.64	13,074.56	16,447.69	-	-	19,912.19	2,47,614.93	36,735.85	
Segment result	4,796.84	20,079.52	13,371.31	13,205.34	1,744.04	3,450.98	-	-	(5,976.70)	(5,857.43)	(6,637.17)	
Interest												
Net unallocable (expenditure) / income												
Profit before tax												
Provision for current tax												
Provision for deferred tax												
Short / (Excess) provision of earlier years												
Profit after tax												
Segment assets	80,214.66	85,328.32	52,451.05	39,974.83	26,690.61	33,632.70	70,421.66	27,794.79	4,777.83	-	17,014.66	
Segment liabilities	19,614.88	7,577.83	5,964.81	6,045.17	1,171.56	2,318.96	49,466.44	10,587.72	-	-	1,86,670.64	
Capital expenditure	748.03	534.57	4,145.96	7,161.40	27.23	130.78	406.57	70.16	-	-	26,529.69	
Depreciation	1,235.67	2,539.57	2,156.29	2,042.52	2,440.44	1,645.89	34.83	1.21	-	-	7,896.90	
B. Secondary segment												
The Company caters mainly to the needs of Indian markets. Export turnover during the year being less than 10% of the total turnover, there are no reportable geographical segments.												

Note 1.16 Figures of the previous year have been regrouped / rearranged wherever necessary.

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

Abhijeet Bhagwat  
Partner  
M. No. 136635

Anil V. Whabi  
Chief Financial Officer  
Umesh M. Gosavi  
Company Secretary

Pune: 28<sup>th</sup> May, 2015

Prakash P. Chhabria

Executive Chairman

Sanjay K. Asher  
Kanayalal N. Atmaramani  
Dara N. Damania  
Saurabh S. Dhanorkar  
Shrikrishna N. Jhambdar  
Prabhakar D. Karandikar  
Sanjay S. Math  
Dr. Sunil U. Pathak

Managing Director  
Director (Operations)

Pune: 28<sup>th</sup> May, 2015

## 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 Rs. in lakhs)

Sl. 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	Re-serves & surplus	Total assets	Total Liabilities	Investments	Turn-over	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of share-holding
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

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		Description of how there is significant influence	Reason why the associate/joint venture is not consolidated	Network attributable to Shareholding as per latest audited Balance Sheet	Profit / Loss for the year	
			No.	Amount of Investment in Associates/Joint Venture				Extend of Holding %	Considered in Consolidation
		1	2	3	4	5	6		
1	Finolex Plasson Industries Pvt. Ltd.	31.3.2014	4635000	463.50	46.35	Voting power	3,722.81		428.27
2	Rajaasthan Olive Cultivation Ltd.	31.3.2014	7500	75.00	25.00	Voting power	65.80		(0.17)
3	Pawas Port Ltd.	31.3.2014	49994	4.99	49.99	Voting power	4.35		(0.10)

\* Not required pursuant to MCA Notification No. G.S.R. 723 (E) dated 14th October, 2014

1. Names of associates or joint ventures which are yet to commence operations. 2. Names of associates or joint ventures which have been liquidated or sold during the year.  
For and on behalf of the Board of Directors

Saurabh S. Dhanorkar  
Managing Director  
Pune: 28<sup>th</sup> May, 2015

₹ in lakhs

## NOTICE

NOTICE is hereby given that the thirty-fourth annual general meeting of the Members of Finolex Industries Limited will be held on Saturday, 29<sup>th</sup> August, 2015 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, 410506 to transact the following business:

### Ordinary business:

1. To receive, consider and adopt the audited financial statement of the Company for the financial year ended 31<sup>st</sup> March, 2015 together with the reports of the directors' and the auditors'.
2. To declare a final dividend on equity shares for the financial year ended 31<sup>st</sup> March, 2015.
3. To appoint a director in place of Mr. Saurabh S. Dhanorkar (DIN 00011322), who retires by rotation and, being eligible, offers himself for reappointment.
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 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”) read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014, the Company hereby ratifies the appointment of M/s. P. G. Bhagwat, Chartered Accountants (Firm Registration No.101118W) as the Statutory Auditors of the Company to hold office from the conclusion of this annual general meeting until the conclusion of the annual general meeting to be held for the financial year 2016-17 on such remuneration as may be mutually agreed between the Board of Directors (the “Board”) and the Statutory Auditors based on the recommendation of the Audit Committee 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 Auditors for the financial year ending 31<sup>st</sup> March, 2016 by passing 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 (the “Act”) and the Companies (Audit and Auditors) Rules, 2014 and subject to guidelines and approvals of the Central Government as may be applicable, the Members hereby ratify a consolidated remuneration of ₹4,00,000/- (Rupees four lakhs only) plus service tax, 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 to the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2016.

**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 an ordinary resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 161 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 (II) of the Listing Agreement, Mrs. Ritu P. Chhabria (DIN 00062144), woman director on the Board of Directors (the “Board”) of the Company who was appointed by the Board as an additional director, such appointment being effective 21<sup>st</sup> March, 2015 and who holds office up to the date of this annual general meeting, and in respect of whom, pursuant to section 160 of the Act, the Company has received notice in writing proposing her candidature for the office of director, be and is hereby appointed as a director of the Company liable to retire by rotation.”

7. 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 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 and subject to the provisions of the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” for making offer(s) or invitation(s) to subscribe to secured Non-Convertible Debentures (“NCDs”) 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.”

By Order of the Board of Directors  
For Finolex Industries Limited

Pune  
28<sup>th</sup> May, 2015

**Umesh M. Gosavi**  
Company Secretary

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE “MEETING”) IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A 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 available on page no. 119.

The register of the proxy will be available for inspection at registered office of the Company on all working days during business hours 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 to 7 is annexed hereto.
3. The register of members and the share transfer books of the Company will remain closed from 22<sup>nd</sup> August, 2015 to 29<sup>th</sup> August, 2015, both days inclusive for the purpose of payment of dividend for the financial year ended 31<sup>st</sup> March 2015 and the annual general meeting.
4. Dividend, if declared at the meeting, will be credited / dispatched between 3<sup>rd</sup> September, 2015 to 10<sup>th</sup> September, 2015 to those members whose names appear on the register of Members of the Company as on 29<sup>th</sup> August, 2015 or on the register of beneficial owners maintained by the depositories as at the close of their business hours on 21<sup>st</sup> August, 2015.
5. Votes 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-I 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 34<sup>th</sup> Annual General Meeting by electronic means and the business may be transacted through e-voting Services provided by 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 the clause 35B of the listing agreement, the Members are requested to cast their votes through e-voting as explained above. Further, pursuant to clause 35B of the listing agreement, the Members who do not have access to e-voting facility may also cast their vote by returning the enclosed ballot form on or before 5.00 p.m.

of 28<sup>th</sup> August, 2015 to the scrutinizer (fill in the enclosed Ballot Form and post it to the Scrutinizer at the investors' grievance 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 Annual General Meeting in a manner provided in the Companies Act, 2013.

**b) The instructions for shareholders' voting electronically are as under:**

- (i) The voting period begins on Wednesday, 26<sup>th</sup> August, 2015 at 9.00 a.m. and ends on Friday, 28<sup>th</sup> August, 2015 at 5.00 p.m.. During this period, shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Saturday, 22<sup>nd</sup> August, 2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter last eight digits of Folio Number registered with the Company.
- (vi) Next 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](http://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:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>

Dividend Bank Details OR Date of Birth (DOB)	<p>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.</p> <ul style="list-style-type: none"> <li>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).</li> </ul>
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- (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 demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the 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 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 the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “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 of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account holder has forgotten the 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) **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](http://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](mailto: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 in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto: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 (POA) 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.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- c) Mr. S. V. Deulkar, Practicing Company Secretary (C.P. No. 965) 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 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 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](http://www.finolexwater.com) and on the website of CDSL and communicated to the National Stock Exchange of India Limited & BSE Limited.
6. The details of the directors proposed to be appointed as required under clause 49 of the Listing Agreement are given in the explanatory statement which forms part of this notice.
- The details of Mr. Saurabh S. Dhanorkar (DIN 00011322) who is proposed to be re-appointed, are as given below:-
- Mr. Saurabh S. Dhanorkar is aged 59 years, B.Com. (Hons.), Fellow Chartered Accountant. After a brief stint with an international accounting firm and an agro based public limited company, he joined the Company in the year 1983. He has wide experience in finance, marketing and other commercial activities. He is a director of the Company since December, 1996. Mr. Dhanorkar was appointed as Managing Director with effect from the close of business hours of 11<sup>th</sup> August, 2012. Mr. Dhanorkar is also director of Pawas Port Limited. Mr. Saurabh S. Dhanorkar holds 5,381 shares of the Company.
7. Members whose shareholding is in the dematerialized form are requested to direct the change of address notifications and updations 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 physical form are requested to consider dematerializing the same.
9. Members who have not appointed nominees are requested to appoint nominees. The prescribed form for appointment of nominee / change in nomination are available on website.
10. Members desirous of obtaining any information concerning the accounts and operations of the Company for the financial year ended on 31<sup>st</sup> March, 2015 are requested to address their questions to the Company Secretary at the registered office of the Company so as to reach on or before 14<sup>th</sup> August, 2015 so that the requested information may be made available.
11. Please ensure that copies of PAN card(s) of all transferees/legal heirs while lodging requests for share transfer/transmission of shares are enclosed. In the absence of such PAN card copies, Company cannot give effect to the requests for transfer/transmission/name deletion etc.
12. Members are requested to note that pursuant to the provisions of section 124 and other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and rules made thereunder, 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.
13. Members are requested to bring their copies of the annual reports and the attendance slips duly filled-in to the annual general meeting.
14. Pursuant to the provisions of Rule 18 of the Companies (Management and Administration) Rules, 2014 that a Company can send 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 e-mail address investors@finolexind.com and Members holding shares in dematerialized form are requested 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 physical copy of 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 will be available for inspection at the Company's registered office during normal business hours on working days upto the date of annual general meeting.
16. Route map showing directions to the venue of the meeting is given on page no. 124.

**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 7 of the accompanying notice dated 28<sup>th</sup> May, 2015.**

**Item No. 5**

In terms of the provisions of section 148 of the Act, the Board of Directors (the “Board”) at its meeting held on 28<sup>th</sup> May, 2015 has, on the recommendation of the Audit Committee approved the appointment of M/s. S. R. Bhargave & Co., Cost Auditor, for the audit of cost records maintained by the Company as per the requirements of the Act and Rules framed thereunder for the financial year ending 31<sup>st</sup> March, 2016. As approved by the Board, the annual remuneration payable to M/s. S. R. Bhargave & Co. for the financial year ending 31<sup>st</sup> March, 2016 is ₹ 4,00,000 plus service tax, as applicable, and reimbursement of out of pocket expenses at actuals.

As per rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration of M/s. S. R. Bhargave & Co., Cost Auditor is to be ratified by the Members. Hence, this resolution is put for consideration of the Members.

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, except as a Member of the Company.

**Item No.6**

In compliance with the provisions of the second proviso to sub-section (1) of section 149 of the Act read with rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 (II) (A) of the Listing Agreement, Mrs. Ritu P. Chhabria (DIN 00062144) has been appointed as woman director on the Board of Directors of the Company (“the “Board”) vide circular resolution dated 19<sup>th</sup> March, 2015.

In her capacity as woman director, Mrs. Ritu P. Chhabria has been acting as an additional director on the Board with effect from 21<sup>st</sup> March, 2015.

Mrs. Ritu P. Chhabria holds office upto the date of the thirty-fourth annual general meeting of the Company. Notice has been received from a member of the Company pursuant to section 160 of the Act along with a deposit of ₹ 1,00,000/- (Rupees one lakh only) proposing Mrs. Ritu P. Chhabria as a candidate for the office of director. Mrs. Ritu P. Chhabria has given her consent, to act as a director of the Company, if appointed. She is a part of the promoters' group and related to Mr. Prakash P. Chhabria, Executive Chairman of the Company.

Brief resume of the director being appointed, nature of her expertise in specific functional areas and details of Directorships and Committee memberships and her shareholding in the Company as required under Clause 49 of the Listing Agreement entered into by the Company with stock exchanges are furnished in the Corporate Agreement Report at page nos. 59 & 60.

The Board considers that her association would be of immense benefit to the Company and it is desirable to avail services of Mrs. Ritu P. Chhabria as director of the Company. Accordingly, 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 except Mrs. Ritu P. Chhabria and Mr. Prakash P. Chhabria are concerned or interested, financially or otherwise, in the resolution set out at Item no.6.

#### **Item No. 7**

Pursuant to the provisions of section 42 of the Act read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 (the "Rules"), 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 by way of special resolution can be obtained once a year for all the offers and invitations for such NCDs during the year.

NCDs issued on private placement basis are a significant source of borrowings for the Company. The secured borrowings of the Company as on 31<sup>st</sup> March, 2015 aggregate to ₹ 61,590.14 lakhs, of which, NCDs aggregate to ₹ 10,000.00 lakhs.

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.7, 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. 7 for approval of the Members.

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. 7.

By Order of the Board of Directors  
For Finolex Industries Limited

Pune  
28<sup>th</sup> May, 2015

**Umesh M. Gosavi**  
Company Secretary

## Five Year financial highlights

(₹ In lakhs)

PROFIT AND LOSS ACCOUNT DATA	2014/15	2013/14	2012/13	2011/12	2010/11
Gross Revenue	284,733.18	2,83,033.11	2,46,679.52	2,35,240.36	2,22,101.07
Materials and manufacturing cost (including excise duty)	240,354.06	2,21,614.56	1,89,783.09	1,93,266.37	1,80,381.79
Personnel expenses	7,397.30	7,171.24	7,191.05	5,640.78	5,053.35
Administration and selling expenses	17,059.64	17,194.77	20,103.21	11,611.66	11,761.48
Finance charges	5,976.70	6,637.17	5,144.89	7,496.07	5,966.28
Depreciation	5,867.42	6,229.18	5,441.64	7,551.28	7,442.91
(Loss)/Profit before tax	8,078.06	24,186.19	19,015.64	9,674.21	11,495.26
Taxation	3,300.23	7,171.53	5,401.95	2,159.08	3,878.16
(Loss)/Profit after tax	4,777.83	17,014.66	13,613.69	7,515.13	7,617.10
Dividend (including tax on dividend if applicable)	2,978.14	10,162.97	7,932.65	4,326.80	4,354.00
<b>BALANCE SHEET DATA</b>					
Share capital	12,409.54	12,409.54	12,408.68	12,408.68	12,404.48
Reserves and surplus	66,330.45	66,559.33	59,707.59	53,802.24	49,626.98
Net worth	78,739.99	78,968.87	72,116.27	66,210.92	62,031.46
Deferred tax ( net )	11,077.75	10,632.53	9,363.58	8,985.55	8,006.99
Long term Loans	18,365.80	23,220.87	13,970.87	18,956.07	19,543.80
Short term Loans	40,340.14	42,371.22	57,092.20	82,288.35	53,914.23
<b>Total liabilities</b>	<b>1,48,523.68</b>	<b>1,55,193.49</b>	<b>1,52,542.92</b>	<b>1,76,440.89</b>	<b>1,43,496.48</b>
Gross block	1,89,393.63	1,84,996.56	1,77,099.66	1,62,553.92	1,56,372.54
Net block (including CWIP)	87,816.30	93,768.00	93,013.17	86,937.35	86,464.52
Investments	12,461.09	12,740.40	12,740.40	12,208.56	12,208.56
Net current assets	48,246.29	48,685.09	46,789.35	77,294.98	44,823.40
<b>Total assets</b>	<b>1,48,523.68</b>	<b>1,55,193.49</b>	<b>1,52,542.92</b>	<b>1,76,440.89</b>	<b>1,43,496.48</b>
<b>KEY RATIOS</b>					
Return on net worth ( % )	6.07	21.55	18.88	11.35	12.28
Earnings per share ( ₹ )	3.85	13.71	10.97	6.06	6.14
Long term debt to equity	0.23	0.29	0.19	0.29	0.30
Dividend payout ( % )	62.33	59.73	58.27	57.57	57.16
Interest coverage	2.35	4.64	4.70	2.29	2.93
Book value per share	63.45	63.64	58.11	53.35	50.00

Note: As a result of change in the Schedule VI format, the figures of the financial years 2011-12 and 2010-11 pertaining to Long & short term loans, investments and net current assets are not comparable with the other financial years.

**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](mailto:investors@finolexind.com). Website: [www.finolexwater.com](http://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:	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the thirty-fourth annual general meeting of the Company, to be held on the Saturday, 29<sup>th</sup> August, 2015 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 statement of the Company for the financial year ended 31 <sup>st</sup> March, 2015 together with the reports of the directors' and the auditors'
2	To declare final dividend on equity shares for the financial year ended 31 <sup>st</sup> March, 2015.
3	To appoint a director in place of Mr. Saurabh S. Dhanorkar (DIN 00011322), who retires by rotation and, being eligible, offers himself for re-appointment.
4	To ratifies the appointment of M/s. P. G. Bhagwat, Chartered Accountants (Firm Registration No.101118W), as the Statutory Auditors of the Company to hold office from the conclusion of this annual general meeting until the conclusion of the annual general meeting to be held for the financial year 2016-17 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 service tax, 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 to audit of the cost records of the Company for the financial year ending 31 <sup>st</sup> March, 2016.
6	Appointment of Mrs. Ritu P. Chhabria (DIN 00062144), as director of the Company liable to retire by rotation.
7	To give approval for making offer(s) or invitation(s) to subscribe to secured Non-Convertible Debentures ("NCD") 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.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Affix  
Revenue  
Stamp of  
fifteen paise

Signature of shareholder

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 the notice of 34th Annual General Meeting.

Signature of 1<sup>st</sup> Proxy Holder

Signature of 2<sup>nd</sup> Proxy Holder

Signature of 3<sup>rd</sup> Proxy Holder

**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](mailto:investors@finolexind.com)Website: [www.finolexwater.com](http://www.finolexwater.com)**BALLOT FORM**

Pursuant to clause 35(B) of the listing agreement.

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-fourth annual general meeting of the Company to be held on Saturday, 29<sup>th</sup> August, 2015 by sending my /our assent or dissent to the said resolution(s) by placing the (√) 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)
	Ordinary business			
1.	To receive, consider and adopt the audited financial statement of the Company for the financial year ended 31 <sup>st</sup> March, 2015 together with the reports of the directors' and the auditors'			
2.	To declare final dividend on equity shares for the financial year ended 31 <sup>st</sup> March, 2015.			
3.	To appoint a director in place of Mr. Saurabh S. Dhanorkar (DIN 00011322), who retires by rotation and, being eligible, offers himself for re-appointment.			
4.	To ratifies the appointment of M/s. P. G. Bhagwat, Chartered Accountants (Firm Registration No.101118W), as the Statutory Auditors of the Company to hold office from the conclusion of this annual general meeting until the conclusion of the annual general meeting to be held for the financial year 2016-17 on such remuneration as may be mutually agreed between the Board of Directors (the "Board") and the Statutory Auditors.			

Item No.	Description	No of equity shares held	I/we assent to the resolution (For)	I/we dissent to the resolution (Against)
	Special business			
5.	To ratify a consolidated remuneration of ₹4,00,000/- plus service tax, 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 to audit of the cost records of the Company for the financial year ending 31 <sup>st</sup> March, 2016.			
6.	Appointment of Mrs. Ritu P. Chhabria (DIN 00062144), as director of the Company liable to retire by rotation.			
7.	To give approval for making offer(s) or invitation(s) to subscribe to secured Non-Convertible Debentures ("NCD") 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.			

Place:	
Date :	
	Signature of shareholder

- Members may fill up the ballot form and submit the same in a sealed envelope to the Scrutinizer, Mr. S. V. Deulkar, Practicing Company Secretary at Finolex Industries Limited, D 1/10, MIDC, Chinchwad, Pune 411019 so as to reach by 5.00 p.m. on 28<sup>th</sup> August, 2015. Ballot form received thereafter will strictly be treated as if not received.
- The Company will not be responsible if the envelope containing the ballot form is lost in transit.
- 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.
- In the event member casts his 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.
- There will be only one ballot form for every Folio/DP ID Client ID irrespective of the number of joint members.
- 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.
- 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.
- For the resolutions, explanatory statement and instructions for e-voting procedure please refer notice of the 34<sup>th</sup> 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](mailto:investors@finolexind.com)Website: [www.finolexwater.com](http://www.finolexwater.com)**34<sup>th</sup> ANNUAL GENERAL MEETING - 29<sup>th</sup> August, 2015****ATTENDANCE 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 letters)No. of shares Proxy's Name (in block letters) 

I hereby record my presence at the 34<sup>th</sup> 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 410506 on 29<sup>th</sup> August, 2015 at 11.00 a.m.

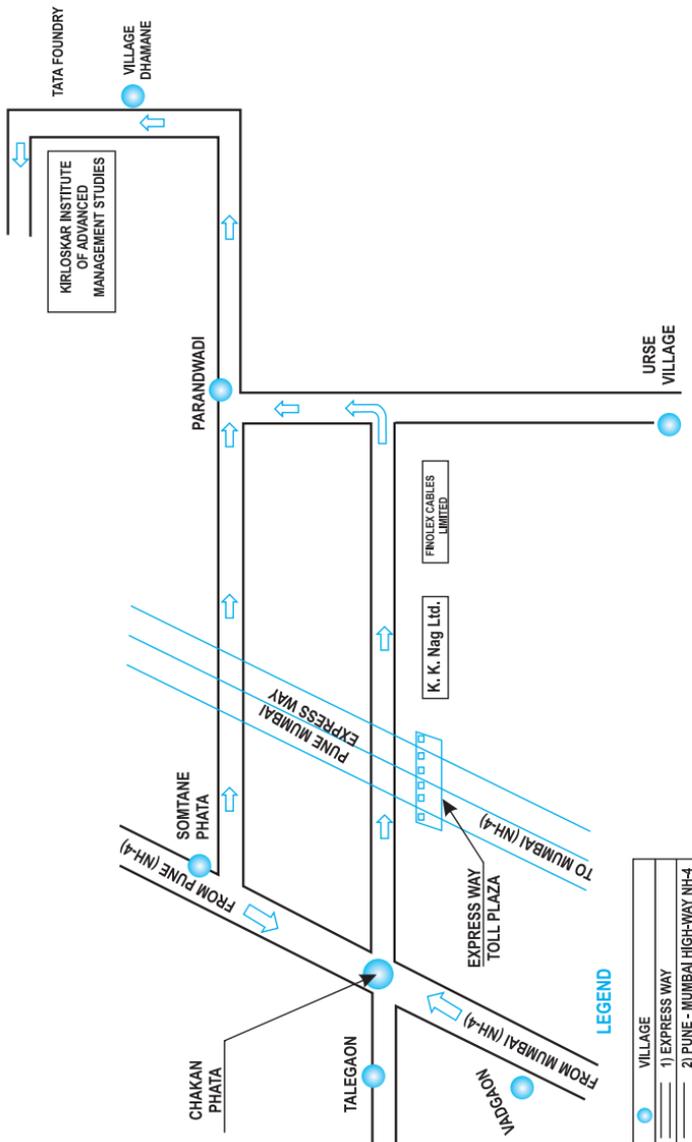
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 Member's/Proxy's Signature

- 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

NOT TO SCALE



LEGEND

-  VILLAGE
-  1) EXPRESS WAY
-  2) PUNE - MUMBAI HIGHWAY NH-4

# Our CSR Initiatives (2014-15)



Free Health Check-up Camps



Donation to Dr. Banderwala Leprosy Hospital



Cardiac Surgeries by the Healing Little Hearts Team

Mukul Madhav Foundation  
by MAKE A WISH

**958**  
Wishes Granted  
to children suffering with various life threatening diseases.

Mukul Madhav - Make a Wish Foundation



Blood donation Camps



Cyclothon 2014



Finlex Industries Limited was awarded the Amity Pune CSR Award-2014



Our Marathon - for breast cancer awareness



If undelivered please return to:



Finolex Industries Limited

D-1/10, MIDC, Chinchwad, Pune – 411 019, Maharashtra, India. Tel : +91-20-2740 8200

E-mail: [investors@finolexind.com](mailto:investors@finolexind.com) Website: [www.finolexwater.com](http://www.finolexwater.com)