

A white Finolex pipe is shown from a low angle, pouring a thick stream of water into a lush green field of crops. The background is a bright blue sky with wispy white clouds. The pipe has the 'Finolex' logo printed vertically on its side.

Finolex

Finolex Industries Limited

31st Annual Report 2011-12

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Chairman's Message



Your Company has achieved modest growth in terms of production and sales in the year gone by.

Indian economy has been able to show a growth of about 6.90% during the year under challenging global and domestic environment. The Company has been able to sustain the margins despite the economic uncertainties.

The Government of India's continued focus on agriculture and irrigation with greater allocation of Plan funds augurs well for your Company. Your Company's products are sold across the length and breadth of India through the Company's wide dealer network.

Your Company is taking steps to increase the capacity of PVC Pipes and fittings to cater to the ever-increasing demand.

Your Company's new project being set up for manufacture of PVC pipes and fittings at village Masar in the State of Gujarat is expected to be commissioned during the current financial year 2012-2013.

I am confident that with your support the Company shall continue to march forward in the coming years.

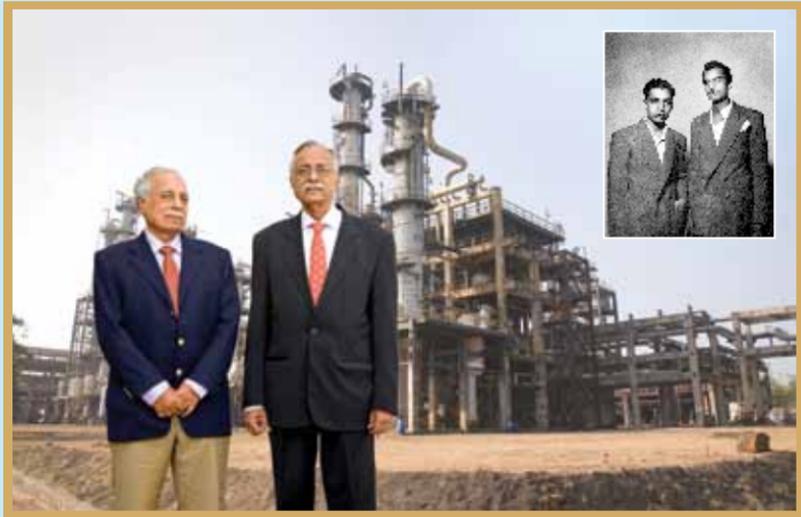
As you are aware, I have been Chairman of the Company since inception. I have decided to retire from the Board of the Company. Similarly, Mr. K. P. Chhabria, Executive Vice Chairman has also decided to retire from the Board of the Company. Both of us will retire effective 11th August, 2012. The Board has appointed Mr. K. P. Chhabria as Chairman Emeritus effective 11th August, 2012.

Mr. Prakash P. Chhabria will take over as Executive Chairman of the Company effective 11th August, 2012.

Mr. K. P. Chhabria and myself wish the Company all the success.

With warm regards,

P. P. Chhabria
Chairman



Mr. P. P. Chhabria, Chairman(R) and Mr. K. P. Chhabria, Executive Vice Chairman(L) outside PVC manufacturing plant at Ratnagiri, (Inset) Chhabria brothers in 1958.

A tribute to the retiring promoters

Mr. P. P. Chhabria and Mr. K. P. Chhabria, founder promoters of your Company and doyens of Poly Vinyl Chloride (PVC) pipes and resin industry of India, are retiring on August 11, 2012.

Mr. P. P. Chhabria, Chairman and Mr. K. P. Chhabria, Executive Vice Chairman promoted your Company in the year 1981 for the manufacture of PVC pipes. In 1992, as a step towards backward integration, they set up a petrochemical plant for manufacture of PVC resin in Ratnagiri, Maharashtra. Within a span of 30 years they took your Company to the pinnacle of PVC pipes and resin industry by becoming India's largest PVC pipes manufacturer and second largest PVC resin manufacturer.

This achievement was the result of their vision, tremendous perseverance, hard work and commitment to quality in everything the Company did. Continuous improvement was their motto. Just like water they made ways to carve success even in turbulent times and forged ahead on the path of their choice to change the face of Indian agriculture. Yes, it is indeed a fact that Finolex pipes have played an instrumental role in the green revolution of India.

They have been conferred with many honours, awards and accolades in their individual capacity at national and international levels for their contributions to business and industry:

- Life time achievement award for both of them from The Chemicals and Petrochemicals Manufacturers' Association (CPMA) an apex forum of Producers representing Chemical and Petrochemicals Industry in India, for their yeoman service spanning over several decades towards growth of the Vinyl Industry.
- An "Award of Honour" to Mr. P. P. Chhabria from The Prime Minister of Israel Mr. Ehud Olmert at a grand ceremony in Jerusalem during the Prime Minister's Conference for Export and International Cooperation, in 2008.
- Mr. K. P. Chhabria has also been bestowed with the "Best Industrialist of the year" award by The Foundation of Indian Industries and Economics.

Under their dynamic leadership your Company was presented with various awards and accolades. Outstanding among them are:

- Safety Awards by National Safety Council, Maharashtra Chapter.
- MCCIA - Dr. R. J. Rathi award for excellence in environmental pollution control.
- Greentech Foundation's Environment Excellence 'Gold Award'.
- State Level Award for Excellence in Energy Conservation and Management by the Maharashtra Energy Development Agency (MEDA).
- National Energy Conservation Award by the Ministry of Power, Government of India.

Mr. P. P. Chhabria and Mr. K. P. Chhabria have been actively pursuing number of philanthropic activities. They have set up the Hope Foundation of Pune in the year 1979 (year of the child). Your Company actively supports the Foundation's activities in the field of education and medical assistance. The Foundation has been instrumental in the setting up of Finolex Academy of Management Technology (FAMT) at Ratnagiri and the International Institute of Information Technology (I²IT) at Pune. I²IT was dedicated to the nation at the hands of Shri A. P. J. Abdul Kalam the then Honourable President of India on 28th May, 2003.

The Board expressed its deep gratitude to both of them for the outstanding services rendered by them not only to your Company, but also to industry and to the nation, over a period of many decades.

Board also acknowledged their service to community on a wide range of social issues with special emphasis on social welfare, education and healthcare.

Let us all wish both of them a long and healthy life.

BOARD OF DIRECTORS

Mr. P. P. Chhabria

Non-executive Chairman

Mr. K. N. Atmaramani

Independent Director

Mr. D. N. Damania

Independent Director
(Effective 29.07.2011)

Mr. S. N. Inamdar

Independent Director

Dr. Vijay P. Bhatkar

Independent Director
(Resigned effective 03.06.2011)

Dr. Sunil U. Pathak

Independent Director

Mr. P. D. Karandikar

Independent Director

Mr. Sanjay Asher

Independent Director
(Effective 04.02.2012)

Mr. K. P. Chhabria

Executive Vice Chairman

Mr. Prakash P. Chhabria

Managing Director

Mr. S. S. Dhanorkar

Asst.Managing Director & Chief Operating Officer

Mr. P. Subramaniam

Asst.Managing Director & Chief Financial Officer

Mr. S. S. Math

Director (Operations)
(Effective 04.02.2012)

Company Secretary

Mr. Anil B. Atre

Bankers

Bank of India
ICICI Bank Limited
Bank of Baroda
Citibank N.A.
Bank of Maharashtra
The Bank of Nova Scotia
Corporation Bank
The Royal Bank of Scotland N.V.

Auditors

B. K. Khare & Co.
Chartered Accountants

Solicitors & Advocates

Crawford Bayley & Co., Mumbai

Investor Relations Centre

P-14, Rajiv Gandhi Infotech Park
MIDC, Phase I, Hinjewadi
Pune 411 057
Maharashtra
India
Tel.No.020-27408200
E-mail: investors@finolexind.com

Registered Office

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

Management Discussion and Analysis

Introduction

The year under review has seen modest growth in production and sales of your Company's products.

Financial Review

Despite increase in raw material prices including that of coal and the finance cost, the Company could maintain the net profit at almost the same level as in the previous year.

Indian Economy and Effect on the Company

The global economic environment which has been tumultuous throughout last year turned sharply adverse towards end of 2011 owing to political and economic uncertainties in the Euro zone. With international rating agencies raising doubts about the outlook on the US economy, the possibility of a global recession became more pronounced.

Comparatively the Indian economy has shown a growth of around 6.9 % in 2011-12 as compared to 8.4 % in the previous year. Agricultural growth remains a priority for the Indian Government in order to achieve "inclusive growth". Though the share of agriculture in India's GDP is slowly declining, the importance of the sector to the economy continues to be very high because of its share in employment and its impact on the macro economic environment. The policy makers are still concerned that even today the agricultural growth is affected by the vagaries of nature. The Union Budget for 2012-13 has sharply increased allocation for agriculture and irrigation. The target for agricultural credit has been raised by ₹ 100,000 crore to ₹ 575,000 crore in 2012-13. Irrigation and Water Resource Finance Company is being operationalized to mobilize large resources to fund irrigation projects.

All the above factors bode well for your Company's business.

Industry Outlook

PVC Resin Business

The domestic demand for PVC Resin grew by 3% during the year under review. The demand-supply gap continues to be filled in by imports. The total imports were around 800,000 MTs during the year under review. It is expected that this trend will continue over the years to come.

PVC Pipes Business

The demand for PVC Pipes continued to show strong growth during the year under review. PVC Pipes are mainly used in rural areas for Agriculture and Irrigation sectors. The pan India network of dealers has enabled your company to reach even the remotest villages of India. The brand equity of your Company along with high quality of plumbing and sanitation pipes has posted growth in this sector.

Your Company has increased its annual production capacity at the existing locations by debottlenecking to the extent of additional 20,000 MTs. The new Pipes Plant in the state of Gujarat of 50,000 MTs p.a., capacity is under construction and is expected to be operational during 2012-13.

43 MW Captive Power Plant

Your Company's 43 MW Captive Power Plant generated 268318 MW of power during the year under review. High coal prices affected the profitability of the Power 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 recent hardening of crude oil prices and its derivatives is another cause for concern. Your Company continues to import its 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 invested with banks / mutual funds from time to time. The detailed guidelines for investment of such surplus have been laid down and these are reviewed regularly by the Management.

Your Company continues to accord 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. Your Company is proud to announce that it has completed 16.28 million man-hours without any reportable accident at its 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 in the Annual Report and also through other means to keep the stakeholders informed about the business performance.

Internal Control Systems

The Company has adequate internal control procedure commensurate with the nature of its business and the size of its operations for the smooth conduct of its businesses.

Internal audit is conducted at regular intervals at all the plants and covers the key areas of operations. It is an independent, objective and assurance function responsible for evaluating and improving the effectiveness of risk management, control and governance processes.

An Audit Committee consisting of four independent non-executive directors, inter alia, monitors performance of Internal Audit on a periodical basis through review of the audit plans, audit findings and promptness of issue resolution through follow-ups.

Human Resources

Your Company's industrial relations continued to be harmonious during the year under review. Your Company conducts regular in-house training programs for employees at all levels. Employees are also sent for selected external training programs especially with a view to aid leadership development. The employee strength of your Company is currently 1063.

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, changes in the Government regulations, tax laws, other statutes and other incidental factors.

Directors' Report

To the Members,

Your directors have pleasure in presenting the thirty-first annual report together with the audited accounts for the year ended 31st March, 2012.

Financial Results

	(Rs. in lakhs)	
	2011-2012	2010-2011
Profit before depreciation & finance charges	24721.56	24904.45
Less:		
Finance charges	7496.07	5966.28
Profit before depreciation and taxation	17225.49	18938.17
Deductions for:		
i) Depreciation	7551.28	7442.91
ii) Provision for taxation	2159.08	3878.16
Profit after depreciation and taxation	7515.13	7617.10
Add:		
Surplus of Profit and Loss Account of earlier year	8192.54	8429.44
Appropriations:		
(i) General reserve	2000.00	2 000.00
(ii) Debenture redemption reserve	---	1500.00
(iii) Contingency Reserve	1215.00	---
(iv) Proposed dividend (including prior year adjustments)	3732.68	3721.00
(v) Tax on dividend	603.94	633.00
Balance carried over to the Balance Sheet	8156.05	8192.54

Operations

The operational performance is summarised below:

Income	213023.52	200708.61
Profit before tax	9674.21	11495.26
Profit after tax	7515.13	7617.10

PVC Resin

Production	- in (MTs)	266982	270124
Sale	- in (MTs)	161986	171460
(excluding interdivisional):	- Rs. in lakhs	95945.96	94886.54

PVC Pipes and Fittings

Production	- in (MTs)	149654	140056
Sale	- in (MTs)	150730	138322
	- Rs. in lakhs	108798.20	91410.44

Power

Production	- in (MW)	268318	258182
Sale	- in (MW)	123396	244614
(excluding interdivisional)	- Rs. in lakhs	5233.36	11475.64

Dividend

Your directors have recommended dividend on equity shares @ 30% (Rupees 3.00 per equity share) for the financial year ended 31st March, 2012. The proposed dividend (including corporate dividend tax) will absorb Rs.4326.80 lakhs.

Finance

The interest and finance charges for the year were Rs.7496.07 lakhs as against Rs.5966.28 lakhs for the previous year.

Corporate Governance

Pursuant to clause 49 of the listing agreements entered into with the stock exchanges, a separate section on corporate governance and a certificate obtained from the auditors of the Company regarding compliance with the conditions of corporate governance are forming part of this annual report.

Employee Stock Option Scheme

During the year under review, your Company has not issued any stock options.

Establishment of PVC Pipes and Fittings manufacturing plant in the State of Gujarat

Construction of your Company's PVC Pipes and Fittings manufacturing plant with 50,000 M.T. per annum capacity is in progress as scheduled and the plant is expected to be commissioned during the current financial year 2012-2013.

State Level Award for Excellence in Energy Conservation and Management

Maharashtra Energy Development Agency, a Government of Maharashtra institute has conferred on PVC manufacturing plant, Ratnagiri the "State level Award for Excellence in energy conservation and management in the petro-chemical sector for the year 2008-2009". The award was declared and distributed in March, 2012.

PVC Pipes & Fittings

During the year, your Company has sold 150730 Metric Tons of Pipes and Fittings.

Management Discussion and Analysis

Pursuant to clause 49 of the listing agreements entered into with stock exchanges, Management Discussion and Analysis report of financial condition and results of operations has been reviewed by the Audit Committee and the same is forming part of this Annual Report.

Fixed Deposits

Your Company has not accepted any fixed deposits during the year.

Directors' Responsibility Statement

Pursuant to section 217(2AA) of the Companies Act, 1956, your directors, on the basis of

information and documents made available to them, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 and of the profit of the Company for the year ended on that date;
- (iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the directors have prepared the annual accounts on a “going concern” basis.

Energy Conservation, Technology Absorption and Foreign Exchange earnings and outgo

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo required to be given pursuant to section 217(1)(e) of the Companies Act, 1956 read together with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto and forms part of this report.

Directors:

i. Retirement of Mr. P. P. Chhabria, Chairman and Mr. K. P. Chhabria, Executive Vice Chairman

Mr. P. P. Chhabria, Chairman and Mr. K. P. Chhabria, Executive Vice Chairman have expressed their intention to retire and demit respective offices as Non-Executive Chairman & Director and Executive Vice Chairman & Director of the Company effective from the close of business hours of 11th August, 2012.

The Board at its meeting held on 20th June, 2012 has reluctantly acceded to the requests received from Mr. P. P. Chhabria and Mr. K. P. Chhabria. The Board placed on record its sincere appreciation for Mr. P. P. Chhabria's and Mr. K. P. Chhabria's exemplary vision and their hard work from setting up the first PVC pipe extruder in 1971 to taking the Company to a multi-locational plastics processing and a leading petrochemical company and noted that they have received many accolades for their contribution to the industry, the latest one being the Life Time Achievement Award conferred upon them by the Chemicals and Petrochemicals Association of India for their outstanding contribution to the Plastics Industry.

ii. Designating Mr. K. P. Chhabria as Chairman Emeritus

In recognition of the untiring, unrelenting and invaluable services rendered by Mr. K. P. Chhabria during his long association spanning for more than three decades with the Company, your Board at its meeting held on 20th June, 2012 has designated him as the “Chairman Emeritus” of your Company effective from the close of business hours of 11th August, 2012.

iii. Appointment of Mr. Prakash P. Chhabria as Executive Chairman of the Company

Consequent upon the retirement of Mr. P. P. Chhabria as Non-Executive Chairman and director and Mr. K. P. Chhabria as Executive Vice Chairman and director, the Board at its meeting held on 20th June, 2012 has appointed Mr. Prakash P. Chhabria as Wholetime Director designated as Executive Chairman of the Company for the period from the close of business hours of 11th August, 2012 to 30th November, 2016.

Earlier, the Board at its meeting held on 21st October, 2011 had reappointed Mr. Prakash P. Chhabria as Managing Director of the Company for a period of five years viz. 1st December, 2011 to 30th November, 2016.

The resolutions for his reappointment as Managing Director, for payment of revised remuneration and for appointment as Whole-time Director designated as Executive Chairman of the Company are being placed before the members of the Company for their approval at the Annual General Meeting.

iv. Appointment of Mr. S. S. Dhanorkar as Managing Director

Pursuant to the elevation of Mr. Prakash P. Chhabria as Executive Chairman of the Company with effect from the close of business hours of 11th August, 2012 the Board at its meeting held on 20th June, 2012 has appointed Mr. S. S. Dhanorkar as Managing Director of the Company effective from the close of business hours of 11th August, 2012 to 30th November, 2016.

Earlier, the Board at its meeting held on 21st October, 2011 had reappointed Mr. S. S. Dhanorkar as Wholetime director designated as Asst. Managing Director and Chief Operating Officer of the Company for a further of period of five years from 1st December, 2011 to 30th November, 2016.

The resolutions for his reappointment as Wholetime Director designated as Asst. Managing Director, for payment of revised remuneration and for appointment as Managing Director are being placed before the members of the Company for their approval at the Annual General Meeting.

v. Appointment and co-option of directors

The Board of Directors has co-opted Mr. D. N. Damania as additional director effective 29th July, 2011, and Mr. Sanjay Asher and Mr. S. S. Math as additional directors effective 4th February, 2012. They hold their offices up to the date of the ensuing annual general meeting of the Company. Notices have been received from some members of the Company proposing Mr. D. N. Damania, Mr. Sanjay Asher and Mr. S. S. Math as candidates for the offices of Directors of the Company. The Board recommends their appointments.

vi. Appointment of Mr. S. S. Math as Wholetime Director designated as Director (Operations)

The Board of Directors has co-opted Mr. S. S. Math as an additional director effective 4th February, 2012 and has further appointed him as wholetime director designated as

Director (Operations) for a period of five years effective 4th February, 2012, subject to the approval of the members of the Company. Further, in terms of the applicable provisions of the Factories Act, 1948, the Board has appointed Mr. S. S. Math as Occupier of the Company's plants situate at Ranpar-Golap, District Ratnagiri.

The resolution for his appointment as Wholetime Director designated as Director (Operations) including payment of remuneration is being placed before the members of the Company for their approval at the Annual General Meeting.

The Board recommends his appointment as a wholetime director and payment of remuneration to him.

vii. Retirement of directors

Dr. Sunil U. Pathak, Mr. P. D. Karandikar and Mr. S. N. Inamdar retire by rotation at the Annual General Meeting of the Company and being eligible, offer themselves for reappointment.

viii. Resignation of Dr. Vijay Bhatkar

Dr. Vijay Bhatkar, an independent non-executive director has resigned effective 3rd June, 2011. Your directors place on record their sincere appreciation for the services rendered by Dr. Vijay Bhatkar during his tenure as a Director of the Company.

Auditors

M/s. B. K. Khare & Co., Chartered Accountants, Auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have expressed their unwillingness to be re-appointed as Auditors after the conclusion of this Annual General meeting. The Board has recommended M/s. P. G. Bhagwat, Chartered Accountants, Pune, to be appointed as Auditors from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting. M/s. P. G. Bhagwat have furnished a certificate to the effect that the proposed appointment, if made, will be in accordance with sub-section (1B) of Section 224 of the Companies Act, 1956.

Appointment of Cost Auditors

The Board of Directors at its meeting held on 4th February, 2012 has reappointed M/s. Bhagave & Co. as Cost Auditors for carrying out audit of cost accounting records in respect of electricity and Organic and Inorganic Chemicals falling under chapter 39 of the Central Excise Tariff Act, 1985 (PVC Resin and PVC Pipes & Fittings) for the financial year commencing from 1st April, 2012 to 31st March, 2013.

Particulars of Employees

Information as per section 217 (2A) of the Companies Act, 1956 (the "Act") read with the rules framed thereunder forms a part of this report. However, as per the advice received by the Company, pursuant to the provisions of section 219(1)(b)(iv) of the Act, the report and accounts are being sent to the shareholders of the Company excluding the statement of particulars of employees under section 217(2A) of the Act. Any shareholder interested in obtaining a copy of the statement may write to the Company Secretary at the registered office of the Company.

Corporate Social Responsibility

As a responsible corporate citizen, your Company, partnering with Government and NGOs endeavours to improve quality of life of the people living in the villages in and around our plants in Taluka Ratnagiri with special emphasis on education, health, environment and self-employment. Your Company also contributes its bit in cultural and sports activities of the city of Ratnagiri.

1. Community Development

“Nale Wathar Drinking Water Scheme” at Pawas village (5 KMs from our PVC manufacturing plant) has been completed. It is an unique scheme where certain amount was collected by the villagers and an equal amount was contributed by your Company. An association of villagers has been formed to operate and maintain the scheme. Around 450 villagers are benefited by the scheme.

2. Social Welfare

Your Company encourages villagers to participate in the Company's employment generation programmes by creating Self Help Groups amongst the villagers. Under this programme, your Company has created a Self Help Group of women in Mohallas for stitching and tailoring and other Self Help Group of Fishermen for preparation of processed fish products and marketing of the same. Your Company conducts stitching / tailoring classes for women, training programmes on preparation of processed fish products and marketing of the same with the help of Fisheries College, Shirgaon. More and more villagers including ladies are participating in the self-employment programme. In addition to the above, your Company has conducted workshops on modern methods of vegetable planting and marketing, also of coconut products and their marketing with the assistance of Gramjivan Adhar Sanstha. Good number of villagers and the members of Bachat groups have benefitted from these workshops.

Your Company also takes pride in assisting the Ratnagirians in promoting their cultural, religious, social and spiritual pursuits by rendering necessary help in monetary and other terms irrespective of caste, creed, religion for celebrating felicitations and festivals, holding exhibitions, seminars, musical concerts etc.

In addition to the usual arrangement for lectures on health, hygiene, nutrition by your Company's Medical Officer, the distribution of foot-wear to the needy students was arranged by your Company through Mukul Madhav Foundation.

3. Education/environment

Mukul Madhav Vidyalaya, an English medium primary school established by Mukul Madhav Foundation under aegis of your Company in Golap, Tal. Ratnagiri has proved to be boon to the societal need of the villages near our PVC manufacturing plant at Ranpar-Golap. The Foundation charges nominal fees and most of the students are from lower income strata of the society.

Your Company sponsored deserving and needy students' expenses for entire year for diploma course in basic rural technology, specially designed for giving hands on training and experience to the students on various technical and other skills required in the rural

set-up. Your Company sponsored workshops and training programmes conducted by various schools/NGOs for different disciplines to increase awareness, knowledge, competitiveness etc.

Your Company is environment friendly. In addition to various initiations and implementations for conservation of environment at its production facilities, your Company does quite a bit for the environment especially in and around its surroundings.

A unique tree plantation drive has been taken up by your Company in collaboration with a renowned NGO and Social Forestry Department, schools and coconut research centre, Ratnagiri. Every year, 15000 – 20000 saplings are being given to the school children for planting them in the compound or near everybody's house and to nurture it through out the year. The tree plantation and nurturing of trees will be supervised to ensure that the saplings survive and grow. The programme will be closely monitored and implemented every year.

4. Health care

Every year, your Company and Mukul Madhav Foundation conducts health check camps for schools in the vicinity of Ratnagiri. This year, health-check up camps were conducted in the remotely located schools viz. Purnagad, Gaokhedi, Nakhare and Anasure for more than 3000 students and for more than 500 adults. As a follow-up activity, free-of-cost treatment including eye/ear operations wherever required were arranged with all expenses paid by Mukul Madhav Foundation.

Health check-up camps for 800 adults from remotely located villages were arranged with the assistance of Ayurvedic Shikshan Mandal, Pune.

Auditors' remarks in their Report to members and Management's reply

Auditors of your Company in their Report to members have put certain remarks at Sr. Nos. 3 and 4(ii) (d) & (f) about non-provision for mark to market losses on derivative contracts. The Management's reply to the same is as follows:-

Reply to Auditors' remarks at sr. no. 3, 4(ii)(d) and 4(ii)(f) of the Audit Report

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 obligation, if any, cannot be made. It is unlikely that there will be a material liability on the Company on this account in 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 action.

However, the Management as a prudent measure has set aside an amount of Rs. 1215 lakhs to meet any such contingent obligation, if at all it arises, by creating contingency reserve. Thus, the Board is of the opinion that the accounts for the year ended 31st March, 2012 give a true and fair view in conformity with the Accounting Principles generally accepted in India.

Acknowledgements

Your directors take this opportunity to place on record their sense of gratitude to the banks, financial institutions, Central and State Government departments, their local authorities especially at Ratnagiri 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 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
30th June, 2012

P. P. Chhabria
Chairman

ANNEXURE TO DIRECTORS' REPORT 2011 – 2012

Particulars required under the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988.

A CONSERVATION OF ENERGY

a) Energy Conservation measures taken:

- Speed of reactor agitators in PVC namely RX 4301 A,B,C,& D reduced from 106 to 50 rpm during end of reaction (pressure drop) period of 33 minutes saving 48 kWh/ batch. Manually operated reduction in speed will be converted to auto operation by providing a sequence logic.
- Hot water pump P 4106 earlier running on close circulation continuously is now run only during chemicals batch preparation period, saving 81 kWh/day.
- Very low-pressure steam from one process heat recovery condenser was continuously venting. Part of it is now utilized by lining to C-2101 waste water stripper.

b) Additional investments and proposals, if any, being implemented for reduction in consumption of energy:

- Replacement of existing agitators in batch preparation vessels of dissolving agent by energy efficient agitators expected to save 545 kWh / day.
- Installation of 5.5 kW multistage pump in place of 18.5 kW centrifugal pump for SIHI compressors' seal water flushing expected to save 235 kWh / day.
- Introduction of dedicated lighting transformer for plant lighting expected to save 700 kWh /day.
- Installation of Variable frequency drives for air blower motors KM-4501A/B expected to save 1300 kWh / day.
- By proper load management, transformer at PMCC-4 will be kept de-energized to save no load loss of transformer. Energy conservation potential is 60 kwh/day.
- Additional heat of hiboil column overhead vapors will be utilized in heads column reboiler.
- Installing regenerative turbine pump in VCM plant high head low discharge application of pumping EDC, VCM, HCl mixture to save electric energy of 35 kwh.
- Installation of one additional condenser in HCl column overhead system in VCM plant expected to stop one refrigeration compressor of 250 kwh.

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

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

d) Total energy consumption and energy consumption per unit of Production as per form

Form A (PVC Plant)

A. Power and fuel consumption:

Sr. No	Description	Units	2011-2012	2010-2011
1	Electricity			
	Purchased units for:			
	PVC resin Plant	Lakhs kWh	1449.21	1517.53
	Total amount	in Rs. lakhs	8539.62	8829.16
	Average rate/unit	Rs./kWh	5.89	5.81
2	Furnace oil (LSHS)			
	Quantity	Metric Tons	1052.55	5194.383
	Total price	in Rs. lakhs	374.87	1354.36
	Average rate/unit	in Rs. / M.T.	35615.41	26073.61
3	HSD/SKO/Naphtha			
	Quantity	Metric Tons	9918.16	10217.619
	Total price	in Rs. lakhs	5001.91	3900.13
	Average rate/unit	in Rs. / MT	50431.83	38170.64
4	LPG			
	Quantity	Metric Tons	571.12	411.679
	Total price	in Rs. lakhs	283.94	150.29
	Average rate/unit	in Rs. / M.T.	53866.29	36506.84

B. Consumption per metric ton production of PVC Resin:

Sr. No.	Description	Unit	2011-2012	2010-2011
1	Electricity	kWh	505	496
2	a) Furnace oil (LSHS)	M.T.	0.0039	0.0192
	b) HSD/SKO/Naphtha	M.T.	0.037	0.037
	c) LPG	M.T.	0.00197	0.00152

B. TECHNOLOGY ABSORPTION:

(e) Efforts made in technology absorption as per Form B.

FORM- B

Form for disclosure of particulars with respect to absorption.

Research and Development (R&D):

1. Specific areas in which R&D efforts have been put in by the Company are:

- Continuous & discontinuous compressors in expansion monomer recovery section having common discharge header resulting in limitation for plant load now provided with separate discharge headers up to VCM recovery condensers resulting in 12% increase in plant load.
- Captive power plant running in IPP mode is now converted to captive mode by switchyard modification. Islanding system commissioned improving power supply reliability.
- During grid voltage sag, ID fan of Captive power plant boiler used to stop resulting in tripping of boiler unit on sequential logic. This ID fan now supplied with Un-interrupted control power.

- Heat insulating paint applied on EDC storage tank has resulted in all time low EDC consumption.
2. Benefits derived as a result of the above R&D:
 - Improvement in reaction efficiencies.
 - Improvement in on stream time.
 - Conservation of base material.
 - Environmental protection and effluent quality improvement.
 3. Future plans of action:
 - Un-interrupted control supply to X-PVC substation's UX-45 drives to address the plant stoppage during voltage sag.
 - Silicone coating of 220 KV apparatus to address insulators flash over issue and improve power system reliability.
 - Nash liquid ring compressor is being upgraded from CS to SS material of construction to reduce maintenance cost, improve VCM recovery and improve onstream hours.
 - Application of heat insulation paint to other EDC tanks to reduce material vaporization loss.
 - Reversing the charging sequence of RVCM and VCM to improve on quality in S PVC.
 4. Expenditure on R & D:

<ol style="list-style-type: none"> a) Capital b) Recurring c) Total d) Total R & D expenditure as a percentage of total turnover 	}	<p>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.</p>
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Technology Absorption, Adaptation and Innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:
 - Continuous efforts are made with an objective to achieve productivity, reduction in raw material, power and steam consumptions, reduction in product wastage and downtime for maintenance and curtailment of maintenance cost.
2. Benefit derived as a result of the above efforts:
 - Conservation of base material
 - Environmental protection and effluent quality improvement
3. Imported Technology:
 - a) Technology imported : VCM & PVC technologies from Uhde GmbH, Germany.
 - b) Has technology been fully absorbed. : Yes

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- (f) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans:
 - Due to better realisation in the domestic market and in order to meet the domestic demand, the Company did not pursue exports during the year under review.
- (g) (a) Total foreign exchange used : Rs. 96686.63 lakhs
- (b) Total foreign exchange earned : Rs. Nil

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 (the Company) for the year ended on 31st March, 2012 as stipulated in clause 49 of the Listing Agreements(as modified from time to time) entered into with National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE).

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. We state that no investor grievance is pending for a period exceeding one month against the Company as certified by Registrar and Transfer Agents of the Company, in the above mentioned Listing Agreements.

We 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 B. K. Khare & Co.
Chartered Accountants
Firm registration number: 105102W

Place: Pune
Date: April 28, 2012

Prasad Paranjape
Partner
Membership No.: 047296

Corporate Governance

Compliance Report for the year 2011-2012

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.
- Adequate representation of promoter, executive and independent directors on the Board.
- Accountability for performance.
- Monitoring of executive performance by the Board.
- Compliance of laws.
- Transparent and timely disclosure of financial management information.

2. Board of Directors and Board procedure:

- i The Board comprises of seven non-executive directors and five executive directors. Out of seven non-executive directors, six are independent.
- ii During 2011-2012, the Board of Directors met 4 (four) times, viz. on 30th April, 2011, 29th July, 2011, 21st October, 2011 and 4th February, 2012. The time-gap between two meetings was less than four months.
- iii. The information as required under Annexure IA to clause 49 was made available to the Board in all its meetings.
- iv. None of the directors on the Board was a member of more than 10 committees or chairman of more than 5 committees across all the companies in which he was a director. The necessary disclosures regarding committee positions have been made by the directors.
- v. The details of attendance of each of the directors at the Board (BM), Audit Committee (ACM), Investors' Grievance Committee (IGCM) meetings and last Annual General Meeting (AGM) held during the financial year 2011-2012, and details of number of outside directorships and committee positions held by them are given in Table 1 below:

Table 1

Sr. No.	Name of Director	Attendance at Board, Committee Meetings & AGM (during 2011-2012)				Outside Directorships*		Committee Positions**	
		No. of BMs	No. of ACMs	No. of IGCMs	AGM	Member	Chairman	Member	Chairman
1	Mr. P. P. Chhabria	4	NA	5	Yes	6	2	3	2
2	Mr. K. N. Atmaramani	4	4	5	Yes	1	Nil	3	Nil
3	Dr.Vijay P. Bhatkar #	1	NA	NA	NA	NA	NA	NA	NA
4	Mr.D.N.Damania ##	1	NA	NA	NA	10	Nil	4	Nil

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Sr. No.	Name of Director	Attendance at Board, Committee Meetings & AGM (during 2011-2012)				Outside Directorships*		Committee Positions**	
		No. of BMs	No. of ACMs	No. of IGCMS	AGM	Member	Chairman	Member	Chairman
5	Mr. Sanjay Asher ###	Nil	NA	NA	NA	38	Nil	10	4
6	Mr. S. N. Inamdar	4	4	5	Yes	11	1	7	4
7	Dr. Sunil U. Pathak	4	4	5	Yes	1	Nil	2	Nil
8	Mr. P. D. Karandikar	4	4	5	Yes	7	Nil	4	Nil
9	Mr. K. P. Chhabria	4	NA	5	Yes	8	1	1	Nil
10	Mr. Prakash P. Chhabria	4	NA	NA	Yes	15	Nil	Nil	Nil
11	Mr. S. S. Dhanorkar	2	NA	NA	Yes	1	Nil	Nil	Nil
12	Mr. P. Subramaniam	3	NA	NA	Yes	1	Nil	Nil	Nil
13	Mr. S. S. Math #####	Nil	NA	NA	NA	Nil	Nil	Nil	Nil

* Outside directorships include directorships in Private Limited Companies also.

** Chairmanship/membership held on Audit Committee and Investor Grievance Committee in public limited companies including the Company.

Dr. Vijay P. Bhatkar ceased to be a director of the Company effective 03.06.2011.

Mr. D. N. Damania was co-opted as additional director on 29.07.2011.

Mr. Sanjay Asher was co-opted as additional director on 04.02.2012.

Mr. S. S. Math was co-opted as additional director and was appointed as a wholetime director effective 04.02.2012.

vi. Three independent directors namely Dr. Sunil U. Pathak, Mr. P. D. Karandikar and Mr. S. N. Inamdar retire by rotation at the thirty-first annual general meeting of the Company and being eligible, offer themselves for reappointment.

vii. **Brief resume of the directors being appointed and reappointed, nature of their expertise in specific functional areas and names of companies in which they hold directorships, memberships of the committees of the Board and the details of shares held in the Company are furnished hereunder:**

Mr. Prakash P. Chhabria, Managing Director, age 49 years is a whole-time director since March, 1992. Mr. Prakash P. Chhabria is a B.Sc. in International Business from University of Evansville, USA and has completed Advanced Management Programme from Wharton Business School, USA. Mr. Prakash P. Chhabria, a well known industrialist, is Chairman of Environmental Subcommittee of Mahratta Chamber of Commerce, Industry and Agriculture. He is Executive Committee Member of Maharashtra Cricket Association. He is a director of Finolex Infrastructure Limited, Pawas Port Limited and various private limited companies. Mr. Prakash P. Chhabria holds 156299 equity shares of the Company.

Mr. S. S. Dhanorkar, Asst. Managing Director & Chief Operating Officer, age 56 years is a director of the Company since December, 1996. After a brief stint with an international accounting firm and an agro based public limited company, in the year 1983, he joined the Company as head of finance. Since 1993, he is responsible for PVC marketing and other commercial activities. Mr. Dhanorkar is

a director of Pawas Port Limited. Mr. Dhanorkar holds 7381 shares of the Company.

Mr. Sanjay S. Math is B.E.(Chemicals), UDCT and PGDM, Mumbai. He is a member of American Institute of Chemical Engineering. He has to his credit 36 years of rich working experience in various projects and petrochemical plant operations. He worked in reputed organizations like NOCIL, Bombay Dyeing, Rama Petrochemicals, Soudi Yanbu Petrochemicals, Essar Refinery etc. Mr. Math has earlier worked with the Company at Ratnagiri from December 2004 to July 2008 as Director (Manufacturing). Mr. Math holds 3000 shares of the Company.

Mr. D. N. Damania, age 75 years, is B.E. (Mech.) from College of Engineering, Pune. He joined Buckau Wolf India in the year 1957 as a Trainee Engineer. During his tenure from 1957 to the present date, he converted Buckau Wolf India (now the Company is known as ThyssenKrupp Industries India Pvt. Limited, a Group Company of ThyssenKrupp Ag. Germany) from a single product company to a multi-product company.

Presently he is Vice Chairman of ThyssenKrupp Industries India Pvt. Limited and ThyssenKrupp Group's representative for India. He is also director of group companies of ThyssenKrupp and other public and private limited companies viz, Uhde India Private Limited, KSB Pumps Limited, Sudarshan Chemical Industries Limited, Sanghvi Movers Limited and Berco Undercarriages (India) Pvt. Limited. Mr. D. N. Damania holds 900 shares of the Company.

Mr. Sanjay Asher, age 48 years, is a Chartered Accountant and a Solicitor and Partner of Crawford Bayley & Co., Solicitors, Advocates & Notaries, Mumbai.

Mr. Sanjay Asher has been practising as solicitor for a number of years on various matters including corporate laws. He is also a Director of various public and private Companies including A. L. Movers Private Limited, A. L. Records Management Private Limited, Allied Pickfords India Private Limited, Bajaj Allianz General Insurance Company Limited, Bajaj Allianz Life Insurance Company Limited, Diamant Boat Marketing Private Limited, Finolex Plasson Industries Pvt. Limited, Hогanas India Private Limited, ArjoHuntleigh Healthcare India Private Limited, Kryfs Power Components Limited, Mandhana Industries Limited (also a member of its Audit Committee), Morgan Stanley Investment Management Private Limited, NV Advisory Services Private Limited, Orbit Electricals Private Limited, Peass Industrial Engineers Limited, Repro India Limited (also a member of its Audit Committee), Schlafhorst Engineering (India) Limited (also Chairman of its Audit Committee), Sharp India Limited (also a member of its Audit Committee and Chairman of its Share Transfer and Investors' Grievance Committee), Shree Renuka Sugars Limited (also Chairman of its Audit Committee and its Share Transfer and Investors' Grievance Committee), Siporex India Private Limited, Sudarshan Chemical Industries Limited, ValueQb Consulting Private Limited and Zinser Textile Systems Private Limited. Mr. Sanjay Asher is not holding shares in the Company.

Mr. P. D. Karandikar, age 62 years M.A., I.A.S. (Retd.), M.Sc. (London School of Economics) is the former divisional commissioner of Pune. He has been at the helm of affairs of various Government organizations and has held position of Secretary to Government of Maharashtra in various departments. He is also a director of IL & FS Renewable Energy Limited, Finolex Plasson Industries Pvt. Limited, Cabal Insurance Broking Services (Pvt.) Limited, BVG India Pvt Limited, Shriram EPC State Farms of India Corporation Limited etc. Mr. Karandikar is not holding shares in the Company.

Dr. Sunil U. Pathak, M.Sc., Ph.D, IRS (Retd.) is an eminent personality in the field of Income Tax. After completing his post graduation, he joined Indian Revenue Service. He has held high ranking positions in the Income Tax Department, Government of India. He wrote a thesis on "Depreciation

under Income Tax Act” for which he was awarded Ph.D. degree by Pune University in 1995. After an illustrious career of about 24 years in Indian Revenue Service, he opted for voluntary retirement in the year 1997 and thereafter, he is practicing as an Income Tax Consultant. In this capacity, he is engaged in Chamber Consultation Practice and he appears mainly before Income Tax Appellate Tribunal in Pune and Mumbai. He is also a director of Orbit Electricals Private Limited. Dr. Pathak is not holding shares in the Company.

Mr. S. N. Inamdar, age 66 years, is an eminent Senior Advocate practising on tax side. Mr. Inamdar is a director of Kirloskar Ferrous Industries Limited (also chairman of its audit and remuneration committees), Kirloskar Brothers Limited (also chairman of its audit committee and member of its remuneration committee), Sudarshan Chemical Industries Limited (also member of its audit, finance and remuneration committees), Ugar Sugar Works Limited (also chairman of its audit and remuneration committees), Kulkarni Power Tools Limited, Sakal Papers (P) Limited, Chairman of Kirloskar Proprietary Limited and also on the Board of Finolex Infrastructure Limited. He is a trustee of Dadar Matunga Cultural Centre and other Charitable Trusts. Mr. Inamdar holds 2000 shares in the Company.

3. Code of conduct:

The Board has laid down the code of conduct for the Board and Senior Management Team of the Company. The code is posted on www.finolex.com

The Board members and Senior Management team personnel have affirmed compliance with the code. The declaration dated 28th April, 2012 received from Mr. Prakash P. Chhabria, Managing Director in this regard is given below:

“I hereby declare that all Board members of the Company and Senior Management personnel have affirmed compliance with the Code of Conduct for applicable period of the financial year 2011-2012.”

4. Audit Committee:

Brief description of terms of reference:

- 1) Oversight of Company's financial reporting process and the disclosure of its financial information;
- 2) Recommending the appointment/removal of external auditors and their remuneration and remuneration of wholetime directors;
- 3) Reviewing financial statements, adequacy of internal control systems and internal audit function, financial and risk management policies; and
- 4) Pre-audit and post audit discussions with external auditors on nature and scope of audit and areas of concern, if any, respectively.

Composition, members' names and chairperson:

- As on 31st March, 2012, Audit committee was consisting of 4 independent directors viz. Mr. S. N. Inamdar (Chairman), Mr. K. N. Atmaramani, Dr. Sunil U. Pathak and Mr. P. D. Karandikar.
- 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: Details given in Table 1.

Mr. Anil B. Atre, AVP (Legal & Admin.) & Company Secretary of the Company acts as Secretary to the Committee.

5. Remuneration Committee (non-mandatory):

The Company has not constituted the remuneration committee. But the Audit Committee is entrusted with the responsibility of finalizing the remuneration of executive directors. Audit Committee considers and finalises the remuneration after taking into consideration, inter alia, various factors such as qualification, experience, expertise of the director, prevailing remuneration in the corporate world, financial position of the Company, etc.

Details of remuneration paid to the executive directors for the financial year 2011-2012 are given below:

Particulars	Mr. K. P. Chhabria, Executive Vice Chairman	Mr. Prakash P. Chhabria, Managing Director	Mr. S. S. Dhanorkar, Asst. Managing Director & COO	Mr. P. Subra- maniam, Asst. Managing Director & CFO	Mr. S. S. Math, Director – Operations
Salary and Allowances (Rs.)	10727584	11045692	5380653	4281132	1355666
Contribution to PF, Superannuation and Gratuity Funds (Rs.)	2160000	1920000	899172	720468	87111
Bonus (Rs.)	1485000	1320000	607140	484260	N.A.
Commission payable (Rs.)	11000000	9800000	NA	NA	NA
Notice Period	6 months	6 months	3 months	3 months	3 months
Service contract	Five Years	Five years	Five years	Two 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 (Rs.)		Shares held
		Commission	Sitting fees	
1	Mr. P. P. Chhabria	100000	260000	173559
2	Mr. K. N. Atmaramani	100000	170000	Nil
3	Mr. D. N. Damania	100000	10000	900
4	Mr. Sanjay Asher	100000	Nil	Nil
5	Dr. Vijay P. Bhatkar*	Nil	40000	Nil
6	Mr. S. N. Inamdar	200000	170000	2000
7	Dr. Sunil U. Pathak	100000	380000	Nil
8	Mr. P. D. Karandikar	100000	350000	Nil

* Dr. Vijay P. Bhatkar ceased to be a director of the Company effective 03.06.2011.

Note: None of the non-executive directors has any pecuniary relationship or transaction vis-à-vis the Company.

6. Investors' Grievance Committee:

As on 31st March, 2012, the Investors' Grievance Committee was comprising of six directors viz. Mr. P. P. Chhabria (non-executive chairman) the chairman of the committee, Mr. K. N. Atmaramani, Mr. S. N. Inamdar, Dr. Sunil U. Pathak, Mr. P. D. Karandikar and Mr. K. P. Chhabria.

Meetings and attendance during the year: Details given in Table 1.

Mr. Anil B. Atre, AVP (Legal & Admn.) & Company Secretary is the Compliance Officer of the Company.

During the year, Company received 17 shareholders' complaints and all of them were resolved during the year.

7. General Body Meetings:

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

Year	2008-2009	2009-2010	2010-2011
Date of AGM	28/8/2009	13/8/2010	16/7/2011
Time	at 11.30 a.m.	at 10.30 a.m.	at 10.30 a.m.
Place of AGM	Training Centre of Finolex Cables Limited At and Post Urse, Taluka Maval, Dist.Pune 410 506	Training Centre of Finolex Cables Limited At and Post Urse, Taluka Maval, Dist.Pune 410 506	Training Centre of Finolex Cables Limited At and Post Urse, Taluka Maval, Dist.Pune 410 506

- ii. The details of special resolutions passed in the previous 3 AGMs.

	Date of AGM		Item of special resolution
1.	28.8.2009	1	To obtain consent for alteration of the Clause III (C)(57) of the Objects Clause of the Memorandum of Association of the Company.
		2	To obtain consent for commencing and carrying of the business and activity as mentioned in the amended Clause III (C) (57) of the Objects Clause of the Memorandum of Association of the Company.
2.	13.8.2010	1	To obtain consent for amendments of Article Nos. 121, 131, 141, 142, 143, 148 and 159 of the Articles of Association of the Company.
3.	16.7.2011	1	To obtain approval for reappointment of Mr. P. Subramaniam as wholetime director designated as Asst. Managing Director and Chief Financial Officer for a further period of two years effective 5th June, 2011 and for his remuneration.
		2	To obtain approval for issue of shares in terms of the order of the High Court of Judicature of Bombay to the legal heirs of Late Mr. R. P. Chhabria.

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

No special resolution was passed last year through postal ballot.

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

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

8. Disclosures:

- i. No transaction of material nature has been entered into by the Company with its promoters, directors, management or relatives, etc. that may have 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 complied with all the mandatory requirements of clause 49 of the listing agreements.

Regarding non-mandatory requirements:

- The non-executive chairman is not claiming reimbursement of any expenses for maintaining his office.
- The powers of the remuneration committee are given to the audit committee.
- The Company has already moved to a regime of unqualified financial statements. However, this year, Auditors have put certain remarks in their report which have been suitably replied to in the Directors' report.
- The Board members are having adequate experience and expertise to deal with the business matters.
- The Company has not established "whistle blower policy".

iv. Cost Auditor

With reference to the General Circular No.15/2011-52/5/CAB-2011 dated 11th 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 the Cost Auditor	Details of Filing of Cost Audit Report for the period ended 31st March, 2011
S.R.Bhargave & Co. 3, Khushaboo Apartments, S.No.78/2, Plot No.29, Bhusari Colony (L), Off. Paud Road, Kothrud, Pune 411 038 E-mail:bhargaves@vsnl.net	Due Date : 27th September, 2011 Filing date : 23rd September, 2011

9. Means of Communication:

- The quarterly results were published during the year under review in leading national and regional newspapers such as Financial Express, Loksatta, Hindu Business Line, Sakal and Lokmat.
- The quarterly results are displayed on www.finolex.com and on websites of BSE and NSE.
- The official news releases of the Company are displayed on the websites of BSE and NSE.
- The Management Discussion and Analysis Report is forming part of annual report. Detailed report is given on pages 5 & 6.

10. General Shareholder Information:

a. Annual General Meeting:

- Day, date & time : Saturday, 11th August, 2012 at 10.30 a.m.

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- Venue : "Training Centre" Finolex Cables Limited
At & post Urse, Taluka Maval, District Pune 410 506.

- b. Financial Calendar (Tentative) : April, 2012 to March, 2013

Announcement of quarterly results of 2012-2013 & annual general meeting	Quarterly results by: 14th August, 2012, 14th November, 2012, 14th February, 2013 and 30th May, 2013 and annual general meeting by end of August, 2013.
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- c. Book Closure Period : 1st August, 2012 to 11th August, 2012 (both days inclusive)
- d. Dividend Payment date : Credit / despatch between 17th August, 2012 to 22nd August, 2012.

Name of the stock exchange	Scrip Code
Bombay Stock Exchange Limited (BSE)	500940
National Stock Exchange of India Limited (NSE)	FINPIPE
ISIN Code	INE183A01016

The Annual listing fees for the year 2012-13 has been paid to both the exchanges.

- f. Market price data:

Monthly high/low (Rs. /share) during 2011-2012

	High	Low										
	Apr-11		May-11		Jun-11		Jul-11		Aug-11		Sep-11	
BSE	107.30	86.20	102.45	81.75	86.10	70.60	79.70	75.30	74.50	61.05	71.80	62.35
NSE	107.40	86.60	102.00	81.20	86.35	70.55	79.50	75.10	78.00	62.50	72.10	62.60
	Oct-11		Nov-11		Dec-11		Jan-12		Feb-12		Mar-12	
BSE	65.90	60.50	64.50	48.55	51.50	42.00	55.25	45.10	62.00	53.40	56.75	46.10
NSE	65.85	60.75	65.00	48.25	51.50	42.00	55.30	45.00	61.80	53.55	57.50	46.30

STOCK GRAPH-ONE YEAR COMPARATIVE GRAPH WITH NSE NIFTY



Source: NSE Website

g. Registrar and Transfer Agent:

The Company is registered with SEBI as In-House Share Transfer Agent category II. All shareholder related services are provided in-house.

h. 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.

i. Shareholding pattern as on 31.3.2012

Category	No of shares	% of capital
Indian promoter (including Finolex Cables Ltd.-group co.)	65007597	52.39
FIs	4317906	3.48
Banks/FIs/MFs/Insurance Companies/UTI	1798985	1.45
Bodies corporate	5279109	4.25
Indian Public	44979605	36.25
NRIs / OCBs	1276955	1.03
Others	1435224	1.15
Total	124095381	100.00

Distribution of Shareholding as on 31.3.2012

No. of Equity Shares held	No. of shareholders	% of shareholders	Number of shares	% of shareholding
1-5000	148919	99.64	32261410	26.00
5001-10000	292	0.20	2208429	1.78
10001 and above	251	0.16	89625542	72.22
Total	149462	100.00	124095381	100.00

j. Dematerialisation of shares: NSDL: 84.87%, CDSL: 5.90%

k. Company has not issued any GDRS / ADRS / Share Warrants or any convertible instruments.

l. Plant locations :

PVC, Pipes & Fittings and Power Plants

Ranpar - Pawas Road,
Ratnagiri 415 616,
Maharashtra, India.

Pipes & Fittings Plant

D1/10, M.I.D.C., Chinchwad,
Pune 411 019, Maharashtra,
India.

Pipes Plant

Gat No. 399, Urse, Taluka:
Maval,
District: Pune 410 506,
Maharashtra, India.

m. Address for correspondence:

Investor Relations Centre

P-14, Rajiv Gandhi Infotech Park,
MIDC, Phase-I, Hinjewadi,
Pune 411 057
Tel. No.020-2740 8200
Fax No.020-2293 2939
E-mail: investors@finolexind.com

Auditors' Report

To the Members of Finolex Industries Limited.

1. We have audited the attached Balance Sheet of Finolex Industries Limited as at 31st March 2012, Statement of Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. *No provision for mark to market losses on the derivative contracts entered into by the company has been made in the financial statements for the year ended 31st March, 2012. The management has not made an assessment of the mark to market losses on the aforesaid derivative contracts, accordingly we are unable to report the impact thereof on the statement of profit and loss for the year ended 31st March 2012 and reserves and surplus as at 31st March, 2012.*
4. We report as follows:
 - 4(i). As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India, in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
 - 4(ii). Further to our comments in the Annexure referred to in paragraph 1 above:
 - a) We have 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 appears from our examination of the books
 - c) The Balance Sheet, the Statement Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) *Except for non-provision for mark to market losses on the derivative contracts as contemplated by Accounting Standard – 1 "Disclosure of Accounting Policies", issued by the Institute of Chartered Accountants of India, in our opinion, the Balance Sheet, the Statement of Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;*

- e) On the basis of the written representations received from the Directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as Director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956 on the said date;
- f) *Subject to Paragraph 3* above, in our opinion, and to the best of our information and according to the explanations given to us, the said accounts, read together with the Company's Accounting Policies and the Notes thereto give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) in the case of the Balance Sheet, of the state of affairs of the Company as on 31st March, 2012,
 - ii) in the case of the Statement of Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For B. K. Khare & Co.
Chartered Accountants
Firm registration number: 105102W

Place: Pune

Date: April 28, 2012

Prasad Paranjape
Partner

Membership No.: 047296

Annexure to the Auditors' Report

Referred to in paragraph 1 of our Report of even date:

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Assets have been physically verified by the management during the year based on the regular program of verification, which in our opinion is reasonable having regards to the size of the company and the nature of its assets. As explained, the discrepancies noticed were not material and the same have been properly dealt with in the books of account.
- (c) In our opinion and according to the information and explanation given to us, during the year, the company has not disposed of any substantial / major part of fixed assets.
- ii. (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanation given to us and on the basis of our examination of the records of the inventory, the Company is maintaining proper records of inventory. Discrepancies noticed on verification between the physical stocks and the book records were not material and have been appropriately dealt with in the books of account.
- iii. (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, provisions of the clause 4 (iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 are not applicable and hence not commented upon.
- (b) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not taken during the year any loan secured or unsecured from the parties listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year is Rs.1602 Lacs, and the year end balance of the loan is Nil.
- (c) According to the information and explanations given to us, in our opinion, the rate of interest and other terms and conditions of above loan granted to the company, are not prima facie, prejudicial to the interest of the company.
- (d) According to the information and explanations given to us, the company is regular in repayment of principal and payment of interest.

-
- 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 with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weakness in internal control system.
- v. In respect of transactions entered in the register maintained in pursuance of Section 301 of Companies Act, 1956;
- (a) Based on audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements have been entered in the register required to be maintained under Section 301.
- (b) According to the information and explanations given to us certain transactions of purchase of goods and services exceeding the value of Rs. 5 lakhs during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time. However, in respect of certain transactions of purchase of goods and services and in respect of rent paid exceeding the value of Rs. 5 lakhs during the year because of unique and specialised nature of items involved and in absence of any comparable prices, we are unable to comment whether the transaction were made at prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Hence, the provisions of Section 58A and 58AA and any other relevant provisions of the Companies Act, 1956 and rules framed there under are not applicable.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed the books of accounts maintained by the company relating to the manufacture of Chemicals and generation of Power, pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view of determining whether they are accurate and complete.
- ix. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and other material statutory dues with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees'

state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (c) According to the records of the company and information and explanations given to us, dues of Income Tax, Sales tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty and cess, which have not been deposited on account of disputes and forum where dispute is pending are as under;

Name of statute	Nature of dues	Amount (Rs. lakhs)	Period to which the amount relates	Forum where pending
Customs Act.1962	Custom Demand	9.92	For the years 1995-96 and 2011-2012	Commissioner, Add. Commissioner, Deputy Commissioner & Asst. Commissioner.
Customs Act.1962	Custom Demand	266.42	Various years 1996-97 to 2005-2006	CESTAT
Central Excise Act,1994 & Finance Act 1994.	Excise Demand & Service Tax Demand	1812.34	Various years 1998-99 to 2011-2012	Commissioner, Add. Commissioner, Deputy Commissioner & Asst. Commissioner.
Central Excise Act,1994 & Finance Act 1994.	Excise Demand & Service Tax Demand	532.27	2005-2006	High Court
Central Excise Act,1994 & Finance Act 1994.	Excise Demand & Service Tax Demand	75.22	For the years 1998-99 and 2010-2011	CESTAT

- x. The Company does not have accumulated losses at the end of the financial year and the company has not incurred any cash losses in the current and the immediately preceding financial year.
- xi. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the payment of dues to its bankers, financial institutions and debenture holders.
- xii. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xiv. (a) Based on the records examined by us and according to the information and explanations given to us, we are of the opinion that the company is maintaining proper records of the transactions and contracts of dealing in shares and securities and timely entries have

been made in therein.

- (b) Based on our audit procedures and to the best of our knowledge and belief and according to the information and explanations given to us, the shares and securities have been held by the company in its own name.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- xvi. Based on the information and explanation given to us by the management term loans availed by the company were, prima facie, applied by the company during the year for the purpose for which loans were obtained.
- xvii. According to the Cash Flow Statement and records examined by us and according to the information and explanations given to us, on overall basis, funds raised on short-term basis have, prima facie, not been used during the year for long term investment.
- xviii. The Company has not made preferential allotment of shares to parties covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- xix. According to the information and explanations given to us, security or charge has been created in respect of debentures issued.
- xx. The Company has not raised any money by public issues during the year.
- xxi. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For B. K. Khare & Co.
Chartered Accountants
Firm registration number: 105102W
Membership No.: 047296

Place: Pune

Date: April 28, 2012

Prasad Paranjape
Partner

Membership No.: 047296

Statement of Assets and Liabilities as at 31st March, 2012

Particulars	Note No.	Rs. In lakhs	
		As at 31st March 2012	As at 31st March 2011
A EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	12408.68	12404.48
(b) Reserves & Surplus	3	53802.24	49626.98
Sub-total - Shareholders' funds		<u>66210.92</u>	<u>62031.46</u>
2 Non-Current Liabilities			
(a) Long-term borrowings	4	18956.07	19543.80
(b) Deferred tax liabilities (net)	5	8985.55	8006.98
(c) Other long-term liabilities	6	37.62	58.75
(d) Long-term provisions	7	364.59	512.59
Sub-total - Non-current liabilities		<u>28343.83</u>	<u>28122.12</u>
3 Current liabilities			
(a) Short-term borrowings	8	82288.34	53914.23
(b) Trade payables	9	12974.81	24086.11
(c) Other current liabilities	10	14075.10	18354.42
(d) Short-term provisions	11	4441.61	4457.05
Sub-total - Current liabilities		<u>113779.86</u>	<u>100811.81</u>
TOTAL - EQUITY AND LIABILITIES		<u>208334.61</u>	<u>190965.39</u>
B ASSETS			
1 Non-current assets			
(a) Fixed assets	12		
(i) Tangible assets		78292.96	79235.43
(ii) Intangible assets		108.50	12.14
(iii) Capital Work-in-progress		8535.89	7216.94
(b) Non-current investments	13	12208.55	12208.55
(c) Long-term loans and advances	14	2126.53	1100.93
(d) Other non-current assets	15	5189.28	6326.14
Sub-total - Non-current assets		<u>106461.71</u>	<u>106100.13</u>
2 Current assets			
(a) Current investments	16	37112.30	8590.23
(b) Inventories	17	32632.08	40131.40
(c) Trade receivables	18	4226.05	12343.62
(d) Cash and cash equivalents	19	2907.59	2685.61
(e) Short-term loans and advances	20	24994.88	21114.40
Sub-total - Current assets		<u>101872.90</u>	<u>84865.26</u>
TOTAL - ASSETS		<u>208334.61</u>	<u>190965.39</u>
Notes to the financial statements	1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For B. K. Khare & Co.
Chartered Accountants
FRN 105102W
Prasad Paranjape
Partner
M.No.047296

P.P. CHHABRIA
K.P. CHHABRIA
PRAKASH P. CHHABRIA
K.N. ATMARAMANI
S.N. INAMDAR
D.N. DAMANIA
DR. SUNIL U. PATHAK
P.D. KARANDIKAR
S.S. DHANORKAR
P. SUBRAMANIAM
S.S. MATH

Chairman
Executive Vice Chairman
Managing Director

ANIL B. ATRE
AVP (Legal & Admn.)
& Company Secretary

Asst. Managing Director & COO
Asst. Managing Director & CFO
Director (Operations)

Pune: 28th April, 2012

Pune: 28th April, 2012

Profit and Loss Statement for the year ended 31st March, 2012

		Rs. In lakhs	
Particulars	Note No.	2011-12	2010-11
Income			
I Revenue from operations (Gross)	21	232194.36	219165.08
Less : Excise Duty		22216.84	21392.46
II Other income	22	3046.00	2935.99
III Total Revenue (I + II)		<u>213023.52</u>	<u>200708.61</u>
IV Expenses			
Cost of materials consumed	23	149687.73	127045.99
Purchases of Stock-in-Trade	24	4463.79	5753.23
Changes in inventories of finished goods, work-in progress and Stock-in-Trade	25	847.47	3191.91
Employee benefits expense	26	5640.78	5053.35
Other expenses	27	27662.19	34759.68
Finance costs	28	7496.07	5966.28
Depreciation and amortization expense		7551.28	7442.91
Total expenses		<u>203349.31</u>	<u>189213.35</u>
V Profit before exceptional and extraordinary items and tax (III - IV)		9674.21	11495.26
VI Exceptional items		-	-
VII Profit before extraordinary items and tax (V - VI)		9674.21	11495.26
VIII Extraordinary Items		-	-
IX Profit before tax (VII - VIII)		9674.21	11495.26
X Tax expense:			
Current tax		3173.56	3216.58
Deferred tax		(1014.48)	661.58
XI Profit for the year from continuing operations (IX - X)		<u>7515.13</u>	<u>7617.10</u>
XII Profit from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit from Discontinuing operations (after tax) (XII - XIII)		-	-
XV Profit for the year (XI + XIV)		<u>7515.13</u>	<u>7617.10</u>
XVI Earning Per Equity Share [Nominal value of share Rs.10 each, (Previous year Rs.10 each)]		6.06	6.14
Basic / Diluted (Refer Note No.1(xvii))			
Notes to the financial statements		1	

As per our report of even date
For B. K. Khare & Co.
Chartered Accountants
FRN 105102W
Prasad Paranjape
Partner
M.No.047296

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Chairman
Executive Vice Chairman
Managing Director

ANIL B. ATRE
AVP (Legal & Admn.)
& Company Secretary

Asst. Managing Director & COO
Asst. Managing Director & CFO
Director (Operations)

Pune: 28th April, 2012

Pune: 28th April, 2012

Cash Flow Statement

for the year ended 31st March, 2012 and 31st March, 2011.

	Rs. In lakhs	
	2011-12	2010-11
A Cash flow from Operating Activities:		
Net Profit before Tax	9674.22	11495.26
Adjustments for :		
Depreciation	7551.28	7442.91
Provision for Leave encashment	(136.25)	38.30
Profit on sale of Assets/Investments (Net)	(1994.99)	(1937.86)
Dividend Income	(271.53)	(226.08)
Interest Income	(338.99)	(140.13)
Interest Expenses	7012.41	5475.83
Exchange Fluctuation (Gain)/ Loss - net	1459.05	1646.84
Operating Profit before Working Capital Changes	<u>22955.20</u>	<u>23795.07</u>
Adjustments for :		
Trade and Other Receivables	8314.54	(28653.88)
Inventories	7499.32	(6156.48)
Trade Payables	(17795.24)	5946.72
Cash generated from operations	<u>20973.82</u>	<u>(5068.57)</u>
Less:		
Taxes Paid (net of refund)	(3786.74)	(4350.06)
Net cash from operating Activities (A)	<u><u>17187.08</u></u>	<u><u>(9418.63)</u></u>
B Cash Flow from Investing Activities:		
Purchase of Fixed Assets/Capital Expenditure	(6828.61)	(4241.17)
Sale of Fixed Assets	69.36	84.81
(Purchase)/Sale of Investments (net)	(7186.16)	21712.68
Interest Received	542.53	88.00
Dividend Received	271.53	226.08
Net cash used in Investing Activities (B)	<u><u>(13131.35)</u></u>	<u><u>17870.40</u></u>
C Cash Flow from Financing Activities:		
Collection of overdue Allotment/Call money	4.20	-
Share premium received	10.54	-
Proceeds from Long Term Borrowings	2,000.00	-

Cash Flow Statement for the year ended 31st March, 2012 and 31st March, 2011.

	Rs. In lakhs	
	2011-12	2010-11
Repayment of Long Term borrowings	(879.60)	-
Exchange Fluctuation Gain/(Loss) - net	31.22	(1311.58)
Short Term Loans movement	26878.61	(6923.66)
Interest paid	(6560.87)	(5390.02)
Dividend and Corporate Dividend Tax paid	(4354.00)	(4354.00)
Dividend paid for earlier years	(8.99)	-
Net Cash from Financing Activities (C)	17121.11	(17979.26)
Opening Balance of Cash and Cash Equivalents	8161.39	17688.88
Closing Balance of Cash and Cash Equivalents	29338.24	8161.39
	<u>21176.85</u>	<u>(9527.49)</u>
A+B+C	<u>21176.85</u>	<u>(9527.49)</u>

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 conform to the current year's classification.

As per our report of even date
For B. K. Khare & Co.
Chartered Accountants
FRN 105102W
Prasad Paranjape
Partner
M.No.047296

ANIL B. ATRE
AVP (Legal & Admn.)
& Company Secretary

Pune: 28th April, 2012

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S.S. MATH

Pune: 28th April, 2012

Chairman
Executive Vice Chairman
Managing Director

Asst. Managing Director & COO
Asst. Managing Director & CFO
Director (Operations)

Notes to the financial statements for the year ended March 31, 2012

	As at 31/03/2012	Rs.in Lakhs As at 31/03/2011
Note 2 - Share Capital		
Authorised:		
150,000,000 (150,000,000) Equity Shares of Rs.10 each	15000.00	15000.00
Unclassified Share Capital	8500.00	8500.00
	<u>23500.00</u>	<u>23500.00</u>
Issued, subscribed and fully paid up:		
124095381 (124060235) Equity Shares of Rs.10 each fully paid	12409.54	12406.02
Less : Amount in Arrears, other than from Directors	0.86	1.54
	<u>12408.68</u>	<u>12404.48</u>

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:	As at 31/03/2012		As at 31/03/2011	
	No.	Amount Rs. in lakhs	No.	Amount Rs. in lakhs
At the beginning of the period	124060235	12406.02	124026467	12402.65
Add: Allotted during the period pursuant to section 81(1A) of the Companies Act,1956.	35146	3.52	33768	3.37
Outstanding at the end of the period	<u>124095381</u>	<u>12,409.54</u>	<u>124060235</u>	<u>12,406.02</u>

Terms/ Rights attached to equity shares:

The Company has only class of equity shares having a par value of Rs. 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, 2012, the amount of per share dividend recognised as distributed to equity shareholders was Rs.3 (March 31, 2011 Rs.3).

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.

Shares held by holding/ultimate holding company and/or their subsidiaries/associates:

The Company does not have any holding or ultimate holding company.

Details of shareholders holding more than 5% shares in the company:	As at 31/03/2012		As at 31/03/2011	
	No.	% holding	No.	% holding
Equity shares of Rs. 10 each fully paid				
Finolex Cables Ltd.	40192597	32.39%	40192597	32.41%
Orbit Electricals Pvt.Ltd. (Refer note below)	23318901	18.79%	-	-
	<u>63511498</u>	<u>51.18%</u>	<u>40192597</u>	<u>32.41%</u>

Note: Shareholding of Orbit Electricals Private Limited has increased from 3.45% to 18.79% due to amalgamation of certain companies holding shares in the Company wide order of the Honourable High Court of Judicature, Bombay dated 29th July 2011. The amalgamating companies individually were holding shares less than 5% each.

Notes to the financial statements for the year ended March 31, 2012

	As at 31/03/2012	Rs.in Lakhs As at 31/03/2011
Note 3 - Reserves and Surplus		
Capital Reserve		
per last Balance Sheet	60.54	60.54
	<u>60.54</u>	<u>60.54</u>
Share Capital Buyback Reserve		
per last Balance Sheet	2517.93	2517.93
	<u>2517.93</u>	<u>2517.93</u>
Share Premium		
per last Balance Sheet	15116.27	15116.27
Add : Premium on shares issued	10.54	-
	<u>15126.81</u>	<u>15116.27</u>
General Reserve		
per last Balance Sheet	16239.70	14243.08
Add : Transferred from Profit & Loss Account	2000.00	2000.00
Add: Transferred on account of adoption of amendment to AS-11. (Refer Note 1.2 of Note 1)	986.20	-
Less: Transferred to Share Capital	-	3.38
	<u>19225.90</u>	<u>16239.70</u>
Debenture Redemption Reserve		
per last Balance Sheet	7500.00	6000.00
Add : Transferred from Profit & Loss Account	-	1500.00
	<u>7500.00</u>	<u>7500.00</u>
Contingency Reserve		
per last Balance Sheet	-	-
Add : Transferred from Profit & Loss Account	1215.00	-
	<u>1215.00</u>	<u>0.00</u>
Surplus in the Statement of Profit and Loss		
Surplus at the beginning of the year	8192.54	8429.44
Add : Profit for the year	7515.13	7617.10
Less: Dividend paid for earlier years	9.00	-
Less: Short provision for dividend for earlier years	0.81	-
Less: Appropriations		
General Reserve	2000.00	2000.00

Notes to the financial statements for the year ended March 31, 2012

	Rs.in Lakhs	
	As at 31/03/2012	As at 31/03/2011
Debenture Redemption Reserve	–	1500.00
Contingency Reserve	1215.00	–
Proposed Dividend	3722.86	3721.00
Tax on Dividend	603.94	633.00
Net Surplus in Statement of Profit & Loss	<u>8156.06</u>	<u>8192.54</u>
Grand Total	<u><u>53802.24</u></u>	<u><u>49626.98</u></u>

Non Current Liabilities**Note 4 - Long-Term Borrowings****Debentures:***

Secured

350 (500) 9.50% Secured Redeemable Non-convertible debentures of Rs. 1000000 each.	3500.00	5000.00
1000 (1000) 12.25% Secured Redeemable Non-convertible debentures of Rs. 1000000 each.	10000.00	10000.00
	<u>13500.00</u>	<u>15000.00</u>

*Refer Note no.1.4 of Note 1 for terms of redemption and nature of security.

Term Loans:

Secured

From Banks	3485.20	2572.93
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Term loan from ICICI Bank Ltd. was availed in F.Y.2007-08 and carries interest at the rate of 1.37438 % p.a.. The loan is repayable in 3 equal instalments beginning from F.Y.2011-12.

1st Instalment of Term loan from Central Bank of India was availed in F.Y.2011-12 and carries interest at the rate of 11.75 % p.a..The loan is repayable in 3 equal annual instalments from the date of disbursement. (Also refer Note 1.5 (II) b of Note 1)

Deferred payment liabilities :

Unsecured

Sales Tax deferral loan	1970.87	1970.87
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Deferred Sales tax loan is interest free and repayable in 10 yearly instalments of various amounts starting from March 2020.

	<u>18956.07</u>	<u>19543.80</u>
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Notes to the financial statements for the year ended March 31, 2012

	As at 31/03/2012	Rs.in Lakhs As at 31/03/2011
Note 5 - Deferred tax liabilities (Net)		
Depreciation - Liability	8985.55	10000.02
	<u>8985.55</u>	<u>10000.02</u>
Deferred tax asset		
Provision for Loss on Derivatives - Asset	-	(1993.04)
	-	(1993.04)
Deferred Tax Liability (Net)	<u>8985.55</u>	<u>8006.98</u>
Note 6 - Other long-term liabilities		
Trade and Security Deposits	37.62	58.75
	<u>37.62</u>	<u>58.75</u>
Note 7 - Long-term provisions		
Leave encashment	153.00	300.81
Gratuity (Refer Note 1.8(a) of Note 1)	211.59	211.78
	<u>364.59</u>	<u>512.59</u>
Current Liabilities		
Note 8 - Short-Term Borrowings		
<i>Secured</i>		
Working Capital Borrowings from Banks	618.90	1784.13
(Refer Note 1.5(III) of Note 1)	<u>618.90</u>	<u>1784.13</u>
<i>Unsecured</i>		
Inter Corporate Deposit	-	1602.00
Acceptances from Banks	81669.44	50528.10
	<u>81669.44</u>	<u>52130.10</u>
	<u>82288.34</u>	<u>53914.23</u>
Note 9 - Trade Payables		
Sundry Creditors	12974.81	24086.11
(Refer Note 1.6 of Note 1 for MSME)	<u>12974.81</u>	<u>24086.11</u>

Notes to the financial statements for the year ended March 31, 2012

	Rs.in Lakhs	
	As at 31/03/2012	As at 31/03/2011
Note 10 - Other Current Liabilities		
Advances from Customers	2944.26	1751.61
Unclaimed Dividend	281.65	235.33
Unclaimed Interest on Debentures	-	23.89
Other Liabilities	6641.22	14357.56
Current maturities of long term debt	2985.20	1214.81
(Refer Note 1.5(I & II) of Note 1 and Note below)		
Interest accrued but not due on loans	1222.77	771.22
	<u>14075.10</u>	<u>18354.42</u>
Note :		
a. Debentures:		
Secured	1500.00	-
b. Term Loan:		
From Bank		
Secured	1485.20	1214.81
	<u>2985.20</u>	<u>1214.81</u>
Note 11 - Short-Term Provisions		
Proposed Dividend	3722.86	3721.00
Tax on Dividend	603.94	633.00
Leave encashment	65.33	57.58
Gratuity (Refer Note 1.8(a) of Note 1)	49.48	45.47
	<u>4441.61</u>	<u>4457.05</u>

Notes to the financial statements for the year ended March 31, 2012
Note 12- Fixed Assets
(a)(i) Tangible Assets

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	Cost as on 01/04/2011	Additions	Deductions	Cost as on 31/03/2012	Bal. as on 01/04/2011	For the year	Deductions	Bal.as on 31/03/2012	As at 31/03/2011
Free Hold Land	5710.57	858.95	0.11	6569.41	—	—	—	—	5710.57
Lease Hold Land	100.70	—	—	100.70	20.40	0.99	—	21.39	80.30
Buildings	12589.31	1186.13	—	13775.44	2711.67	290.75	—	3002.42	9877.64
Plant and machinery	134919.67	4541.34	457.76	139003.25	73174.60	7051.05	350.05	79875.60	61745.07
Office Equipments	142.89	25.17	3.14	164.92	73.20	7.59	0.96	79.83	69.69
Furniture & Fixtures	943.85	33.09	0.45	976.49	508.22	50.47	0.05	558.64	435.63
Vehicles	841.21	144.73	130.82	855.12	278.13	77.53	49.80	305.86	563.08
Aircraft	1108.59	—	—	1108.59	355.14	62.08	—	417.22	691.37
Total	156356.79	6789.41	592.28	162553.92	77121.36	7540.46	400.86	84260.96	79235.43

Previous Year	153319.90	3256.09	219.20	156356.79	69767.76	7442.70	89.10	77121.36	79235.43
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(a)(ii) Intangible Assets

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	Cost as on 01/04/2011	Additions	Deductions	Cost as on 31/03/2012	Bal. as on 01/04/2011	For the year	Deductions	Bal.as on 31/03/2012	As at 31/03/2011
Computer Software	15.75	103.98	—	119.73	3.61	10.82	3.20	11.23	12.14
Total	15.75	103.98	—	119.73	3.61	10.82	3.20	11.23	12.14
Previous Year	14.83	0.92	—	15.75	3.40	0.21	—	3.61	11.43

(a)(iii) Capital Work-in-progress

Capital Work-in-progress									8535.89
									7216.94

Notes to the financial statements for the year ended March 31, 2012

		As at 31/03/2012	Rs.in Lakhs As at 31/03/2011
Note 13 - Non - Current Investments			
Non-trade-Long term (At Cost)			
Quoted and Listed			
Equity Shares of Rs.2 each fully paid-up in Gulf Oil Corporation Ltd.	9900 (9900)	1.21	1.21
Equity Shares of Rs.2 each fully paid-up in Finolex Cables Ltd.	22187075 (22187075)	10260.02	10260.02
Equity Shares of Rs.10 each fully paid-up in Gold Crest Finance Ltd.	12400 (12400)	4.96	4.96
[Aggregate market value Rs. 6900.52 lakhs (Rs.10472.26 lakhs)]		<u>10266.19</u>	<u>10266.19</u>
Unquoted			
Equity Shares of Rs.10 each fully paid-up in Finolex Plasson Industries Ltd.	4635000 (4635000)	749.77	749.77
Equity Shares of Rs.10 each fully paid-up in I2IT Private Limited	6100000 (6100000)	610.00	610.00
Equity Shares of Rs. 10 each fully paid-up in Finolex Infrastructure Ltd.	24975 (24975)	2.50	2.50
Equity Shares of Rs.1000 each fully paid-up in Rajsthan Olive Cultivation Limited	7500 (7500)	75.00	75.00
Units of Rs.100000 each fully paid-up in Peninsula Realty Fund	500 (500)	500.00	500.00
Equity Shares of Rs.10 each fully paid-up in The Saraswat Co-op Bank Ltd.	1000 (1000)	0.10	0.10
Equity Shares of Rs.10 each fully paid-up in Pawas Port Ltd.	49994 (49994)	4.99	4.99
		<u>1942.36</u>	<u>1942.36</u>
In Government Securities :			
Indira Vikas Patra 1		-	-
		<u>12208.55</u>	<u>12208.55</u>

1 Represents Rs. 500 (Rs. 500)

Notes to the financial statements for the year ended March 31, 2012

	As at 31/03/2012	Rs.in Lakhs As at 31/03/2011
Note 14 - Long-term loans and advances		
Security Deposits	714.66	695.77
Capital Advances	1411.87	405.16
	2126.53	1100.93

Note 15 - Other non-current assets

Balances with banks held as security against other commitments	3370.00	4587.50
Other deposits and advances	1819.28	1738.64
	5189.28	6326.14

Note 16 : Current Investments

Quoted and Listed

Punjab National Bank CD 26Jul12 [Market value Rs.2922.07 lakhs (Previous Year NIL)]	3000	(Nil)	2920.25	-
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Quoted but not Listed Mutual Fund (MF) Units of Rs.10 each unless otherwise specified

Axis MF - Axis FTP - Ser 21 (394 Days) - Growth	10000000	(Nil)	1000.00	-
Birla MF - BSL Fixed Term Plan Ser CF - Growth	Nil	(5000859)	-	500.09
Birla MF - BSL Fixed Term Plan Ser ES - Growth	10000000	(Nil)	1000.00	-
Birla MF - BSL Fixed Term Plan Ser EY - Growth	10000000	(Nil)	1000.00	-
HDFC MF - HDFC FMP 370D September 2010 (2)-Ser XV-Growth	Nil	(5000000)	-	500.00
HDFC MF - HDFC Liquid Fund - Premium Plan - Growth	14437465	(Nil)	3101.04	-
HDFC MF - HDFC FMP 400D March 2012 (1)-Ser XXI-Growth	10000000	(Nil)	1000.00	-
HDFC MF - HDFC FMP 399D March 2012 (1)-Ser XXI-Growth	10000000	(Nil)	1000.00	-
IDBI MF - IDBI FMP 369 Days Ser II(Feb 2012) - C - Growth	1999990	(Nil)	200.00	-
IDBI MF - IDBI FMP 380 Days Ser II(March 2012) - E - Growth	8000000	(Nil)	800.00	-
JP Morgan MF - JP Morgan India Liquid Fund - Super Inst - Growth	32003060	(Nil)	4426.18	-
JP Morgan MF - JP Morgan FMP Ser 6 - Growth	10000000	(Nil)	1000.00	-
Kotak MF Kotak FMP Ser 30 - Growth	Nil	(2000000)	-	200.00
Religare MF - Religare Ultra ST Fund - Inst Growth [unit of Rs. 1000 each]	Nil	(66697)	-	900.00

Notes to the financial statements for the year ended March 31, 2012

		Rs.in Lakhs	
		As at 31/03/2012	As at 31/03/2011
Religare MF - Religare Credit Opportunities Fund - Inst Growth	Nil	(11601303)	-
SBI MF - SBI Debt Fund Ser 13 Months - 13 - Growth	29999990	(Nil)	3000.00
Quoted but not Listed Mutual Fund (MF) Units of Rs.100 each			
Birla MF - BSL Cash Plus Inst Premium - Growth	1941107	(Nil)	3332.83
Quoted but not Listed Mutual Fund (MF) Units of Rs.1000 each			
IDBI MF - IDBI Liquid Fund - Growth	384808	(Nil)	4427.20
Templeton MF - Templeton India Treasury Mgt A/c - Super Inst - Growth	303434	(Nil)	4817.86
UTI MF - UTI Liquid Cash Plan - Inst - Growth	233390	(Nil)	4086.94
UTI MF - UTI Floating Rate Fund Short Term Plan - Inst Growth	Nil	(12896)	-
Shares, Debentures or Bonds:			
SBI 9.95% 160326 [Bonds of Rs. 10000 each]	Nil	(49000)	-
		<u>37112.30</u>	<u>8590.23</u>

[Aggregate market value Rs.37267.94 lakhs (Previous Year Rs.8673.25 lakhs)]

MF Represents Mutual Fund

Note 17 - Inventories

Raw Materials	12394.37	19337.24
Work-in-Progress	3432.82	6627.24
Finished Goods	12979.35	10632.40
Stores and spares	3610.09	3319.23
Traded Goods	-	20.03
Packing Material	215.45	195.26
		<u>32632.08</u>
		<u>40131.40</u>

Note 18- Trade Receivables

Debts outstanding for a period exceeding six months

Secured - Considered good	-	-
Unsecured - Considered doubtful	46.02	46.02
Less : provision for doubtful debts	(46.02)	(46.02)
		-
Other debts	4226.05	12343.62
		<u>4226.05</u>
		<u>12343.62</u>

Notes to the financial statements for the year ended March 31, 2012

	As at 31/03/2012	As at 31/03/2011
Note 19 - Cash and cash equivalents		
Cash on hand	30.40	25.34
Cheques on hand	150.00	-
Balances with banks in Current accounts	2045.54	125.68
Balances with banks for unpaid dividend	281.65	234.59
Balances with banks in fixed deposit accounts	400.00	2300.00
	2907.59	2685.61
Note 20 - Short term loans and advances		
Advances recoverable in cash or kind	4853.68	3491.22
Advance Tax [net off provision for tax Rs. 32416.76 lakhs (Previous Year Rs. 31066.96 lakhs)]	5534.27	3097.33
Balance with Customs, Excise, etc.	14606.93	14525.85
	24994.88	21114.40
Note 21 - Revenue from operations		
Sale of manufactured goods	230314.62	217549.39
Other operating revenues		
Sale of Scrap	1623.16	1312.29
Sale of Services	256.58	303.40
Revenue from Operations (Gross)	232194.36	219165.08
Less: Excise duty	22216.84	21392.46
Revenue from Operations (Net)	209977.52	197772.62
Details of Goods sold		
Finished Goods		
PVC	90509.05	89074.07
PVC Pipes	91567.53	80755.01
PVC Fittings	13769.17	9808.82
Power	5435.07	11475.64
Others	3863.25	1635.25
	205144.07	192748.79
Traded Goods		
EDC	4807.96	5013.08
Others	25.49	10.75
	4833.45	5023.83

Notes to the financial statements for the year ended March 31, 2012

	Rs.in Lakhs	
	As at 31/03/2012	As at 31/03/2011
Note 22 - Other Income		
Interest earned on		
Deposits	102.48	69.07
Others	236.51	71.06
Dividend Received		
From Long Term Investments	271.53	226.08
Net gain on sale of current investments	2113.84	1983.16
Profit on Sale of Assets	8.19	2.87
Other non-operating income	313.45	583.75
	<u>3046.00</u>	<u>2935.99</u>
Note 23 - Cost of materials consumed		
Inventory at the beginning of the year	19337.24	10480.59
Add : Purchases	140664.25	134433.46
	<u>160001.49</u>	<u>144914.05</u>
Less: Inventory at the end of the year	12394.37	19337.24
Cost of Raw material consumed	147607.12	125576.81
Packing material consumed	2080.61	1469.18
	<u>149687.73</u>	<u>127045.99</u>
Details of Raw Material consumed		
EDC	30092.60	34033.73
Ethylene	20097.31	18284.48
VCM	54498.45	51100.21
PVC (excluding captive)	20937.34	12973.33
Others	21981.42	9185.06
	<u>147607.12</u>	<u>125576.81</u>
Note 24 - Details of Purchase of Traded Goods		
EDC	4463.79	5753.23
	<u>4463.79</u>	<u>5753.23</u>
Note 25 - (Increase)/Decrease in Inventories		
	847.47	3191.91
	<u>847.47</u>	<u>3191.91</u>
Inventories at the end of the year		
Work in Progress	3432.82	6627.24
Finished Goods	12979.35	10632.40
	<u>16412.17</u>	<u>17259.64</u>
Inventories at the beginning of the year		
Work in Progress	6627.24	6151.79
Finished Goods	10632.40	14204.86
Goods in Transit	-	94.89
	<u>17259.64</u>	<u>20451.54</u>

Notes to the financial statements for the year ended March 31, 2012

	As at 31/03/2012	Rs.in Lakhs As at 31/03/2011
Details of Inventory		
(a) Raw Material		
EDC	4375.89	8851.69
Ethylene	4417.02	6325.29
VCM	221.92	2663.24
PVC (excluding captive)	345.40	232.21
Others	3034.14	1264.81
	<u>12394.37</u>	<u>19337.24</u>
(b) Work-in-Progress		
PVC	396.33	295.09
VCM	290.58	1064.05
PVC Compound	2464.92	2382.34
Others	280.99	2885.76
	<u>3432.82</u>	<u>6627.24</u>
(c) Finished Goods		
PVC	9929.30	6885.31
PVC Pipes	1378.10	1992.73
PVC Fittings	1643.33	1249.85
Others	28.62	504.51
	<u>12979.35</u>	<u>10632.40</u>

Note 26 - Employee benefits expense

Salaries, Wages, Bonus and Commission	4701.18	4228.26
Contribution to provident and other funds (Refer Note 1.8 of Note 1)	323.48	308.33
Staff welfare expenses	616.12	516.76
	<u>5640.78</u>	<u>5053.35</u>

Note 27 - Other expenses

Power and Fuel	8817.54	16297.43
Stores and Spares consumed	1924.35	2211.18
Other manufacturing expenses	5308.65	4489.59
Rent, Rates and Taxes	1047.99	537.52
Insurance	472.76	399.86
Repairs & Maintenance (Buildings)	311.84	262.88
Repairs & Maintenance (Plant & Machinery)	737.19	578.04
Repairs & Maintenance (Others)	371.37	224.06
Communication Expenses	120.45	108.23
Travelling and Conveyance	319.90	289.06
Directors Sitting Fees	13.80	10.10

Notes to the financial statements for the year ended March 31, 2012

	Rs.in Lakhs	
	As at 31/03/2012	As at 31/03/2011
Auditor's Remuneration :		
• Statutory Audit Fees	22.00	22.00
• Tax Audit Fees	5.00	5.00
• Other Fees	8.46	7.42
• Out Of Pocket Expenses	1.09	0.73
Advertisement, Publicity and Sales Promotion	792.60	891.86
Commission on Sales	559.16	488.91
Freight Outward & Other Selling Expenses	3233.64	3695.99
Donations (Refer Note no. 1.7 of Note 1)	5.00	325.36
Loss on Sale of Assets	127.05	48.17
Sales Tax	0.14	0.08
Miscellaneous Expenses	1973.83	2490.54
Net loss on foreign currency transaction and translation	1459.05	1353.78
Excise duty collected and paid (Net)	29.33	21.89
	<u>27662.19</u>	<u>34759.68</u>
Note 28 - Finance costs		
Interest expense	3443.45	3371.58
Other borrowing costs	483.66	490.45
Premium on Forward Exchange Contracts	3332.15	2104.25
Exchange difference to the extent considered as borrowing cost	236.81	-
	<u>7496.07</u>	<u>5966.28</u>

Notes forming part of the Financial statements

Note 1) Significant Accounting Policies

i) Basis of preparation:

The financial statements of the Company are 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 notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements are prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year except for accounting for exchange fluctuation on foreign currency loans taken for purchase of fixed assets and employee benefits on account of leave encashment. (Refer note 1.8)

ii) Presentation and disclosure of financial statements:

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI did not have any impact on recognition and measurement principles followed for preparation of financial statements. However, it has significantly impacted the presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

iii) Use of estimates:

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and 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.

iv) Fixed Assets:

- a) 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.
- b) Impairment: The carrying amount of cash generating units /assets is reviewed at Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated

as the higher of net selling price and value in use. Impairment loss is recognised whenever carrying amount exceeds the recoverable amount.

- c) 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.

v) Depreciation:

- a) Depreciation is provided on Straight-Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.
- b) Amortisation is provided in respect of leasehold land.

vi) Valuation of Investments:

Investments classified as long term Investments are stated at cost. Provision for diminution, if any, in the value of long-term investments is made to recognise a decline other than temporary in the fair value of investments. The fair value of a long term investment is ascertained with reference to its market value, investee's assets and results and the expected cash flows from the investment as well as the strategic importance to the Company.

Current investments are valued at lower of cost and fair value.

vii) Valuation of Inventories:

Inventories are valued at lower of cost and net realisable value. Cost is determined on weighted average method. Cost of semi-finished and finished goods comprises of materials, conversion cost and excise duty wherever applicable.

viii) Foreign Currency Transactions:

- a) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary Assets & Liabilities denominated in foreign currency are translated at the year-end rate. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of Monetary Assets and Liabilities at the end of the year is recognised as income or expense, as the case may be. 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 assets. (Refer note 1.2 below).
- b) The Company uses foreign exchange forward contracts and options to reduce the cost or to hedge its risks associated with foreign currency fluctuations to underlying transactions for certain firm commitments or forecasted transactions. The difference between the forward rate and the exchange rate at the inception of the forward contract for underlying transaction is recognised

as income or expense over the life of the contract. In respect

ix) Revenue Recognition:

Sale of goods is recognised on dispatches to customers, which coincide with the transfer of significant risks and rewards associated with ownership, inclusive of excise duty and net of discount.

Dividend income is accounted for when the right to receive is established.

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

x) Employee Benefits:

a) Defined Contribution Plan:

Contributions are made to approved Superannuation Fund and Provident Fund.

b) Defined Benefit Plan:

Company's liability towards gratuity is determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past Service Gratuity Liability is computed with reference to the service put in by each employee till the date of valuation as also the projected terminal salary at the time of exit. Actuarial gain or losses are recognised immediately in the Statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future Cash Flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

c) Compensated Absences:

Liability on account of Leave encashment to employees was considered as short term compensation expense provided on actual basis upto 31st March 2011. The same has been considered on actuarial basis from 1st April 2011.

xi) Income taxes:

Tax expense comprises current and deferred tax. Current income tax is measured as the amount expected to be paid to the tax authorities in accordance with the Income tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the Statement of Profit and Loss.

Deferred income tax reflects the impact of timing differences between taxable income and accounting income originating during the current year and reversal of

timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the Statement of Profit and Loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

xii) 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.

xiii) Contingent liabilities:

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 recognized 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 recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

xiv) Cash and cash equivalents:

Cash and cash equivalents for the purposes of Cash Flow Statement comprise cash at bank and short-term investments with an original maturity of three months or less.

xv) Accounting for leases:

Assets given on lease where significant portion of risks and rewards incidental to the ownership is retained are classified as 'Operating lease.' Lease rentals are recognised on straight line basis over the lease term.

xvi) Identification of segments:

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.

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.

xvii) Earning Per Share:

Basic earning 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 earning 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.

Note 1.1) Contingent Liabilities and commitments:

- i) Guarantees given by the Company's Bankers on behalf of the Company towards performance and other matters: Rs. 1421.44 lakhs (Rs. 1565.07 lakhs).
- ii) Claims against the Company not acknowledged as debt:
 - a) Liabilities in respect of income tax matters for which the Company has succeeded in appeal but Income Tax Department has gone in further appeal and exclusive of the effect of similar matters in respect of pending assessments, Rs. 179.38 lakhs (Rs. 30.37 lakhs).

- 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, Rs. 412.22 lakhs (Rs. 887.75 lakhs).
- c) Excise/Customs/Service Tax in respect of which either show cause notice is received or the Company/Department is in appeal, Rs. 2674.87 lakhs (Rs. 2435.29 lakhs).
- d) Amounts claimed by banks in respect of derivative transactions which are under dispute not acknowledged as debt, Rs. 22254.30 lakhs (Rs. 23977.54 lakhs).

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 obligation, if any, cannot be made. It is unlikely that there will be a material liability on the Company on this account in 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 action.

- e) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance payments), Rs. 3317.09 lakhs (Rs. 1424.59 lakhs).

Note 1.2) Changes in Accounting Policy / Assumption:

- a) Pursuant to notification dated 29th December, 2011 issued by Ministry of Corporate Affairs, Government of India in respect of changes to Accounting Standard 11, the Company has exercised the option of capitalizing exchange differences arising on reporting of long term foreign currency loans in so far as they relate to the acquisition of depreciable capital assets. Accordingly in the current financial year an amount of Rs. 1146.92 lakhs has been capitalized. This amount includes Rs. 986.20 lakhs credited to General Reserve towards exchange difference previously recognised in the Profit & loss Account for the previous years. This amount will be depreciated from the date of capitalization over the remaining life of the asset. Had this change not been effected, the profit before tax for the year would have been lower by Rs. 123.00 lakhs, the Gross Block of assets would have been lower by Rs. 1146.92 lakhs and correspondingly depreciation would have been lower by Rs. 37.72 lakhs.
- b) The balance of foreign exchange difference capitalised pursuant to above, remaining to be depreciated over the balance life is Rs. 1086.66 lakhs.
- c) Liability on account of Leave encashment to employees was considered as short term compensation expense provided on actual basis upto 31st March 2011. The same has been considered on actuarial basis from 1st April 2011. Had this change not been effected, the profit before tax for the year would have been lower by Rs. 78.64 lakhs.

Note 1.3) A. Quantitative information of derivative instruments outstanding as at the Balance Sheet date:

Category	Amount Rs. in lakhs 2011-12	Amount Rs. in lakhs 2010-11
Foreign Exchange Forwards/Options	24787.81	59191.00

B) The Company has entered into forward contract / option transactions with an objective to hedge the financial risks associated with its business viz. foreign exchange, interest rate.

C) The Company has not hedged the following foreign currency exposures:

- (i) Borrowings grouped under secured loans equivalent to Rs. 2970.41 lakhs (Rs. 2301.70 lakhs) and under unsecured loans equivalent to Rs. 57891.47 lakhs (Rs. 2268.55 lakhs).
- (ii) Creditors for imports equivalent to Rs. 9459.83 lakhs (Rs. 8341.28 lakhs).

Note 1.4) Debentures: Terms of Redemption:

1000 Privately placed Secured Redeemable Non-Convertible Debentures ("Debentures") of Rs. 1,000,000 (Rupees ten lakhs only) each, aggregating Rs. 100 crore with LIC of India will be redeemed in full at par at the expiry of five years from the date of allotment i.e. 17th November, 2008.

500 Privately placed Secured Redeemable Non-Convertible Debentures of Rs. 1,000,000 (Rupees ten lakhs only) each, aggregating Rs. 50 crore with LIC of India will be redeemed in three equal instalments at par at the expiry of third, fourth and fifth year from the date of allotment i.e., 18th September, 2009.

Note 1.5) Security for Secured Loans:

(i)	The outstanding amount payable on the debentures mentioned at Note 1.4 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") under the Debenture Trust deed dated 16th February, 2009 for 12.25% NCDs of Rs.100 crore and Debenture Trust Deed dated 5th March, 2010 for 9.50% NCDs of Rs.50 crore respectively have been secured by creation of english mortgage on pari passu basis in favour of ATSL on the Company's immovable properties situate at 1B, 1st Floor, Mahakant Building, Ellisbridge, Ahmedabad in the State of Gujarat.
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(II)	<p>The outstanding amount payable on the:</p> <p>(a) 12.25% NCDs of Rs.100 crore redeemable on 17th November, 2013 i.e. after 5 years from deemed date of allotment 17th November, 2008;</p> <p>(b) 9.50% NCDs of Rs.50 crore redeemable in 3 installments commencing at the end of 3rd, 4th and 5th year from the date of allotment i.e. 21st September, 2009 in the ratio of 3:3:4.</p> <p>(c) Borrowings by way of foreign currency term loan availed from ICICI Bank Limited, Singapore Branch (the "ICICI Bank") in the year 2007-2008 at the interest rate of 1.37% p.a. repayable in 3 equal installments beginning from financial year 2011-2012 (accordingly the first installment has been paid), for which Axis Bank Limited (the "ABL") is acting as security trustee; and</p> <p>(d) Borrowings by way of term loan availed from Central Bank of India, Pimpri Branch, Pune (the "Central Bank") at the interest rate of 11.75% p.a. repayable in 3 equal installments from the date of disbursement:</p> <p>together with all interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, expenses and other moneys and fees payable as applicable</p> <p>under the respective Deeds and Agreement are secured by:</p> <p>(a) equitable mortgage created in favour the ATSL and the ABL; and</p> <p>(b) equitable mortgage to be created in favour of Central Bank: on pari passu basis by depositing with ABL, New Delhi, ABL acting for itself and as an agent of ATSL and Central Bank, all the documents of title, evidences, title deeds and writings in respect of immovable properties falling within the battery limit of the site of the Company's plant for manufacture of PVC, situate 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; and</p> <p>(c) will be further secured by equitable mortgage to be created in favour the ATSL, ABL and the Central Bank on pari passu basis by depositing with ABL, New Delhi, ABL acting for itself and as an agent of ATSL and Central Bank, all the documents of title, evidences, title deeds and writings in respect of immovable properties falling within the battery limit of the Company's 43 MW power plant situate 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; and</p>
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(III)	<p>The aggregate limits of working capital borrowings of Rs. 139575 lakhs from the Bank of India Consortium together with all interest, liquidated damages, costs, charges, and other monies payable under working capital consortium agreement/sanction letters are secured by:</p> <p>(a) Hypothecation of inventories and book debts; and</p> <p>(b) by extension of second equitable mortgage created in favour of Bank of India Consortium by deposit of title deeds with ABL, 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 / to be created by deposit of title deeds in respect of immovable properties falling within the battery limit of the site of the Company's plant for manufacture of PVC Resin, situate 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.</p>
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Note 1.6) Sundry Creditors:

- A) Outstandings to creditors other than Micro, Small & Medium Enterprise Rs. 12946.47 lakhs (Rs. 24017.23 lakhs) [Interest Paid/Payable is Rs. Nil (Rs. Nil)]
- B) Outstandings to Micro, Small & Medium Enterprise : Rs. 28.34 lakhs (Rs. 68.88 lakhs)

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.

Note 1.7) Political contribution in terms of provisions of Section 293A of the Companies Act, 1956. Donation of Rs. 5.00 lakhs (Rs. Nil) paid to Shiv Sena, a Political party.

Note 1.8) Disclosure as per Accounting Standard 15 (Revised):

- a) The following table sets out the status of the Gratuity Plan as required under AS 15 (Revised).

Statement showing Changes in the Present Value of the Obligation

	Rs. in lakhs	
	As on 31st March, 2012	As on 31st March, 2011
Present Value of obligation at the beginning of the year	640.42	600.55
Interest Cost	48.47	46.05
Current Service Cost	52.01	49.71
Benefits Paid	(69.04)	(49.84)

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	Rs. in lakhs	
	As on 31st March, 2012	As on 31st March, 2011
Actuarial (gain)/ loss on obligation	(16.97)	(6.05)
Present Value Of obligation as at the end of the year	654.89	640.42
Fair value of plan Assets at the beginning of the year		
Fair value of plan Assets at the beginning of the year	383.17	356.73
Expected Return on plan assets	31.08	29.60
Contributions	44.40	42.71
Benefits Paid	(69.04)	(49.84)
Actuarial gain/ (loss) Plan Assets	4.21	3.97
Fair value of plan Assets at the end of the year	393.82	383.17
Actuarial gain or loss recognized		
Actuarial (gain)/ loss on obligation	(16.97)	(6.05)
Actuarial gain /(loss) Plan Assets	4.21	3.97
Total gain / (loss) for the year	21.18	10.02
Present Value of obligation	654.89	640.42
Amount to be recognised in the Balance Sheet		
Present Value of obligation	654.89	640.42
Fair Value of Plan Assets	(393.82)	(383.17)
Funded Status	261.07	257.25
Liability/(asset) recognised in the Balance Sheet	261.07	257.25
Expenses Recognised in the Profit & Loss statement		
Current Service Cost	52.01	49.71
Interest Cost	48.47	46.05
Expected Return on plan assets	(31.08)	(29.59)
Net Actuarial gain/(loss) recognised in the year	(21.18)	(10.02)
Past Service Cost	-	2.79
Expenses Recognised in the Profit & Loss statement	48.22	58.94

Actuarial Assumptions : Discounted Rate 8% Salary Escalation 5%

- b) The following table sets out the status of the Leave Encashment Plan as required under AS 15 (Revised).

Rs. in lakhs

	Assets/Liabilities	31st March, 2012
1	Value Of Obligation	218.33
2	Fair Value Of Plan Assets	-
3	Balance sheet Liability/(Asset)	218.33
4	P&L (Income)/expenses	(81.76)
5	Actuarial gain or (Loss)	(34.24)
6	Actuarial gain or (Loss) Unrecognised	-

Actuarial Assumptions : Discounted Rate 8% Salary Escalation 5%

Note 1.9)

CIF Value of Imports:

	2011-12	2010-11
	Value	Value
	Rs. in lakhs	Rs. in lakhs
Raw materials*	121695.62	124497.19
Stores, spares and components	268.79	132.66
Capital goods	880.54	506.47

* Inclusive of high seas purchases

Note 1.10)

Expenditure in Foreign Currency:

	2011-12	2010-11
Interest	1310.96	1043.65
Subscription	14.79	11.53
Travelling expenses	16	32.98
Legal and Professional fees	229.07	246.82
Others	2.25	9.67

Note 1.11) 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".

Rs. in lakhs

Description	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12
	PVC	PVC	PIPES & FITTINGS	PIPES & FITTINGS	POWER	POWER	OTHER THAN SEGMENT	OTHER THAN SEGMENT	ELIMINATIONS	ELIMINATIONS	TOTAL	TOTAL	TOTAL	TOTAL	
A. PRIMARY SEGMENT INFORMATION SEGMENT REVENUE (net of excise duty)	95945.96	94886.54	91410.44	91410.44	5233.36	11,475.64	-	-	-	-	209977.52	197772.62	209977.52	197772.62	
a) External Sales	53157.95	53590.78	7.95	7.95	12322.15	3,346.72	-	-	(77425.33)	(56945.45)	-	-	-	-	
b) Inter-segment Sales	149103.91	148477.32	91418.39	91418.39	17555.51	14,822.36	-	-	(77425.23)	(56945.45)	209977.52	197772.62	209977.52	197772.62	
TOTAL REVENUE	11704.05	8450.81	7213.56	7213.56	1771.71	3,436.86	-	-	-	-	19270.21	19101.23	19270.21	19101.23	
Interest															
Net unallocable (expenditure) / income															
PROFIT BEFORE TAX	94850.52	99479.84	32653.52	32653.52	20841.67	30,565.15	55204.88	55204.88	-	-	81144.16	217903.39	234725.22	217903.39	
Provision for current tax	3769.89	27957.16	10855.08	10855.08	953.49	607.38	26942.69	26942.69	-	-	27081.26	66362.31	53646.34	66362.31	
Provision for deferred tax	1257.65	662.46	2067.91	2067.91	1613.14	571.40	925.10	925.10	-	-	1011.72	4226.87	7620.06	4226.87	
PROFIT AFTER TAX	4650.51	4757.74	1163.52	1163.52	1602.92	1,518.01	3.64	3.64	-	-	0.04	7442.91	7551.28	7442.91	

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 1.12) Related Party Disclosures :

Disclosures as required by the Accounting Standard 18 "Related Party Disclosures" are given below :

a) List of Related Parties

	Key management personnel
1 Finolex Cables Ltd.	1. Mr. P. P. Chhabria – Chairman
2 Finolex Plasson Industries Pvt.Ltd.	2. Mr. K. P. Chhabria – Executive Vice Chairman
3 Finprop Advisory Services Ltd.	3. Mr. Prakash P. Chhabria – Managing Director
4 Pawas Port Ltd.	4. Mr. S. S. Dhanorkar – Assistant Managing Director & COO
5 Orbit Electricals Pvt.Ltd.	5. Mr. P. Subramaniam – Assistant Managing Director & CFO
6 Kaya Software Pvt.Ltd.	

b) Transactions with related Parties

Nature of transactions	Rs. In Lakhs			
	2011-12		2010-11	
	Associate companies	Key manage- ment personnel	Associate companies	Key manage- ment personnel
1 Sales and other Income				
Finolex Cables Ltd.	366.24	-	175.94	-
Finolex Plasson Industries Pvt.Ltd.	<u>2250.07</u>	-	<u>1968.91</u>	-
Total	<u>2616.31</u>	-	<u>2144.85</u>	-
2 Purchases of raw materials and stores				
Finolex Cables Ltd.	34.62	-	14.76	-
Finolex Plasson Industries Pvt..Ltd.	<u>3.56</u>	-	-	-
Total	<u>38.18</u>	-	<u>14.76</u>	-
3 Expenditure on Services				
Finolex Cables Ltd.	-	-	7.10	-
Finprop Advisory Services Ltd.	<u>46.03</u>	-	<u>39.65</u>	-
Total	<u>46.03</u>	-	<u>46.75</u>	-
4 Recoveries				
Finolex Cables Ltd.	-	-	19.88	-
5 Dividend received				
Finolex Cables Ltd.	155.31	-	133.12	-
Finolex Plasson Industries Pvt.Ltd.	<u>115.88</u>	-	<u>92.70</u>	-
Total	<u>271.19</u>	-	<u>225.82</u>	-
6 Dividend paid				
Finolex Cables Ltd.	1205.78	-	401.93	-
7 Rent paid				
Kaya Software Pvt..Ltd.	110.42	-	101.53	-

Rs. In Lakhs

Nature of transactions	2011-12		2010-11	
	Associate companies	Key management personnel	Associate companies	Key management personnel
8 Interest to Companies against ICD Orbit Electricals Pvt.Ltd.	57.47	-	179.86	-
9 Reimbursement of expenses received Finolex Cables Ltd.	188.65	-	153.30	-
10 Amount Outstanding Debtors	545.09	-	972.25	-
Creditors	191.27	-	351.53	-
11 Loans & Advances and Deposits Orbit Electricals Pvt. Ltd.	-	-	1602.00	-
12 Refund of Deposits Orbit Electricals Pvt. Ltd.	1602.00	-	1243.00	-
13 Managerial remuneration	-	640.74	-	469.97

*During the year Akash-Tatva Investment Pvt.Ltd, Coated Fabrics Pvt. Ltd, Corrugated Box Industries (I) Pvt. Ltd, Finolib Chemicals Pvt. Ltd, Devita Investments Pvt. Ltd, Mohini Investments Pvt. Ltd, Fino Communication Equipment Pvt. Ltd, Magnum Machines Pvt. Ltd, V.K.C Investments Pvt. Ltd, Hi-Tech Poly Coatings Pvt. Ltd and Pratibha Xero-Graphic Impression Pvt. Ltd were amalgamated with Orbit Electricals Pvt. Ltd vide order of the High Court of Judicature at Bombay dated 29th July 2011.

Note 1.13)

During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. Revised Schedule VI has significantly impacted the presentation and disclosures made in the financial statements, particularly presentation of Balance Sheet. The Company has reclassified previous year's figures to conform to this year's classification.

As per our report of even date
For B. K. Khare & Co.
Chartered Accountants
FRN 105102W
Prasad Paranjape
Partner
M.No.047296

P.P. CHHABRIA
K.P. CHHABRIA
PRAKASH P. CHHABRIA
K.N. ATMARAMANI
S.N. INAMDAR
D.N. DAMANIA
DR. SUNIL U. PATHAK
P.D. KARANDIKAR
S.S. DHANORKAR
P. SUBRAMANIAM
S.S. MATH

Chairman
Executive Vice Chairman
Managing Director

ANIL B. ATRE
AVP (Legal & Admn.)
& Company Secretary

Asst. Managing Director & COO
Asst. Managing Director & CFO
Director (Operations)

Pune: 28th April, 2012

Pune: 28th April, 2012

NOTICE

NOTICE is hereby given that the thirty-first annual general meeting of the members of Finolex Industries Limited will be held on Saturday, 11th day of August, 2012 at 10.30 a.m. at Training Centre of Finolex Cables Limited at and post Urse, Taluka Maval, District Pune 410 506 to transact the following business:

1. To receive, consider, approve and adopt the audited balance sheet as at 31st March, 2012 and the profit and loss account for the year ended on that date together with the reports of the directors' and the auditors' thereon.
2. To declare dividend for the financial year ended 31st March, 2012.
3. To appoint a director in place of Dr. Sunil U. Pathak, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a director in place of Mr. P. D. Karandikar, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a director in place of Mr. S. N. Inamdar, who retires by rotation and, being eligible, offers himself for reappointment.
6. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT subject to the provisions of sections 224, 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s. P. G. Bhagwat, Chartered Accountants (Firm Registration no. 101118W), Pune be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of next Annual General Meeting of the Company, in place of the retiring Statutory Auditors, M/s. B. K. Khare & Co., Chartered Accountants to examine and audit the accounts of the Company for the Financial Year 2012-13 at such remuneration which would be mutually agreed between the Board of Directors of the Company and the Auditors, plus service tax, and such other taxes as may be applicable, and reimbursement of all out of pocket expenses, in connection with the audit of the accounts of the Company for the year ending 31st March, 2013.”

Special business:

7. To consider, and, if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

“RESOLVED THAT Mr. D.N. Damania, who was appointed as an Additional Director of the Company by the Board of Directors of the Company under Article 118 of Articles of Association of the Company and who holds office up to the date of this Annual General Meeting under section 260 of the Companies Act, 1956 and in respect of whom the Company has under section 257 of the said Act received notices in writing proposing his candidature for the office of Director, be and is hereby appointed as a director of the Company, liable to retire by rotation.”

8. To consider, and, if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

“RESOLVED THAT Mr. Sanjay Asher, who was appointed as an Additional Director of the Company by the Board of Directors of the Company under Article 118 of Articles of Association of the Company and who holds office up to the date of this Annual General Meeting under section

260 of the Companies Act, 1956 and in respect of whom the Company has under section 257 of the said Act received notices in writing proposing his candidature for the office of Director, be and is hereby appointed as a director of the Company, liable to retire by rotation.”

9. To consider, and, if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

“RESOLVED THAT Mr. S.S.Math, who was appointed as an Additional Director of the Company by the Board of Directors of the Company under Article 118 of Articles of Association of the Company and who holds office up to the date of this Annual General Meeting under section 260 of the Companies Act, 1956 and in respect of whom the Company has under section 257 of the said Act received notices in writing proposing his candidature for the office of Director, be and is hereby appointed as a director of the Company, liable to retire by rotation.”

10. To consider, and, if thought fit, to pass, with or without modification(s), the following resolution as a special resolution:

“RESOLVED THAT in accordance with the provisions of sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) read with Article 141 of Articles of Association of the Company and subject to such other approvals as are necessary, consent of the Company be and is hereby accorded to the:

- (i) re-appointment of Mr. Prakash P. Chhabria as Managing Director of the Company for the period from 1st December, 2011 to 30th November, 2016 on the remuneration and the terms and conditions including remuneration to be paid in case of inadequate profits or no profits as are set out in the Agreement dated 28th November, 2011 entered into by the Company with Mr. Prakash P. Chhabria and increase in the remuneration payable to him with effect from 1st April, 2012 till expiry of his present term of office as are set out in the draft Supplemental Agreement to be entered into by the Company with Mr. Prakash P. Chhabria;
- (ii) appointment of Mr. Prakash P. Chhabria as Whole-time director designated as Executive Chairman for the period from the close of business hours of 11th August, 2012 to 30th November, 2016, consequent upon the retirement of Mr. P. P. Chhabria as Chairman and Mr. K. P. Chhabria as Executive Vice Chairman of the Company with effect from the close of business hours 11th August, 2012, on the remuneration and the terms and conditions including remuneration to be paid in case of inadequate profits or no profits as are set out in the draft Agreement to be entered into by the Company with Mr. Prakash P. Chhabria.

RESOLVED FURTHER THAT the said Agreement dated 28th November, 2011, the said draft Supplemental Agreement and the said draft Agreement which are placed before this meeting be and are hereby specifically approved with liberty to the Board of Directors of the Company to alter and vary the terms and conditions of the same.

RESOLVED FURTHER THAT the remuneration (except commission) as mentioned in the agreement dated 28th November, 2011 as modified by the draft supplemental agreement/draft agreement from time to time shall be the minimum remuneration payable to Mr. Prakash P. Chhabria in case of inadequate profits or no profits in any financial year during the currency of his tenure as the Managing Director, and/or wholetime director designated as Executive Chairman, subject to such approvals as may be required.

RESOLVED FURTHER THAT the Board be and is hereby authorized to revise from time to time

during the tenure of the appointment of Mr. Prakash P. Chhabria, the remuneration payable to him subject to overall limits laid down in sections 198, 309, 310 and Schedule XIII to the Act without further approval of the members of the Company but with such other approvals, sanctions or permissions, if any, required for such revision in the remuneration.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to the above resolution."

11. To consider, and, if thought fit, to pass, with or without modification(s), the following resolution as a special resolution:

"RESOLVED THAT in accordance with the provisions of sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the "Act") read with Article 141 of Articles of Association of the Company and subject to such other approvals as are necessary, consent of the Company be and is hereby accorded to the:

- (i) Re-appointment of Mr.S.S.Dhanorkar as Whole-time director designated as Assistant Managing Director & Chief Operating Officer with effect from 1st December, 2011, to 30th November, 2016 on the remuneration and the terms and conditions including remuneration to be paid in case of inadequate profits or no profits as are set out in the Agreement dated 30th November, 2011 entered into by the Company with Mr.S.S. Dhanorkar and increase in the remuneration payable to him with effect from 1st April, 2012 till expiry of his present term of office as are set out in the draft Supplemental Agreement to be entered into by the Company with Mr.S.S.Dhanorkar;
- (ii) appointment of Mr.S.S.Dhanorkar as Managing Director for the period from the close of business hours of 11th August, 2012 to 30th November, 2016, consequent upon the elevation of Mr. Prakash P. Chhabria as Executive Chairman with effect from the close of business hours of 11th August, 2012, on the remuneration and the terms and conditions including remuneration to be paid in case of inadequate profits or no profits as are set out in the draft Agreement to be entered into by the Company with Mr. S. S. Dhanorkar.

RESOLVED FURTHER THAT the Agreement dated 30th November, 2011, the said draft Supplemental Agreement and the said draft Agreement which are placed before this meeting be and are hereby specifically approved with liberty to the Board of Directors of the Company to alter and vary the terms and conditions of the same.

RESOLVED FURTHER THAT the remuneration as mentioned in the agreement dated 30th November, 2011 as modified by the supplemental agreement/draft agreement from time to time shall be the minimum remuneration payable to Mr. S. S. Dhanorkar in case of inadequate profits or no profits in any financial year during the currency of his tenure as the wholetime director designated as Assistant Managing Director & Chief Operating Officer and/or Managing Director, subject to such approvals as may be required.

RESOLVED FURTHER THAT the Board be and is hereby authorized to revise from time to time during the tenure of the appointment of Mr. S. S. Dhanorkar, the remuneration payable to him subject to overall limits laid down in sections 198, 309, 310 and Schedule XIII and other applicable provisions, if any, of the Act, without further approval of the members of the Company but with such other approvals, sanctions or permissions, if any, required for such revision in the remuneration.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds,

matters and things as may be considered necessary, usual or expedient to give effect to the above resolution.”

12. To consider, and, if thought fit, to pass, with or without modification(s), the following resolution as a special resolution:

“**RESOLVED THAT** in accordance with the provisions of sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) read with Article 141 of Articles of Association of the Company and subject to such other approvals as are necessary, consent of the Company be and is hereby accorded to the appointment of Mr. S. S. Math as Whole-time director designated as Director (Operations) with effect from 4th February, 2012, for a period of five years on the remuneration and the terms and conditions including remuneration to be paid in case of inadequate profits or no profits as are set out in the Agreement dated 4th February, 2012 (the “Agreement”) entered into by the Company with Mr. S. S. Math, which Agreement is placed before this meeting and is hereby specifically approved with liberty to the Board of Directors of the Company to alter and vary the terms and conditions of the Agreement.

RESOLVED FURTHER THAT the remuneration as mentioned in the agreement dated 4th February, 2012 as modified by the supplemental agreements from time to time shall be the minimum remuneration payable to Mr. S. S. Math in case of inadequate profits or no profits in any financial year during the currency of his tenure as the wholetime director designated as Director (Operations), subject to such approvals as may be required.

RESOLVED FURTHER THAT the Board be and is hereby authorized to revise from time to time during the tenure of the appointment of Mr. S. S. Math, the remuneration payable to him subject to overall limits laid down in sections 198, 309, 310 and Schedule XIII to the Act without further approval of the members of the Company but with such other approvals, sanctions or permissions, if any, required for such revision in the remuneration.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to the above resolution.”

13. To consider, and, if thought fit, to pass, with or without modification(s), the following resolution as a special resolution:

“**RESOLVED THAT** pursuant to the provisions of sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, Article 121 of Articles of Association of the Company, listing Agreements entered into by the Company with the stock exchanges and subject to the approval of the Central Government, as may be required, approval of the Company be and is hereby accorded for the payment and distribution of a sum not exceeding 1% of the net profits of the Company calculated in accordance with provisions of sections 198, 349 and 350 of the Companies Act, 1956, by way of commission to all the directors together who are neither in the wholetime employment nor managing director of the Company, in such amounts or proportion and in such manner as may be determined by the Board of Directors (“the Board”) of the Company from time to time and in absence of such determination equally and such payment be made out of the profits of the Company of each financial year during the period of five years commencing from 1st April, 2011.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to decide, from time to time, the quantum and manner of distribution of commission to each

Non-whole-time Director within the limit aforesaid.

RESOLVED FURTHER THAT subject to the approval of Central Government, as may be required, approval of the Company be and is hereby accorded for payment of all fees/compensation to the Directors who are neither in the whole-time employment nor Managing Director of the Company, as may be determined by the Board from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, matters, deeds and things as may be necessary, desirable, usual or expedient for giving effect to this resolution.”

By Order of the Board of Directors
For Finolex Industries Limited

Anil B. Atre
AVP (Legal & Admin.)
& Company Secretary

Mumbai
30th June, 2012

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF 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.**
2. An explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of Special Business as set out above is annexed hereto.
3. The register of members and the share transfer books of the Company will remain closed from 1st August, 2012 to 11th August, 2012, both days inclusive.
4. Dividend, if declared at the meeting, will be paid on or before 16th August, 2012 to those shareholders whose names appear on the register of members of the Company on 11th August, 2012 or on the register of beneficial owners maintained by the depositories as at the close of their business hours on 31st July, 2012.
5. Please refer to the Corporate Governance Report on page nos. from 20 to 22 for brief resumés of Directors being appointed and reappointed.
6. 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 P-14, Rajiv Gandhi Infotech Park, MIDC, Phase I, Hinjewadi, Pune 411 057 quoting their folio numbers.
7. 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.
8. Members who have not appointed nominees are requested to appoint nominees. The prescribed form for appointment of nominee will be made available on request.

9. Members desirous of obtaining any information concerning the accounts and operations of the Company for the Financial Year ended on 31st March, 2012 are requested to address their questions to the Company Secretary at the Registered Office of the Company so as to reach on or before 31st July, 2012 so that the requested information is made available at the meeting to the best extent possible.
10. Please ensure to enclose copies of PAN card(s) of all transferees/legal heirs while lodging requests for share transfer/transmission/name deletion of shares. In absence of such PAN card copies, Company cannot effect the requests for transfer/transmission/name deletion etc.
11. Pursuant to sections 205A and 205C of the Companies Act, 1956, all unclaimed/unpaid dividends up to the financial year 2003-04 have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Members who have not yet encashed dividend warrants for the subsequent periods are requested to obtain revalidated warrants/demand drafts from the Company by surrendering the expired warrants.
12. Members are requested to bring their copies of the annual reports and the attendance slips duly filled in with them to the annual general meeting.
13. Government of India, Ministry of Corporate Affairs vide its circular No.18/2011 dated 27th April, 2011 has clarified that a Company can send Annual Report by electronic mail to the members who have registered their e-mail addresses with the Company or with concerned depository. As such, members holding shares in physical form are advised to forward their e-mail addresses to the Company for registration at investors@finolexind.com and members holding shares in dematerialized form are requested to update their e-mail Ids with the concerned depository participants to enable the Company to send the soft copy of the Annual Report by electronic mail. It is also clarified that in case any member insists for physical copy of Annual Report, the same would be sent to the member by post, free of cost. Members are further advised to mention their e-mail addresses and land-line and/or mobile nos. in all correspondence for quick communication.
14. Route map showing directions to the venue of the meeting is given on page 78.
15. All documents referred to in explanatory statement attached with the Notice are available for inspection of the members on any working day between 10.00 a.m. to 12.00 noon at the registered office of the Company upto 11th August, 2012.

EXPLANATORY STATEMENT IN RESPECT OF ITEM NOS. 6 TO 13 OF THE NOTICE PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 6

Although not required, an explanatory Statement is being given in respect of Item No.6 of the Notice.

M/s. B. K. Khare & Co., Chartered Accountants, who were re-appointed as auditors for the year 2011-12 by the Members at the 30th Annual General Meeting would be retiring at the conclusion of the ensuing Annual General Meeting. They have expressed their unwillingness to be reappointed as Auditors of the Company at the ensuing Annual General Meeting.

As required, the proposed auditors, M/s. P. G. Bhagwat, Chartered Accountants (Firm Registration no. 101118W), Pune have forwarded a certificate to the Company confirming that their appointment, if made at the ensuing Annual General Meeting, will be within the limits specified in the sub-section (1-B) of Section 224 of the Companies Act, 1956. Further they have confirmed that they are not disqualified to be appointed as auditors under Section 226(3) of the Companies Act, 1956.

Item No. 7, 8 and 9

Mr. D. N. Damania was appointed as additional director by the Board of Directors ("the Board") with effect from 29th July, 2011. Mr. Sanjay Asher and Mr. S. S. Math were appointed as additional directors by the Board with effect from 4th February, 2012. All of them hold respective offices up to the date of the thirty-first annual general meeting of the Company. Notices have been received from some members of the Company in pursuance of section 257 of the Companies Act, 1956 along with a deposit of Rs.500 from each noticees proposing Mr. D. N. Damania, Mr. Sanjay Asher and Mr. S. S. Math as candidates for the offices of directors. Mr. D. N. Damania, Mr. Sanjay Asher and Mr. S. S. Math have given their consent, to act as directors of the Company, if appointed.

Brief resumés of the directors being appointed, nature of their expertise in specific functional areas and names of companies in which they hold directorships, memberships of the committees of the Board and their shareholding in the Company as required under clause 49 of the listing agreements entered into by the Company with stock exchanges are furnished in the Corporate Governance Report at page nos. 20 to 22.

Your Directors consider it to be in the interest of the Company to continue to receive the benefit of their advice and expertise and recommend their appointments.

None of the directors except Mr. D. N. Damania, Mr. Sanjay Asher and Mr. S. S. Math are respectively concerned or interested in the resolutions proposed at item Nos. 7, 8 and 9.

Item No. 10

Mr. P. P. Chhabria, Chairman and Mr. K. P. Chhabria, Executive Vice Chairman have announced their retirement effective from the close of business hours of 11th August, 2012 and the same was noted by the Board at its meeting held on 20th June, 2012. Further, the Board at its meeting held on 20th June 2012 has by partially modifying the resolution earlier passed on 21st October, 2011, subject to such approvals as may be necessary, appointed Mr. Prakash P. Chhabria as wholetime director and elevated him as Executive Chairman of the Company with effect from the close of business hours of 11th August, 2012 till the expiry of his present term of office viz. upto 30th November, 2016.

Earlier, Mr. Prakash P. Chhabria was reappointed as Managing Director of the Company with effect from 1st December, 2011 for a period of five years by the Board of Directors at its meeting held on 21st October, 2011 and has revised his remuneration at its meeting held on 28th April, 2012 with effect from 1st April, 2012 till expiry of his present term of office viz. 30th November, 2016 on the terms and conditions including remuneration to be paid in case of inadequate profits or no profits as are set out in the draft Supplemental Agreement and the draft Agreement to be entered into by the Company with Mr. Prakash P. Chhabria.

The main terms and conditions of the Agreement dated 28th November, 2011 and the draft Supplemental Agreement and the draft Agreement to be entered into by the Company with Mr. Prakash P. Chhabria are as under:

A. Period of reappointment as Managing Director:

1st December, 2011 to 30th November, 2016

Period of appointment as wholetime director designated as Executive Chairman:

From the close of business hours of 11th August, 2012 to 30th November, 2016.

B. Remuneration

The Company shall pay to Mr. Prakash P. Chhabria in consideration of his duties a basic salary as under in the scale of Rs. 5 lakhs to Rs. 15 lakhs per month with an annual increment as may be decided by the Board within the abovementioned scale:

Description Period	With effect from 01/12/2011 to 31/03/2012	With effect from 01/04/2012 onwards
Basic Salary – per month (Rs.)	5,20,000	5,80,500

C. Commission

Commission at such percentage of the net profits of the Company computed in the manner laid down under section 309 of the Companies Act, 1956 or such amount as the Board of Directors may determine subject to a minimum commission being equivalent to the annual salary.

D. Perquisites and Allowances

In addition to the Salary and Commission as stated above, Mr. Prakash P. Chhabria shall be entitled to the following allowances/ perquisites:

- i. Housing – Rent free furnished residential accommodation. In case no accommodation is provided by the Company, Mr. Prakash P. Chhabria shall be paid 30% of basic salary as House Rent Allowance.
- ii. Soft furnishing allowance of Rs.40,000 per month.
- iii. Re-imbursment of gas, electricity and water charges.
- iv. Bonus/Ex gratia as announced by the Company.
- v. Medical allowance including reimbursement as per the rules of the Company.
- vi. Club Fees: Subject to a maximum of two clubs including admission and life membership fees.
- vii. Leave with full pay and all allowances as per the rules of the Company, but not exceeding one month's leave for eleven months' service and in addition two weeks leave every third year.
- viii. Encashment of leave at the end of the tenure as per the rules of the Company.
- ix. Leave Travel Concession: For self and members of his family as per the rules of the Company.
- x. Personal Accident Insurance as per the rules of the Company.
- xi. Company's contribution to provident fund, superannuation fund and gratuity fund as per the rules of the Company.
- xii. Free use of motor car with driver provided by the Company for business purposes and the Company paying for all expenses including running, maintenance expenses whatsoever incurred in respect thereof.
- xiii. Telephone: Free landline facility at residence and mobile phone facility that is to say all charges including rental, call charges etc. shall be paid by the Company in full. Personal long distance calls to be billed by the Company to Mr. Prakash P.Chhabria.
- xiv. Retirement and other benefits, as per the rules of the Company.

E. Minimum Remuneration

- (a) In the event of inadequate profits or no profits in any financial year during the tenure of this agreement, the salary mentioned in paragraph B and allowances/perquisites mentioned in paragraph D above, shall be the minimum remuneration payable to Mr. Prakash P. Chhabria, subject to necessary approvals and other applicable provisions of the Companies Act, 1956, if any.

F. Other terms and conditions

- (i) Mr. Prakash P. Chhabria shall have the substantial powers of management of the affairs of the Company and shall exercise and perform such powers and duties as the Board from time to time determine;
- (ii) Mr. Prakash P. Chhabria is entrusted with substantial powers of management and shall work under the superintendence, control and direction of the Board of Directors, He shall have the powers of general conduct and management of business and affairs of the Company except in the matters which may be specifically required to be done by the Board either by the Act or by the Articles of Association of the Company.
- (iii) During his employment with the Company, Mr. Prakash P. Chhabria shall devote such time and attention to the business and affairs of the Company as may be necessary and shall use his best endeavours to promote its interest and welfare;
- (iv) Mr. Prakash P. Chhabria shall also be entitled to reimbursement of entertainment or other business promotion expenses actually incurred in the course of business of the Company;
- (v) Mr. Prakash P. Chhabria so long as he functions as Managing Director / Wholetime Director designated as Executive Chairman shall not be paid any sitting fees for attending the meetings of the Board or of any Committees thereof;
- (vi) Mr. Prakash P. Chhabria shall not, so long as he functions as Managing Director / Wholetime Director designated as Executive Chairman, become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company without the prior approval of the Central Government;
- (vii) For the purpose of leave accumulation, gratuity, provident fund, superannuation, commission and other benefits, the service of Mr. Prakash P. Chhabria under this Agreement with the Company will be considered continuous service in the Company from the date of his joining the services of the Company on 13th March, 1992, and expiration of Agreement and renewal of Agreement will not be considered as a break in service.
- (viii) Either party shall be entitled to determine the Agreement by giving to the other advance notice of six months or by giving in cash the basic salary for six months in lieu of the notice;

Your Directors recommend the resolution for the approval of the Members.

The aforesaid may be treated as an abstract of the terms and conditions of the reappointment and remuneration, including revision thereof, payable to Mr. Prakash P. Chhabria as Managing Director and appointment and remuneration payable to Mr. Prakash P. Chhabria as Wholetime Director designated as Executive Chairman of the Company pursuant to section 302 of the Companies Act, 1956.

Mr. Prakash P. Chhabria and Mr. P. P. Chhabria are concerned or interested in the resolution proposed at item No. 10 of the Notice. None of the other Directors are concerned or interested in the resolution.

Item Nos. 11 & 12

- (I) Mr. S. S. Dhanorkar was reappointed as Wholetime Director designated as Assistant Managing Director & Chief Operating Officer of the Company with effect from 1st December, 2011 for a period of five years by the Board of Directors at its meeting held on 21st October, 2011. Further, by way of partial modification of the resolution passed at the meeting of the Board held on 21st October, 2011, the Board at its meeting held on 20th June, 2012 has appointed Mr. S. S. Dhanorkar as Managing Director of the Company from the close of business hours of 11th August, 2012 to 30th November, 2016 on the terms and conditions set out in the draft Agreement to be entered into by the Company with Mr.S.S.Dhanorkar.

The Board at its meeting held on 28th April, 2012 has revised the remuneration payable to Mr. S. S. Dhanorkar with effect from 1st April, 2012 till expiry of his present term of office viz. 30th November, 2016.

The brief resume of Mr. S. S. Dhanorkar is given in the Corporate Governance Report at page no. 20 & 21.

- (II) Mr. S. S. Math was appointed as a wholetime director of the Company designated as Director (Operations) for a period of five years effective 4th February, 2012 by the Board at its meeting held on 4th February, 2012.

The brief resume of Mr.S.S.Math is given in the Corporate Governance Report at page no. 21.

The main terms and conditions of the following agreements viz.

- (a) Agreement dated 30th November, 2011 for reappointment of Mr. S. S. Dhanorkar as Wholetime Director designated as Assistant Managing Director & Chief Operating Officer;
- (b) Draft Supplemental Agreement for increase in remuneration payable to Mr. S. S. Dhanorkar;
- (c) The draft Agreement for appointment of Mr. S. S. Dhanorkar as Managing Director;
- (d) Agreement dated 4th February, 2012 for appointment of Mr. S. S. Math

are as under:

(i) Period of reappointment/appointment:

(a) Mr. S. S. Dhanorkar

Reappointment as Wholetime Director designated as Assistant Managing Director and Chief Operating Officer:

1st December, 2011 to 30th November, 2016

Period of appointment as Managing Director:

from the close of business hours of 11th August, 2012 to 30th November, 2016

(b) Period of appointment of Mr. S. S. Math:

4th February, 2012 to 3rd February, 2017.

(ii) Remuneration:

The Company shall pay to Mr.S.S.Dhanorkar and Mr. S.S.Math basic salary in the scale of Rs. 2

lakhs to Rs.10 lakhs per month with an annual increment as may be decided by the Board and other prerequisites are as under:

Description Period	Mr.S.S.Dhanorkar		Mr.S.S. Math
	w.e.f. 1/12/2011 to 31/3/2012	w.e.f. 1/4/2012 onwards	4/2/2012 onwards
Basic salary – per month (Rs.)	243000	278000	200000
Conveyance allowance (including reimbursement) Per month (Rs.)	Nil	Nil	15000
Reimbursement of driver's salary – per month (Rs.)	5000	5000	7500
Compensatory allowance – per month (Rs.)	25500	30700	125000
Soft Furnishing allowance – per month (Rs.)	Nil	Nil	25000
Education allowance – per month (Rs.)	Nil	Nil	1000

Mr. S. S. Dhanorkar and Mr. S.S.Math shall also be entitled to:

(a) Performance incentive/bonus:

Mr. S. S. Dhanorkar is entitled to performance incentive of Rs.10 lac for each financial year commencing from 1st April, 2011.

Mr. S. S. Math will be entitled to Performance Bonus of 30% of basic salary for the financial year commencing from 1st April, 2012 (on pro-rata basis) on the terms and conditions as set out in the agreement dated 4th February, 2012.

- (b) House rent allowance of 30% of basic salary.
- (c) Bonus/ex gratia as per the rules of the Company.
- (d) Medical allowance (including reimbursement) as per the rules of the Company.
- (e) Leave with full pay and all allowances as per the rules of the Company.
- (f) Leave travel concession as per the rules of the Company.
- (g) Yearly encashment of leave during the tenure of employment as per the rules of the Company.
- (h) Benefit of group personal accident insurance policy taken out by the Company.
- (i) Contribution to provident fund, superannuation fund and gratuity fund as per the rules of the Company for Mr.S.S.Dhanorkar and Contribution to provident fund and gratuity fund as per the rules of the Company for Mr.S.S.Math.
- (j) Encashment of leave at the end of the tenure as per the rules of the Company.
- (k) Provision of car without driver.
- (l) Free landline facility at residence and mobile phone that is to say all charges including rental, call charges, etc. shall be paid by the Company in full. Personal long distance calls to be billed by the Company.
- (iii) Mr. S. S. Dhanorkar and Mr. S. S. Math would cease to be directors, ipso facto, on their employment with the Company getting terminated.

- (iv) Either party shall terminate the respective agreement by giving to the other advance notice of three months, provided that the Company may waive the notice by giving in cash the basic salary for three months as per rules of the Company which Mr.S.S.Dhanorkar and Mr.S.S.Math would have received had they remained in office for the said three months.

This may be treated as an abstract of the terms of

- a) re-appointment as wholetime director designated as Assistant Managing Director and Chief Operating Officer and appointment as Managing Director and remuneration payable to Mr.S.S.Dhanorkar and
- b) appointment and remuneration payable to Mr. S. S. Math for his appointment as wholetime director designated as Director (Operations).

pursuant to section 302 of the Companies Act, 1956.

Your Directors recommend these resolutions for your approval.

Mr. S. S. Dhanorkar and Mr.S.S.Math are respectively concerned or interested in the resolutions proposed at item nos.11 and 12 of the Notice. None of the other Directors are concerned or interested in these resolutions.

Item No. 13

With a view to adequately compensate for the time devoted and the valuable contributions made by the non-executive directors of the Company, the Board of directors at its meeting held on 28th April, 2012 has recommended to the members for approval the payment of remuneration by way of commission to non-executive directors of the Company for five financial years commencing from 1st April, 2011, as set out in the special resolution at item No. 13.

Under the provisions of section 309 of the Companies Act, 1956 and Article 121 of Articles of Association of the Company, matters regarding payment of commission to non-executive directors of the Company require approval of the members of the Company by special resolution in a general meeting. Further, the listing Agreements entered into with the stock exchanges also require prior approval of the shareholders for payment of any compensation/fees to non-executive directors.

Your Directors recommend the resolution for your approval.

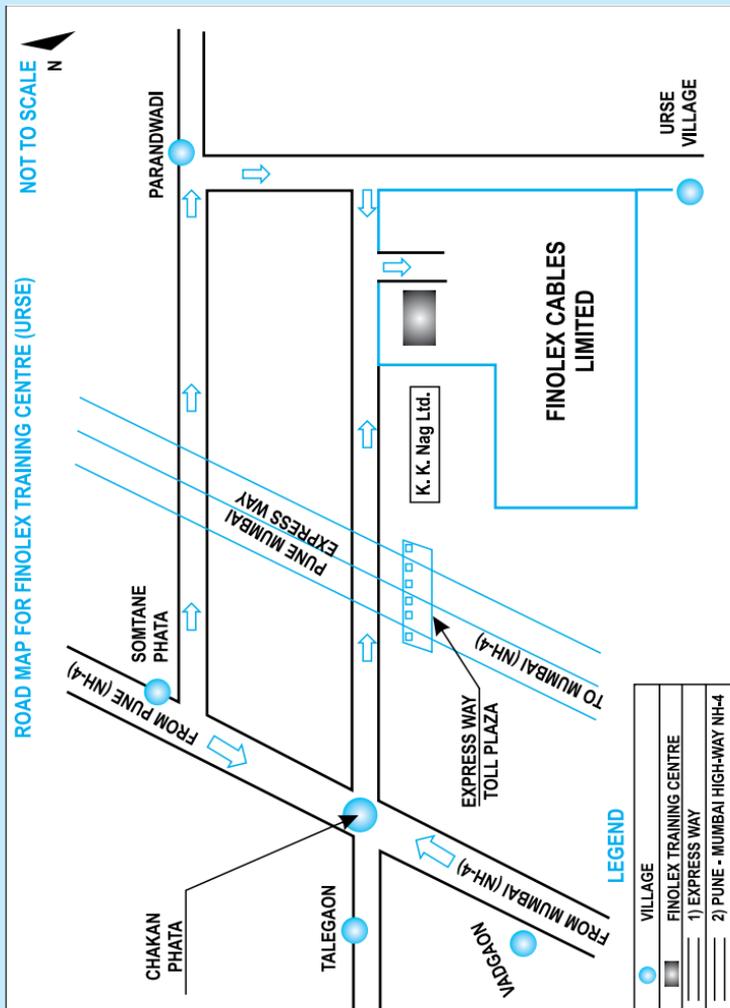
All non-executive directors of your Company are concerned or interested in this resolution.

Mr. K. P. Chhabria, Executive Vice Chairman and Mr. Prakash P. Chhabria, Managing Director, being related to Mr. P. P. Chhabria, are concerned or interested in the resolution relating to payment of commission and/or Compensation/fees payable to Mr. P. P. Chhabria.

By Order of the Board of Directors
For Finolex Industries Limited

Anil B. Atre
AVP (Legal & Admin.) &
Company Secretary

Mumbai
30th June, 2012



FINOLEX INDUSTRIES LIMITED

Registered Office: Gat No.399, Urse, Taluka Maval, District Pune - 410 506, Maharashtra, India.

PROXY FORM

Folio No.: _____ No. of shares. _____

DP ID No. : _____

Client ID No. : _____

We _____

of _____ being member(s) of the above named

Company, hereby appoint _____

of _____

or failing him _____

of _____

as my/our proxy to attend and vote for me/us on my/our behalf at the 31st annual general meeting of the Company to be held on Saturday, the 11th August, 2012 at 10.30 a.m. at Training Centre of Finolex Cables Limited at and post Urse, Taluka Maval, District Pune 410 506.

Signed this _____ day of _____ 2012.

Signature _____

Affix Revenue
Stamp of 15
paise (Pl. Sign
across the
stamp)

N.B.: Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself on a poll and the proxy need not be a member. The Proxy form duly completed should be deposited at the Registered Office of the Company at Gat No. 399, Urse, Taluka Maval, District Pune 410 506, not later than 48 hours before the time for holding the Meeting.

FINOLEX INDUSTRIES LIMITED

Registered Office: Gat No.399, Urse, Taluka Maval, District Pune - 410 506, Maharashtra, India.

31ST ANNUAL GENERAL MEETING - 11th August, 2012

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 _____

No. of shares _____

Proxy's Name (in block letters) _____

I hereby record my presence at the 31st annual general meeting at Training Centre of Finolex Cables Limited at and post Urse, Taluka Maval, District Pune 410 506 on 11th August, 2012 at 10.30 a.m.

Member's/Proxy's Signature

Notes: 1) Interested joint members may obtain attendance slips from the Registered Office of the Company. 2) Members/joint members/proxies are requested to bring the attendance slips with them. Duplicate slips will not be issued at the entrance of the meeting hall.

Five Year Financial Highlights

(Rs. In lakhs)

PROFIT AND LOSS ACCOUNT DATA	2011/12	2010/11	2009/10	2008/09	2007/08
Gross Revenue	235240.36	222101.07	161194.15	173500.25	167550.25
Materials and manufacturing cost (including excise duty)	193266.36	180381.79	114831.18	138028.85	137282.48
Personnel expenses	5640.78	5053.35	4137.84	3760.50	3466.66
Administration and selling expenses	11611.66	11761.48	14000.40	27095.05	7845.94
Finance charges	7496.07	5966.28	4660.66	4682.66	3031.93
Depreciation	7551.28	7442.91	6167.41	5832.25	5745.77
Profit/(Loss) before tax	9674.21	11495.26	17396.66	(5899.06)	10177.47
Taxation	2159.08	3878.16	4164.28	(2109.64)	3058.92
Profit/(Loss) after tax	7515.13	7617.10	13232.38	(3789.42)	7118.55
Dividend (including tax on dividend)	4326.80	4354.00	4354.00	1452.00	4354.00
BALANCE SHEET DATA					
Share capital	12408.68	12404.48	12401.10	12400.87	12400.15
Reserves and surplus	53802.24	49626.98	46367.26	37594.95	42999.72
Net worth	66210.92	62031.46	58768.36	49995.82	55399.87
Deferred tax (net)	8985.55	8006.99	7345.40	7604.30	9805.98
Long term Loans	18956.07	19543.80	18452.48	24300.04	14776.39
Short term Loans	82288.35	53914.23	64898.22	56940.39	54398.21
Total liabilities	176440.89	143496.48	149464.46	138840.55	134380.45
Gross block	162553.92	156372.54	153334.73	120586.59	113911.37
Net block (including CWIP)	86937.35	86464.52	90201.51	86515.40	76649.31
Investments	12208.56	12208.56	32638.07	26458.95	25214.29
Net current assets	77294.98	44823.40	26624.88	25866.20	32516.85
Total assets	176440.89	143496.48	149464.46	138840.55	134380.45
KEY RATIOS					
Return on net worth (%)	11.35	12.28	22.52	(7.58)	12.85
Earnings per share (Rs.)	6.06	6.14	10.67	(3.06)	5.74
Long term debt to equity	0.29	0.30	0.31	0.49	0.27
Dividend payout (%)	57.57	57.16	32.90	-	61.16
Interest coverage	2.29	2.93	4.73	(0.26)	4.36
Book value per share	53.35	50.00	47.37	40.31	44.67

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.

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