

*paani toh berang hai,
par manzil par kya rang dikhata hai.*



Paani ko apni manzil tak pahunchaye

Finolex
Industries Limited

Team Finolex



Chairman's Message



Dear shareholders,

This is my first address to you as Chairman and I am honoured to assume this position.

I shall begin by thanking Mr.P.P.Chhabria, Ex-Chairman and Mr.K.P.Chhabria, Ex-Executive Vice Chairman and Chairman Emeritus for their incredible leadership and guidance since the inception of your Company.

The Government of India's continued focus on agriculture and irrigation with greater allocation of planned funds augurs well for the Company. Your Company is geared up to meet the growing demand and has commissioned the new pipes plant at Masar in Gujarat.

Today, more than ever before, the business environment is undergoing rapid change, volatility and uncertainty have become a norm. I am confident that your Company's commitment to quality and its strong brand equity will help it to retain its numero uno position in the PVC pipe industry.

The Board joins me in expressing our deep appreciation to the employees, management team for their hard-work and valued contribution during 2012-2013. I look forward to my team reaching newer heights of accomplishments.

I am confident that with your continued support your Company shall carry on marching forward in the coming years.

With warm regards,

Prakash P. Chhabria
Executive Chairman

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Chairman Emeritus
Mr. Kishan P. Chhabria
(effective 11th August, 2012)

BOARD OF DIRECTORS

Mr. Pralhad P. Chhabria
Non-executive Chairman
(Upto 11th August, 2012)

Mr. Kishan P. Chhabria
Executive Vice Chairman
(Upto 11th August, 2012)

Mr. Prakash P. Chhabria
Executive Chairman
(effective 11th August, 2012)

Mr. Sanjay K. Asher
Independent Director

Mr. Kanaiyalal N. Atmaramani
Independent Director

Mr. Dara N. Damania
Independent Director

Mr. Saurabh S. Dhanorkar
Managing Director
(Effective 11th August, 2012)

Mr. Shrikrishna N. Inamdar
Independent Director

Mr. Prabhakar D. Karandikar
Independent Director

Mr. Sanjay S. Math
Director (Operations)

Dr. Sunil U. Pathak
Independent Director

Mr. Panyam Subramaniam
Asst. Managing Director &
Chief Financial Officer

Company Secretary
Mr. Anil B. Atre

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

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

Solicitors & Advocates
Crawford Bayley & Co., Mumbai

Investor Relations Centre
D1/10, MIDC
Chinchwad
Pune 411 019.
Maharashtra
India
Tel.No.020-27408200/27408570/571
E-mail:investors@finolexind.com

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

Management discussion and analysis

Introduction

Your Company has continued on the growth path during the year under review, both in terms of production and sales of pipes and fittings.

Financial review

Your Company has achieved an all time high profitability during the year under review. EBITDA margins have shown a jump from about 12% to 14% while net profit before tax for the year has almost doubled from ₹97 crore to ₹190 crore. The turnover has only marginally increased from ₹2,100 crore to ₹2,145 crore since the captive consumption of PVC resin i.e. internal transfer from the PVC division to the PVC pipes division is netted from the turnover.

Outlook for the Company

PVC pipes and fittings division:

Your Company is India's largest manufacturer of PVC pipes and fittings. Your Company has achieved 27% growth in the sale of pipes and fittings during the year under review. This was possible because of the very strong affiliation to brand "Finolex" instilled by your Company in the hearts of lacs of consumers spread across the length and breadth of India. Finolex pipes and fittings are available in every state of the country and are sold through a network of dealers, sub-dealers and retailers. The name Finolex stands for the highest quality of pipes and fittings. Your Company is the only PVC pipe manufacturer with its own PVC resin plant which gives it complete control on the quality of pipes.

Your Company has always been deeply involved in the rural markets of India. With the rural economy poised for a substantial growth, your Company is ideally positioned to reap the benefits. Government of India has declared rural water management as its focus area. It has set a target of bringing 650 lacs hectares of land under irrigation by 2020. The Twelfth Five Year Plan envisages investment in excess of ₹5,00,000 crore for the irrigation sector. Further, an amount of ₹2,30,000 crore has been set aside for water management. This will give further boost to the PVC pipes and fittings demand.

Over the years, your Company's sales in the northern region have been growing by leaps and bounds, so much so that your Company felt the need to establish a new plant to cater to the ever growing demand from this region. Your Company selected Vadodara in Gujarat as the ideal location to set up a green field PVC pipes plant. The state-of-the-art plant at Masar in Vadodara has been commissioned during the year under review with an initial capacity of 30,000 tons per annum (tpa). Your Company plans to scale this up to 50,000 tpa during 2013-14. During 2012-13, your Company's aggregate capacity of PVC pipes and fittings has crossed 2,00,000 tpa. Your Company is already looking at further expansion / debottlenecking of the PVC pipes and fittings division.

PVC resin division:

The domestic demand for PVC resin has grown by almost 12% in the country whereas the

installed capacity has remained stagnant during the year under review. India is a net importer of PVC resin and the demand supply gap has crossed one million tpa. The per capita consumption of PVC resin in India is hardly 2 kg as compared to 10 kg in China and 12 kg in USA. It is expected that the PVC demand in India will continue to grow for years to come.

Your Company produces Emulsion PVC resin which is a special grade used in various applications like artificial leather cloth, footwear, flooring, etc. The value addition on this application is much higher than Suspension PVC resin. Your Company has recently completed an expansion of the Emulsion PVC resin capacity from 11,000 tpa to 22,000 tpa. There is already a demand supply gap prevalent in the Indian market for Emulsion PVC. Your Company should be able to place the additional capacity in the market without difficulty.

Captive power plant division:

Your Company has been consistently working towards achieving higher productivity and better operating efficiencies. In order to ensure continuous high quality power, your Company decided to set up a 43 MW power plant at Ratnagiri. The plant is designed to also take care of the future power requirements of your Company. With the coal prices coming down from its peak two years ago, the power plant is generating substantial savings for your Company as compared to the cost of purchase of power from the grid. The uninterrupted supply of quality power has also benefited the production of PVC and PVC pipes in Ratnagiri.

Global scenario

The global demand of PVC stands at around 37.5 million tpa. The growth rate for 2012-13 has been around 2%. As against this, the Indian market for PVC resin has grown by almost 12% during 2012-13. The demand supply gap which currently stands at around 1 million tpa is expected to grow over the years. Globally, the application of PVC in pipes and fittings accounts for almost 43% of the total consumption. In India, the application of PVC in pipes and fittings is almost 70% of the total consumption. Your Company's leadership position in this segment offers it a distinct advantage.

Risks and concerns

Your Company has a well documented risk management policy. This policy is reviewed by the management periodically and appropriately modified wherever necessary. One of the risks which is inherent to the nature of your Company's business is the volatility of the foreign exchange rates and raw material prices caused by major global developments.

The prices of crude oil and its derivatives also have an impact on the prices of your Company's products. Your Company continues to import its main raw materials viz. EDC, ethylene, VCM and coal.

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 by the Finance Committee of the Board and these are reviewed regularly.

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. Safety audit is carried out regularly and preventive measures are taken to ensure high standards of safety. Your Company

has completed 22.45 million man-hours without any reportable accident at its PVC resin plant at Ratnagiri.

Adequate insurance cover for all the plants as well as for third party liabilities have been taken.

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 forming part of 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 proportionate to 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 five 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 1107.

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-second annual report together with the audited accounts for the year ended 31st March, 2013.

Financial results

		(₹ in lakhs)
	2012-2013	2011-2012
Profit before depreciation & finance charges	29,602.17	24,721.56
Less:		
Finance charges	5,144.89	7,496.07
Profit before depreciation and taxation	24,457.28	17,225.49
Deductions for:		
i) Depreciation	5,441.64	7,551.28
ii) Provision for taxation	5,401.95	2,159.08
Profit after depreciation and taxation	13,613.69	7,515.14
Add:		
Surplus of profit and loss account of earlier year	8,156.05	8,192.54
Appropriations:		
(i) General reserve	4,000.00	2,000.00
(ii) Contingency reserve	1,215.00	1,215.00
(iii) Proposed dividend (including prior year adjustments)	6,825.25	3,732.68
(iv) Tax on dividend	1,107.40	603.94
Balance carried over to the balance sheet	9,837.09	8,156.05

Operations

The operational performance is summarised below:

Income	2,17,819.15	2,13,023.52
Profit before tax	19,015.64	9,674.21
Profit after tax	13,613.69	7,515.13

PVC resin

Production	- in (MTs)	2,51,000	2,66,982
Sale	- in (MTs)	1,16,217	1,61,986
(excluding interdivisional):	- in ₹ lakhs	71,760.36	95,945.96

PVC pipes and fittings

Production	- in (MTs)	1,77,037	1,49,654
Sale	- in (MTs)	1,74,987	1,50,730
	- in ₹ lakhs	1,37,788.75	1,08,798.2

Power

Production	- in (MW)	2,82,654	2,68,318
Sale (Excluding interdivisional)	- in (MW)	1,19,344	1,23,396
	- in ₹ lakhs	4,933.04	5,233.38

Dividend

Your directors have recommended dividend on equity shares @ 55% (Rupees Five and paise fifty per equity share) for the financial year ended 31st March, 2013. The proposed dividend (including corporate dividend tax) will absorb ₹7932.65 lakhs.

Finance

The interest and finance charges for the year were ₹5144.89 lakhs as against ₹7496.07 lakhs for the previous year.

Corporate governance

Pursuant to clause 49 of the listing agreements entered into with the stock exchanges by your Company, 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.

PVC pipes manufacturing plant in the State of Gujarat

Your Company's third PVC pipes manufacturing plant is fully established at Masar, Dist.Vadodara, Gujarat and has commenced commercial production effective from 27th March, 2013 with 30,000 tpa as its installed capacity. The commercial production for second phase having installed capacity of 20,000 tpa will commence in the financial year 2013-2014.

PVC pipes & fittings

During the year, your Company has sold 1,74,984 Metric Tons of PVC 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 a 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, 2013 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; and
- (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.

Retirement of directors

Mr.Kanaiyalal N.Atmaramani and Dr.Sunil U. Pathak, Independent Directors, and Mr.Saurabh S.Dhanorkar, a wholetime director retire by rotation at the ensuing annual general meeting of the Company, being eligible, offer themselves for reappointment.

Auditors

M/s.PG.Bhagwat, Chartered Accountants, retire as auditors of your Company at the conclusion of the thirty-second annual general meeting and are eligible for reappointment.

Appointment of cost auditors

The Board of directors at its meeting held on 19th January, 2013 has reappointed M/s.Bhargave & 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, 2013 to 31st March, 2014.

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 endeavours to improve the quality of life of people living in villages in and around its plants, with special emphasis on education, skill development, environment, health, community development, social welfare and promotion of cultural activities.

1. Education

Mukul Madhav Vidyalaya (MMV), a recognized English medium primary school, is a successful project of your Company in association with Mukul Madhav Foundation. It was set up on a sprawling 10 acres campus at Golap village on the Ratnagiri- Pawas road. MMV

has fulfilled a long-standing need to have an English medium school in the close vicinity of the cluster of villages and hamlets near our PVC resin manufacturing plant in Ratnagiri.

The school buildings consist of 28 classrooms along with various facilities like a library, computer room etc. The school opened in the academic year 2010-2011 with 155 students enrolled in its pre-primary section. The school has approximately 450 children from pre-primary to 4th standard, enrolled for the academic year 2013 – 2014.

Besides academics, MMV encourages the students to participate in interschool competitions amongst other activities. Quite a few MMV students have won prizes in their respective categories, indicating overall development of students.

This year MMV conducted a drawing competition titled “Paint your dream” for the school children of Ratnagiri. There was an overwhelming response from children from seven schools of Ratnagiri. The selected paintings will find a place in the 2014 calendar of Mukul Madhav Foundation.

In addition to the above, your Company has extended financial help to various educational organizations in and around Ratnagiri.

2. Skill development

Your Company encourages villagers to participate in the employment generation programs by creating selfhelp groups amongst the villagers. Under this program, your Company has created a self help group of women in the neighbourhood for sewing and tailoring and self help groups of fishermen and fisherwomen for preparation and marketing of processed fish products, coconut products and other home-made food products. More and more villagers including women are participating in the self-employment programs. In addition to the above, your Company has conducted workshops on modern methods of vegetable planting and marketing. A great number of villagers and the members of the women's self help groups have benefitted from these workshops.

3. Environment

Your Company is committed to achieving the highest standards of environmental excellence by adopting ecologically sustainable and effective operating systems and processes in its plants. Your Company has put in place an internationally acclaimed Environment Management System, under the ISO 14001 certification, at its PVC resin manufacturing plant in Ratnagiri. Your Company complies with all applicable environmental regulations with respect to air, water and hazardous solid waste and e-waste etc. to mitigate potential environmental impact on society. Your Company also makes continual efforts to reduce the consumption of raw materials and energy sources so as to help conserve natural resources.

A. Prevention of air pollution

Your Company has processes in place to comply with the requirement of the National Ambient Air Quality Standards (NAAQs) for particulate matter, sulphur dioxide (SO_x) and oxides of nitrogen (NO_x) emission. Particulate matter emission is kept under control by installing bag filters in air dryers and on the PVC storage silo vents as well as by installing electrostatic precipitators in the power plant. Use of fuels containing

low amounts of sulphur also helps control SO_x and NO_x. Ambient air monitoring is done on a weekly basis for all 12 parameters as per NAAQs standards.

B. Zero effluent discharge

As part of its endeavour to keep the environment and water bodies around your plants at Ratnagiri free from contaminants and pollution, your Company has successfully achieved its goal for zero discharge of its treated effluent outside the factory premises by recycling part of it back into the process and by using the remaining quantity for irrigation of tree plantation within the company premises.

C. Tree plantation

Your Company has planted and nurtured close to 49,000 trees of different varieties such as mango, chikoo, cashew, coconut etc. within the Company premises.

A unique tree plantation drive has been taken up by your company in Ratnagiri in collaboration with renowned NGOs, social forestry department of Government of Maharashtra, schools and coconut research centre for the past four years and has completed distribution of 1,00,000 saplings by now.

This year 25,000 saplings were given to school children to be planted, in the compound of housing societies or near their homes, and nurtured throughout the year. About 30 schools, 4 colleges and 10 NGOs had undertaken the activity. The plantation and nurturing of trees will be supervised by volunteers from the schools and colleges to ensure that the saplings survive and grow. The program is closely monitored and implemented every year. It is heartening to note that the students to whom saplings were given last year have taken good care of them and have achieved more than 60% survival rate.

4. Health care

Biannually, Mukul Madhav Foundation conducts health check-up camps for school children and villagers in the vicinity of Ratnagiri.

This year health check-up camps were conducted at various remotely located schools for children as well as the villagers. The camps have benefitted over 3,000 children and about 350 villagers. As a follow up activity, free of cost treatment including eye/ear operations was arranged with all expenses paid by Mukul Madhav Foundation.

Employees' health is always the top-most priority amongst welfare activities for them. In addition to periodical medical check-up, all employees from plants at Ratnagiri have undergone a unique workshop on life style and stress management designed by the Company's medical officer. This workshop has made a positive effect on their daily routine.

5. Community development & social welfare

Implementation of drinking water supply schemes in adjoining areas of the plant with the help of local bodies of the respective villages has been your Company's priority. Your Company, under the Rashtriya Gramin Peyajal Yojana (National rural drinking water scheme) helped the local bodies of adjoining villages by providing pumps, pipes and water tanks.

While taking care of the water shortage, your Company also extended financial help to the local bodies for payment of electricity bills, repairs etc. with respect to the existing water supply schemes.

6. Cultural & social activities

Your Company also takes great pride in assisting in the promotion of cultural, religious, social and spiritual pursuits of the local population like celebrating festivals and felicitations, holding exhibitions, seminars, musical concerts, blood donation camps etc. Your company renders necessary help in promotion of sports activities in the neighbourhood community.

7. Safety initiatives

Your Company has a very well laid out safety policy. The policy demonstrates the commitment of the organisation towards the well being of employees and other stakeholders. Compliance with all statutory requirements is sine quo non of the policy. A team of well-trained executives including safety, welfare and medical officers has implemented the policy. Periodical monitoring of implementation of policy is done through audits conducted by trained internal auditors and external auditing agencies like National Safety Council. Confirmation of all the efforts towards safety is indicated through completion of 22.45 million man-hours without any reportable accident at its PVC resin manufacturing plant at Ratnagiri.

The Company's PVC manufacturing plant at Ratnagiri has put in place a full-fledged and well-equipped fire safety dept. The plant has two of its own fire tenders that are capable of performing fire and rescue services at par with the comparable petrochemical industries in the country. To keep fire fighters up-to-date and alert, mock drills and fire drills are performed throughout the year on the factory premises.

As and when requested by the municipal council of Ratnagiri and the local bodies of adjoining villages, the fire tenders are sent on fire calls to villages nearby, as well as to Ratnagiri city and industries around Ratnagiri. Fire fighting demonstrations in nearby schools and other establishments for the benefit of the public at large are conducted periodically to educate people on fire hazards.

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 for their guidance and support. Your directors are also grateful to the customers, suppliers and business associates of the Company for their continued co-operation and support. Your directors express their deep appreciation for the commitment, dedication and hard work put in by the employees at all levels. Lastly, your directors are grateful for the confidence and faith shown in them by the members of the Company.

For and on behalf of the Board of Directors

Pune
4th May, 2013

Prakash P. Chhabria
Executive Chairman

For CSR photographs please see back-inner cover.

ANNEXURE TO DIRECTORS' REPORT 2012 – 2013

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

A CONSERVATION OF ENERGY

a) Energy conservation measures taken:

- Installation of 5.5 KW multistage pump in place of 18.5 KW centrifugal pump for SIHI compressors' seal water flushing saved 229 kWh / day of power.
- Minimizing of running hours of ethylene compressor achieved by changing set point to start the compressor from 50 mbar to 65 mbar. This has resulted in power saving.
- Installation of 2nd condenser in HCl column overhead system in VCM plant has stopped one refrigeration compressor of 250 kWh in winter season.
- Replacement of Hydrogenation catalyst has resulted in reduction in hydrogen requirement thereby stopping one H2 compressor and also reducing the power requirement for Hydrogen generation.
- Installation of Variable frequency drives for air blower motors KM-4501A/B has resulted in saving of 875 kWh / day.
- Installation of dedicated lighting transformer of 125 KVA capacity for EPVC lighting has resulted in saving 50 kWh / day.

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

- Replacement of existing agitators of D-4201-A/B of DA batch preparation vessels by energy efficient agitators will save electrical energy.
- Introduction of dedicated lighting transformer for plant lighting including O&U, VCM and SPVC plants to save 700 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.
- 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 3rd condenser in HCl column overhead system in VCM plant is expected to stop one more 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 A

FORM A

(PVC Plant)

A. Power and fuel consumption:

Sr. No	Description	Units	2012-2013	2011-2012
1	a) Electricity Purchased units for: PVC resin plant Total amount Average rate/unit	lakhs kWh In ₹ lakhs ₹/kWh	1,304.94 8,527.71 6.53	1,449.21 8,539.62 5.89
	b) Own generation i) Through diesel generator Unit Units per litre of diesel oil Cost/unit ii) Through steam turbine/generator Units Units per litre of fuel oil/gas Cost/units	kWh kWh	7,435 3.25 18.60 706,727 N.A. N.A.	51,423 3.25 13.70 2,257,116 N.A. N.A.
2	Coal (specify quantity and where used)			
	Quantity Total cost Average rate	Metric Tons ₹ in lakhs	2,33,944 11,886.35 5,080.85	230,219 12,370.56 5,373.38
3	<ul style="list-style-type: none"> Furnace oil (LSHS) Quantity Total price Average rate/unit HSD/SKO/Naphtha Quantity Total price Average rate/unit LPG Quantity Total price Average rate/unit 	Metric Tons ₹ in lakhs ₹/MT Metric Tons ₹ lakhs ₹/MT Metric Tons ₹ lakhs ₹/MT	1,424.3 645.48 45,319.19 10,115.64 5,840.69 57,739.14 407 284.06 69,749.12	1,052.55 374.87 35,615.41 8,818.16 5,001.91 50,431.83 571.12 283.94 53,866.29

Sr. No	Description	Units	2012-2013	2011-2012
4	Others /internal generation Quantity Total price Average rate/unit		None	None
5	Total energy used in PVC manufacture	Million kcal	2,45,362	2,46,839

B Consumption per metric ton production:

PVC production	M.T.	2,51,713	SPVC+EPVC
PVC bagged	M.T.	2,50,434	SPVC+EPVC
Power	MWh	3,97,931	

Sr. No	Description	Unit	2012-2013	2011-2012
1	Electricity	kWh / M.T. PVC	518	505
2	a) Furnace oil (LSHS)	M.T. / M.T. PVC	0.0056	0.0039
3	b) HSD/SKO/Naphtha	M.T. / M.T. PVC	0.040	0.037
4	c) LPG	M.T. / M.T. PVC	0.00161	0.00197
5	d) Coal	M.T. / MWH power	0.736	0.763

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):

- Specific areas in which R&D efforts have been put in by the Company are:
 - Replacement of shell & tube chillers, E 4334 A/B with single plate heat exchanger in Chilled water unit has improved reliability of the system.
 - Provision of re-circulation facility to both the sections - RVCm pump suction headers & relocation of RVCm recirculation header has minimized RVCm inventory in VCM charging header and avoided stagnancy of RVCm in headers thereby improving resin quality.
 - Non-chemical treatment was introduced for ETF cooling tower to stop usage of treatment chemicals thereby avoiding treatment of blow down water.
 - Reduction of LPG consumption from 140 kg/day to 85 kg/day is achieved by inserting restriction orifices in the LPG line going to flare.
 - Improved MEDC-V catalyst introduced in oxyhydrochlorination reactor in VCM plant has resulted in improvement in quality in Oxy EDC.
 - Un-interrupted control supply to expansion-PVC substation's UX-45 drives has addressed the plant stoppage issue during voltage sag.
- 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:
 - Installation of silicone coating of 220 KV apparatus is proposed to avoid insulators flash over and improve power system reliability.
 - Application of heat insulation paint to other EDC tanks to reduce material vaporization loss.
 - Replacement of existing WD 300/56 pumps with WD 5000/60 will ensure reliability of these pumps in emergency condition. A circulation loop (PCV loop) with a control valve will be provided to avoid excess pressurization during short stopper (additive -1) charging to reactors.
 - Provision of new gas detectors and relocation of existing gas detectors at U84 VCL pumping station to improve safety of the system.
 - Provision of 20 barg DMW network in U84 area for critical equipment leak tests.
 - Antifouling solution pumping arrangement from ground floor to storage tanks at reactor top floor of old & new polymerization section to avoid manual handling of drums.
- 4. Expenditure on R & D:
 - a) Capital
 - b) Recurring
 - c) Total
 - d) Total R & D expenditure as a percentage of total turnover

}

The development work is carried out by the concerned departments on an ongoing basis. The expenses and the cost of assets are grouped under the respective heads.

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
 - a) 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 : ₹136648.88 lakhs
- (b) Total foreign exchange earned : ₹ 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 2013, as stipulated in clause 49 of the listing agreements entered into with National Stock Exchange of India Limited (NSE) and BSE 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 in the above mentioned listing agreements.

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

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

Pune
4th May, 2013

Corporate governance

Compliance report for the year 2012-2013

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:

- The Chairman of the Board is executive director and more than 50% of the Board comprises of non-executive independent directors.
- During 2012-2013, the Board of directors met 6 (six) times, viz. on 28th April, 2012, 20th June, 2012, 30th June, 2012, 11th August, 2012, 27th October, 2012 and 19th January, 2013. The time-gap between two meetings was less than four months.
- The information as required under Annexure IA to clause 49 was made available to the Board in all its meetings.
- 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.
- 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 2012-2013, 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 2012-2013)				Outside directorships*		Committee positions**	
		No. of BMs	No. of ACMs	No. of IGCMs	AGM	Member	Chairman	Member	Chairman
1	Mr. Pralhad P. Chhabria (a)	3	NA	2	Yes	see note (a) below			
2	Mr. Prakash P. Chhabria (b)	6	NA	2	Yes	15	Nil	1	Nil
3	Mr. Kanaiyalal N. Atmaramani	6	5	4	Yes	1	Nil	3	1
4	Mr. Sanjay K. Asher	5	NA	NA	Yes	40	Nil	10	4
5	Mr. Kishan P. Chhabria (c)	3	NA	2	Yes	see note (c) below			
6	Mr. Dara N. Damania (d)	3	1	1	No	10	Nil	6	Nil

contd.

contd.

Sr. No.	Name of director	Attendance at board, committee meetings & AGM (during 2012-2013)				Outside directorships*		Committee positions**	
		No. of BMs	No. of ACMs	No. of IGCMS	AGM	Member	Chairman	Member	Chairman
7	Mr. Saurabh S. Dhanorkar (e)	6	NA	NA	Yes	1	Nil	Nil	Nil
8	Mr. Prabhakar D. Karandikar	5	4	4	Yes	7	Nil	6	3
9	Mr. Shrikrishna N. Inamdar	5	4	3	Yes	10	Nil	7	2
10	Mr. Sanjay S. Math	4	NA	NA	Yes	Nil	Nil	Nil	Nil
11	Dr. Sunil U. Pathak	5	4	4	Yes	1	Nil	2	Nil
12	Mr. Panyam Subramaniam	5	NA	NA	Yes	1	Nil	Nil	Nil

* Outside directorships include directorships in private limited companies also.

** Chairmanship/membership held on audit committee and investors' grievance committee in public limited companies including the Company.

Notes:

- (a) Mr. Pralhad P. Chhabria retired as Chairman and director of the Company effective from the close of business hours of 11th August, 2012.
- (b) Mr. Prakash P. Chhabria was appointed as Executive Chairman of the Company effective from the close of business hours of 11th August, 2012.
- (c) Mr. Kishan P. Chhabria retired as Executive Vice Chairman and director of the Company effective from the close of business hours of 11th August, 2012.
- (d) Mr. Dara N. Damania was appointed as a member of the audit committee and investors' grievance committee effective 11th August, 2012.
- (e) Mr. Saurabh S. Dhanorkar was appointed as Managing Director of the Company effective from the close of business hours of 11th August, 2012.
- (vi) Two independent directors namely Mr. Kanaivalal N. Atmaramani and Dr. Sunil U. Pathak and one executive director namely Mr. Saurabh S. Dhanorkar retire by rotation at the thirty-second annual general meeting of the Company and being eligible, offer themselves for reappointment.
- (vii) **Brief resume of the directors being 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. Kanaivalal N. Atmaramani, age 75 years, is a director of the Company since 27th July, 2002. Mr. Atmaramani is also a director of IL&FS Securities Services Limited. He held various high ranking positions in the investment and finance fields. He was associated with UTI in various capacities for a period of seventeen years including executive trustee. Subsequently, he was with Tata Mutual Fund and retired as its managing director in February, 2002. Mr. Atmaramani is not holding any shares of the Company.

Dr. Sunil U. Pathak, M.Sc., Ph.D., age 62 years is an eminent personality in the field of income tax and he 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 illustrious career of 24 years in IRS, he opted for voluntary retirement in the year 1997, and engaged in income tax tribunal and chamber consultation practice in Pune and Mumbai. He is also a member of the audit committee and investors' grievance committee of the Board. Dr. Pathak is director of Orbit Electricals Pvt. Limited. He is not holding any shares in the Company.

Mr. Saurabh S. Dhanorkar, Managing Director, age 57 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, he joined the Company in the year 1983 in finance department. Mr. Dhanorkar is director of Pawas Port Limited. Mr. Saurabh S. Dhanorkar holds 5381 shares of 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 25th April, 2013 received from Mr. Saurabh S. Dhanorkar, 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 2012-2013."

4. Audit committee:

Brief description of terms of reference of the audit committee (the "Committee"):

- 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;
- 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, 2013, audit committee was consisting of 5 (five) independent directors viz. Mr. Shrikrishna N. Inamdar (Chairman of the Committee), Mr. Kanaiyalal N. Atmaramani, Mr. Dara N. Damania, Mr. Prabhakar D. Karandikar and Dr. Sunil U. Pathak.
- All members of the audit committee are financially literate and have accounting or related financial management expertise.
- Required information for review was placed before the audit committee meetings held during the year.

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

Mr. Anil B. Atre, VP (Legal) & Company Secretary of the Company acts as secretary to the committee.

5. Remuneration committee (non-mandatory):

The Board at its meeting held on 27th October, 2012 has constituted a remuneration committee (the "Committee"), inter alia to determine and recommend the remuneration of the wholetime directors of the Company. Mr. Shrikrishna N. Inamdar (Chairman of the Committee), Mr. Kanaiyalal N. Atmaramani, Mr. Sanjay K. Asher, Mr. Dara N. Damania, Mr. Prabhakar D. Karandikar and Dr. Sunil U. Pathak are the members of the Committee.

The Remuneration Committee is, inter alia, entrusted with the following terms of reference:

- To recommend to the Board the specific remuneration packages for executive directors within the applicable provisions of the Companies Act, 1956 including amendments and reenactments thereof. The objective of such policy shall be to ensure that the executive directors of the Company are rewarded for their individual contributions to the overall growth of the Company;
- The Committee shall consider and recommend the remuneration and revision thereof of the executive directors after taking into consideration, inter alia, various factors, such as qualification, working experience, expertise in relevant field of the incumbent, comparative remuneration, profile with respect to the industry and the size of the Company, the recommendations made under listing agreements, profit for the year of the Company and any other criteria as deemed and appropriate by the Committee.
- One meeting of the Committee was held on 19th January, 2013. All committee members attended the meeting.

Details of remuneration paid to the executive directors for the financial year 2012-2013 are given below:
 (in ₹)

Particulars	Mr. Kishan P. Chhabria Executive Vice Chairman (upto 11.8.2012)	Mr. Prakash P. Chhabria, Executive Chairman (effective from 11.8.2012)	Mr.Saurabh S. Dhanorkar Managing Director (effective from 11.8.2012)	Mr. Panyam Subramaniam, Asst. Managing Director & CFO	Mr. Sanjay S. Math, Director – Operations
Salary and Allowances	3,57,64,912	1,17,26,292	60,02,285	47,45,894	52,48,923
Contribution to PF, superannuation and gratuity fund	6,24,836	19,19,736	9,24,408	7,38,648	3,05,280
Bonus	5,73,393	14,58,060	7,06,680	5,63,580	5,08,800
Performance incentive	--	--	10,00,000	10,00,000	7,20,000
Commission payable	1,00,00,000	3,22,88,000	50,00,000	40,00,000	NA
Notice period	Retired	6 months	3 months	3 months	3 months
Service contract	Retired	Five years	Five years	Two years	Five years

32nd Annual report 2012-2013

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

Sr. No.	Name	Remuneration (₹)		Shares held
		Commission	Sitting fees	
1	Mr. Pralhad P. Chhabria *	73,000	1,10,000	1,73,559
2	Mr. Sanjay K. Asher	2,00,000	1,00,000	Nil
3	Mr. Kanaiyalal N. Atmaramani	2,00,000	2,60,000	Nil
4	Mr. Dara N. Damania	2,00,000	1,00,000	900
5	Mr. Shrikrishna N. Inamdar	4,00,000	2,00,000	2,000
6	Mr. Prabhakar D. Karandikar	2,00,000	4,30,000	Nil
7	Dr. Sunil U. Pathak	2,00,000	4,40,000	Nil

* Mr. Pralhad P. Chhabria retired as chairman and director of the Company effective close of business hours of 11th August, 2012.

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, 2013, the Investors' grievance committee (the "Committee") was comprising of six directors viz. Mr. Kanaiyalal N. Atmaramani (Chairman of the Committee), Mr. Prakash Chhabria, the Executive Chairman of the Company and Mr. Dara N. Damania, Mr. Shrikrishna N. Inamdar Mr. Prabhakar D. Karandikar and Dr. Sunil U. Pathak, the non-executive directors.

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

Mr. Anil B. Atre, VP(Legal) & company secretary is the compliance officer of the Company.

During the year, Company received 22 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	2009-2010	2010-2011	2011-2012
Date of AGM	13/8/2010	16/7/2011	11/8/2012
Time	10.30 a.m.	10.30 a.m.	10.30 a.m.
Place of AGM	Training centre of Finolex Cables Limited Urse, Taluk Maval, Dist.Pune - 410 506	Training centre of Finolex Cables Limited Urse, Taluk Maval, Dist.Pune - 410 506	Training centre of Finolex Cables Limited Urse, Taluk 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.	18.8.2010	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.
2.	16.7.2011	1 To obtain approval for reappointment of Mr.P.Subramaniam as wholtime director designated as Asst. Managing Director and CFO for a further period of two years effective 5 th 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.
3	11.8.2012	1 To obtain approval for reappointment of Mr. Prakash P. Chhabria as Managing Director for five years effective 1 st December, 2011 and his appointment as wholtime director designated as Executive Chairman for the remaining period of his term from the close of business hours of 11 th August, 2012.
		2 To obtain approval for reappointment of Mr.S.S.Dhanorkar as wholtime director designated as Asst. Managing Director & COO for five years effective 1 st December, 2011 and his appointment as Managing Director for the remaining period of his term from the close of business hours of 11 th August, 2012.
		3 To obtain approval for appointment Mr.S.S.Math, as wholtime director designated as Director (Operations) effective 4 th February, 2012 for a period of five years.
		4 To obtain approval for payment and distribution of a sum not exceeding 1% of the net profit by way of commission to the non-executive directors.

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:

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

Application of non-mandatory requirements:

1. Remuneration committee

Earlier, the Company had not constituted the Remuneration committee. But the audit committee was entrusted with the responsibility of finalisation of remuneration of executive directors. The Board at its meeting held on 27th October, 2012 has constituted a remuneration committee.

2. Audit qualification

The Company has already moved to a regime of unqualified financial statements.

3. Training of board members

The board members are having adequate experience and expertise to deal with the business matters of the Company.

4. Whistle blower policy

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 cost auditor	Details of filing of cost audit report for the period ended 31 st March, 2012
S.R.Bhargave & Co. 3, Kushaboo 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: 28.2.2013 Filing date: 27.12.2012 Cost compliance report for 31.3.2012 Filing date: 28.1.2013

9. Means of communication:

- The quarterly results were published during the year under review in leading national and regional newspapers.
- 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.
- Presentations are made to institutional investors or to the analysts
- The Management discussion and analysis report is forming part of annual report. Detailed report is given on pages 4 to 6.

10. General shareholder information:

a. Annual general meeting:

- Day, date & time : Saturday, 14th September, 2013 at 11.30 a.m.
- Venue : Training Centre of Finolex Cables Limited
At & post Urse, Taluka Maval, District Pune 410 506

b. Financial calendar (Tentative) : April, 2013 to March, 2014

Announcement of quarterly results of 2013-2014 & annual general meeting	Quarterly results by 14th August, 2013, 14th November, 2013, 14th February, 2014 and 30th May, 2014 and annual general meeting by end of September, 2014.
-------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------

- c. Book closure period : 31st August, 2013 to 14th September, 2013 (both days inclusive).
- d. Dividend payment date : Credit / despatch between 19.9.2013 to 25.9.2013.
- e.

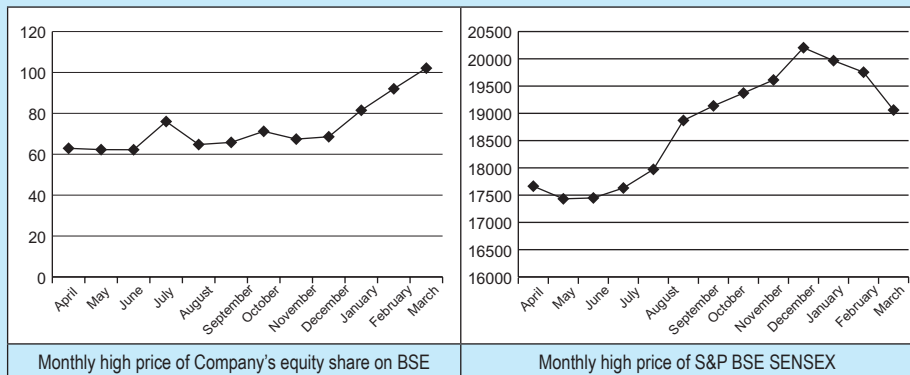
Name of the stock exchange	Scrip Code
BSE Limited (BSE)	500940/finolexind
National Stock Exchange of India Limited (NSE)	FINPIPE
ISIN Code	INE183A01016

The annual listing fees for the year 2013-14 has been paid to BSE and NSE.

- f. Market price data:
Monthly high/low (₹ /share) during 2012-2013

	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low
	Apr-12		May-12		Jun-12		Jul-12		Aug-12		Sept-12	
BSE	62.90	47.70	62.25	53.65	62.20	56.80	76.00	55.75	64.75	55.60	65.80	56.80
NSE	62.60	48.00	63.00	50.05	62.15	54.40	73.00	54.10	64.75	55.55	65.75	57.10
	Oct-12		Nov-12		Dec-12		Jan-13		Feb-13		Mar-13	
BSE	71.20	62.30	67.40	58.65	68.55	61.40	81.50	60.05	92.00	76.05	102.10	85.35
NSE	71.65	62.70	67.35	59.00	68.50	60.30	81.40	60.50	91.95	75.25	107.15	85.70

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



- 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 31.3.2013

Category	No of shares	% of capital
Indian promoter (including Finolex Cables Ltd.)	6,50,07,597	52.39
FIs	55,28,739	4.45
Banks/FIs/MFs/Insurance companies	1,46,032	0.12
Bodies corporate	66,37,163	5.35
Indian public	4,41,39,545	35.57
NRIs/OCBs	12,97,570	1.05
Others	13,38,735	1.07
Total	12,40,95,381	100.00

Distribution of shareholding as on 31.3.2013

No. of Equity Shares held	No. of shareholders	% of shareholders	Number of shares	% of shareholding
1-5000	1,41,305	99.69	2,94,95,084	23.77
5001-10000	220	0.15	16,82,108	1.35
10001 and above	225	0.16	9,29,18,189	74.88
Total	1,41,750	100	12,40,95,381	100

j. Dematerialisation of shares: NSDL: 80.71%, CDSL: 10.35%

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

l. Plant locations :

PVC, PVC pipes and power plants

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

PVC pipes & fittings plants

- (i) Gat No.399, Urse,
Taluka Maval,
District Pune 410 506,
Maharashtra, India.

PVC pipes plant

Village Masar,
Taluka Padra,
District Vadodara 391 421,
Gujarat, India.

- (ii) D1/10, M.I.D.C.
Chinchwad,
Pune 411 019,
Maharashtra, India.

m. Address for correspondence:

Investor Relations Centre
D1/10, M.I.D.C., Chinchwad,
Pune 411 019, Maharashtra, India.
Tel. No.020-2740 8200
Fax No.020-27479000
E-mail: investors@finolexind.com

Independent auditors' report

To the members of Finolex Industries Limited,

Report on the financial statements

We have audited the accompanying financial statements of Finolex Industries Limited, which comprise the Balance sheet as at March 31, 2013, the profit and loss statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31st, 2013;

- (b) in the case of the Profit and Loss statement, of the profit for the year ended on that date; and
- (c) in the case of the Cash flow statement, of the cash flows for the year ended on that date.

Emphasis of matter

We draw attention to note 1.4 (d) to the financial statements which describes the uncertainty related to the outcome of the amounts claimed by the banks in respect of derivative transactions which are under dispute and not acknowledged as debt by the Company. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 those books;
 - c. the Balance sheet, Profit and Loss statement and Cash flow statement dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the Balance sheet, Profit and Loss statement and Cash flow statement comply with the accounting standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. on the basis of written representations received from the directors as on March 31st, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31st, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For M/S P.G. BHAGWAT
Chartered Accountants
Firm's registration number: 101118W

Pune
4th May, 2013

Abhijeet Bhagwat
Partner
Membership number: 136835

Annexure to the auditors' report

Re: Finolex Industries Limited

Referred to in paragraph 1 under the heading, "Report on other legal and regulatory requirements" of our report on even date:

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the current year based on the regular programme of verification which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, discrepancies noticed on physical verification were not material and have been properly dealt with in the books of account.
- (c) The Company has not disposed off substantial part of its fixed assets during the current year.
- (ii) (a) As explained to us, physical verification of inventory has been conducted by the management during the year. In our opinion, the interval of such verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. Discrepancies noticed on physical verification were not material and have been properly dealt with in the books of account.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (b), (c) and (d) of the Order are not applicable to the Company.
- (e) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (f) and (g) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit we have not observed any major weaknesses or continuing failure to correct major weaknesses in internal control system.
- (v) (a) According to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us by the management, the transactions made in pursuance of such contracts or arrangements

have been made at prices which are reasonable having regard to the 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 sections 58A, 58AA or any other relevant provisions of the Act and the rules framed thereunder and the directives issued by the Reserve Bank of India are not applicable to the Company.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of records with a view to determine whether they are accurate and complete.
- (ix) (a) The Company is 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, Custom duty, Excise duty, cess and other material statutory dues applicable to it with the appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts payable in respect of statutory dues were in arrears, as at 31st March, 2013, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute are mentioned below:

Name of the statute	Nature of dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Customs Act, 1962	Customs duty	4.21	1996-97	High Court
Customs Act, 1962	Customs duty	250.21	2000-01, 2004-05	CESTAT
Central Excise Act, 1944	Excise duty	24.28	2005-06, 2010-11	CESTAT
Central Excise Act, 1944	Excise duty	39.93	2008-09, 2011-12 & 2012-13	Additional Commissioner Additional Commissioner (Appeals) Commissioner Deputy Commissioner Superintendent
		4.62		
		2,688.82	1998-99, 2006 to 2008, 2011-12	
		43.32	2005-06, 2008-09, 2011-12	
Central Excise Act, 1944	Excise duty	0.05	2012-13	High Court
		36.23	1996-97, 1999-2000	
Finance Act, 1994	Service tax	26.76	2007-08, 2010-11	CESTAT
Finance Act, 1994	Service Tax	742.72	2001-02, 2006 to 2009, 2010-11	Commissioner Deputy Commissioner
		29.15	2007 to 2011	
Finance Act, 1994	Service Tax	489.12	2005-06	High Court

- (x) The Company has no accumulated losses at the end of 31st March, 2013. The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- (xi) Based on our audit procedures and according to the information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions or banks and debenture holders.
- (xii) According to the information and explanations given to us the Company has not granted 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, nidhi, mutual benefit fund or society and thus the provisions of clause 4 (xiii) (a), (b), (c) and (d) of the Order 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 therein.
(b) 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 bank or financial institutions.
- (xvi) According to the information and explanations given to us by the management, term loans availed by the Company were, prima facie applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an examination of the financial statements of the Company, on an overall basis, the funds raised on short-term basis have, prima facie, not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, security or charge has been created in respect of the debentures issued.
- (xx) According to the information and explanations given to us, the Company has not raised money by any public issue during the current year.
- (xxi) Based upon the audit procedures performed by us and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For M/S P.G. BHAGWAT
Chartered Accountants
Firm's registration number: 101118W

Pune
4th May, 2013

Abhijeet Bhagwat
Partner
Membership number: 136835

Balance sheet as at 31st March, 2013

Particulars	Note No.	₹ in lakhs	
		As at 31st March 2013	As at 31st March 2012
A Equity and liabilities			
1 Shareholders' Funds			
(a) Share Capital	2	12,408.68	12,408.68
(b) Reserves & Surplus	3	59,707.59	53,802.24
Sub-total - Shareholders' funds		<u>72,116.27</u>	<u>66,210.92</u>
2 Non-Current Liabilities			
(a) Long-term borrowings	4	13,970.87	18,956.07
(b) Deferred tax liabilities (net)	5	9,363.58	8,985.55
(c) Other long-term liabilities	6	46.76	37.62
(d) Long-term provisions	7	1,365.07	364.59
Sub-total - Non-current liabilities		<u>24,746.28</u>	<u>28,343.83</u>
3 Current liabilities			
(a) Short-term borrowings	8	57,092.20	82,288.34
(b) Trade payables	9	18,510.93	12,974.81
(c) Other current liabilities	10	23,418.48	14,075.10
(d) Short-term provisions	11	7,967.45	4,441.61
Sub-total - Current liabilities		<u>1,06,989.06</u>	<u>1,13,779.86</u>
Total - equity and liabilities		<u>2,03,851.61</u>	<u>2,08,334.61</u>
B Assets			
1 Non-current assets			
(a) Fixed assets	12		
(i) Tangible assets		87,885.58	78,292.96
(ii) Intangible assets		66.97	108.50
(iii) Capital work-in-progress		5,060.61	8,535.89
(b) Non-current investments	13	12,740.40	12,208.55
(c) Deferred tax assets (net)		-	-
(d) Long-term loans and advances	14	1,115.32	2,187.46
(e) Other non-current assets	15	849.90	7,296.12
Sub-total - Non-current assets		<u>1,07,718.78</u>	<u>1,08,629.48</u>
2 Current assets			
(a) Current investments	16	23,220.46	37,112.30
(b) Inventories	17	48,277.85	32,632.08
(c) Trade receivables	18	3,872.10	4,693.42
(d) Cash and bank balances	19	904.84	2,907.59
(e) Short-term loans and advances	20	19,857.58	22,359.74
Sub-total - Current assets		<u>96,132.83</u>	<u>99,705.13</u>
Total - Assets		<u>2,03,851.61</u>	<u>2,08,334.61</u>
Notes to the financial statements form an integral part of the balance sheet	1		

As per our report of even date

For M/s P. G. Bhagwat
Chartered Accountants
FRN 101118WAbhijeet Bhagwat
Partner
M. No. 136835ANIL B. ATRE
Vice President Legal & Company Secretary

Pune: 4th May, 2013

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

Pune: 4th May, 2013

Executive Chairman

Managing Director

Director (Operations)

Asst. Managing Director & CFO

Profit and loss statement for the year ended 31st March, 2013

₹ in lakhs

Particulars	Note No.	2012-13	2011-12
Income			
I Revenue from operations (Gross)	21	2,43,342.51	2,32,194.36
Less : Excise duty		(28,860.37)	(22,216.84)
II Other income	22	3,337.01	3,046.00
III Total revenue (I + II)		<u>2,17,819.15</u>	<u>2,13,023.52</u>
IV Expenses			
Cost of materials consumed	23	1,46,034.96	1,49,687.73
Purchases of stock-in-trade	24	63.74	4,463.79
Changes in inventories of finished goods, work-in-progress and stock-in-trade	25	(2,700.76)	847.47
Employee benefits expense	26	7,205.78	5,640.78
Other expenses	27	37,613.26	27,662.19
Finance costs	28	5,144.89	7,496.07
Depreciation and amortization expense		5,441.64	7,551.28
Total expenses		<u>1,98,803.51</u>	<u>2,03,349.31</u>
V Profit before exceptional and extraordinary items and tax (III - IV)		<u>19,015.64</u>	<u>9,674.21</u>
VI Exceptional items		-	-
VII Profit before extraordinary items and tax (V - VI)		<u>19,015.64</u>	<u>9,674.21</u>
VIII Extraordinary items		-	-
IX Profit before tax (VII - VIII)		<u>19,015.64</u>	<u>9,674.21</u>
X Tax expense:			
Current tax		5,573.93	3,173.56
Deferred tax		378.02	(1,014.48)
Less: Excess provision of earlier years written back		(550.00)	-
		<u>5,401.95</u>	<u>2,159.08</u>
XI Profit/(Loss) for the year from continuing operations (IX - X)		<u>13,613.69</u>	<u>7,515.13</u>
XII Profit/(Loss) from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit/(Loss) from discontinuing operations (after tax) (XII - XIII)		-	-
XV Profit/(Loss) for the year (XI + XIV)		<u>13,613.69</u>	<u>7,515.13</u>
XVI Earning per equity share (nominal value of share ₹10 each)	1(xiii)		
Basic		10.97	6.06
Diluted		10.97	6.06
Notes to the financial statements form an integral part of the profit and loss statement		1	

As per our report of even date

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

Abhijeet Bhagwat
Partner
M. No. 136835

ANIL B. ATRE
Vice President Legal & Company Secretary

Pune: 4th May, 2013

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

Pune: 4th May, 2013

Executive Chairman

Managing Director

Director (Operations)

Asst. Managing Director & CFO

Cash flow statement for the year ended 31st March, 2013

	₹ in lakhs	
	2012-13	2011-12
A Cash flow from operating activities:		
Net profit before tax	19,015.64	9,674.22
Adjustments for :		
Depreciation	5,441.64	7,551.28
Provision for leave encashment	96.46	(136.25)
Profit on sale of investments (Net)	(2,351.90)	(1,994.99)
Dividend income	(270.56)	(271.53)
Interest income	(280.03)	(338.99)
Interest expenses	4,691.85	7,012.41
Exchange fluctuation (gain)/loss - net	5,485.49	1,459.05
Operating profit before working capital changes	31,828.59	22,955.20
Adjustments for :		
Trade and other receivables	8,863.09	6,581.74
Inventories	(15,645.75)	7,499.32
Trade payables	6,234.97	(17,795.24)
Cash generated from operations	31,280.90	19,241.02
Less:		
Taxes paid (net of refund)	(3,900.15)	(3,786.74)
Net cash from operating activities (A)	27,380.75	15,454.28
B Cash flow from investing activities:		
Purchase of fixed assets/capital expenditure	(11,802.58)	(6,828.61)
Sale of fixed assets	1,255.87	69.36
(Purchase)/sale of investments (net)	16,243.74	(26,408.23)
Interest received	280.03	542.53
Dividend received	270.56	271.53
Net cash used in investing activities (B)	6,247.62	(32,353.42)

Cash flow statement for the year ended 31st March, 2013

	2012-13	2011-12
C Cash flow from financing activities:		
Collection of overdue allotment/call money	-	4.20
Share premium received	-	10.54
Proceeds from long term borrowings	8,000.00	2,000.00
Repayment of long term borrowings	(3,087.95)	(879.60)
Exchange fluctuation gain /(loss) - net	(4,014.25)	31.22
Short term loans movement	(26,424.97)	26,878.61
Interest paid	(5,777.15)	(6,560.87)
Dividend and corporate dividend tax paid	(4,326.80)	(4,354.00)
Dividend paid for earlier years	-	(8.99)
Net cash from financing activities (C)	(35,631.12)	17,121.11
A+B+C	(2,002.75)	221.97
Opening balance of cash and cash equivalents	2,907.59	2,685.62
Closing balance of cash and cash equivalents refer note 19	904.84	2,907.59

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

Abhijeet Bhagwat
Partner
M. No. 136835

ANIL B. ATRE
Vice President Legal & Company Secretary
Pune: 4th May, 2013

Prakash P. Chhabria
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Shrikrishna N. Inamdar
Prabhakar D. Karandikar
Sanjay S. Math
Dr. Sunil U. Pathak
Panyam Subramaniam

Pune: 4th May, 2013

Executive Chairman

Managing Director

Director (Operations)

Asst. Managing Director & CFO

Notes to the financial statements

	As at 31/03/2013	As at 31/03/2012
Note 2 - Share capital		
Authorised:		
150,000,000 (150,000,000) Equity shares of ₹10 each	15,000.00	15,000.00
Unclassified share capital	8,500.00	8,500.00
	<u>23,500.00</u>	<u>23,500.00</u>
Issued, subscribed and fully paid up:		
124095381 (124095381) Equity shares of ₹10 each fully paid	12,409.54	12,409.54
Less : Amount in arrears, other than from directors	0.86	0.86
	<u>12,408.68</u>	<u>12,408.68</u>

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:	As at 31/03/2013		As at 31/03/2012	
	No.	₹ in lakhs	No.	₹ in lakhs
At the beginning of the period	12,40,95,381	12,409.54	12,40,60,235	12,406.02
Add: Allotted during the period pursuant to section 81(1A) of the Companies Act, 1956.	-	-	35,146	3.52
Outstanding at the end of the period	<u>12,40,95,381</u>	<u>12,409.54</u>	<u>12,40,95,381</u>	<u>12,409.54</u>

Terms/ Rights attached to equity shares:

The Company has only class of equity shares having a par value of ₹ 10 per share. Each holder of the equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended March 31, 2013, the amount of per share dividend recognised as distributed to equity shareholders was ₹5.50 (March 31, 2012 ₹3.00).

In the event of liquidation of the Company, the holders of equity shares are entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of shareholders holding more than 5% shares in the company:	As at 31/03/2013		As at 31/03/2012	
	No.	% of holding	No.	% of holding
Equity shares of ₹ 10 each fully paid				
Finolex Cables Ltd.	4,01,92,597	32.39%	4,01,92,597	32.39%
Orbit Electricals Private Limited	2,33,18,901	18.79%	2,33,18,901	18.79%

Notes to the financial statements

	As at 31/03/2013	As at 31/03/2012
Note 3 - Reserves and surplus		
Capital reserve		
As per last balance sheet	60.54	60.54
	<u>60.54</u>	<u>60.54</u>
Share capital buyback reserve		
As per last balance sheet	2,517.93	2,517.93
	<u>2,517.93</u>	<u>2,517.93</u>
Share premium		
As per last balance sheet	15,126.81	15,116.27
Add : Premium on shares issued	-	10.54
	<u>15,126.81</u>	<u>15,126.81</u>
General reserve		
As per last balance sheet	19,225.90	16,239.70
Add : transferred from surplus	4,000.00	2,000.00
Add: transferred on account of adoption of amendment to AS-11. (Refer note 1.1 of note 1)	224.31	986.20
	<u>23,450.21</u>	<u>19,225.90</u>
Debenture redemption reserve		
As per last balance sheet	7,500.00	7,500.00
	<u>7,500.00</u>	<u>7,500.00</u>
Contingency reserve		
As per last balance sheet	1,215.00	-
Add : transferred from surplus	-	1,215.00
	<u>1,215.00</u>	<u>1,215.00</u>
Surplus in the statement of profit and loss		
Surplus at the beginning of the year	8,156.06	8,192.54
Profit for the year	13,613.69	7,515.13
Less: Dividend paid for earlier years	-	9.00
Less: Short provision for dividend for earlier years	-	0.81
Less: appropriations		
General reserve	4,000.00	2,000.00
Contingency reserve	-	1,215.00
Proposed dividend	6,825.25	3,722.86
Tax on dividend	1,107.40	603.94
Net surplus in statement of profit & loss	<u>9,837.10</u>	<u>8,156.06</u>
Grand total	<u><u>59,707.59</u></u>	<u><u>53,802.24</u></u>

Notes to the financial statements

	As at 31/03/2013	As at 31/03/2012
Non current liabilities		
Note 4 - Long-term borrowings		
Debentures*		
Secured		
500 (500) 9.50% Secured redeemable non-convertible debentures of ₹ 10,00,000 each.	5,000.00	5,000.00
Less: Redeemed during the year	1,500.00	-
Less: Current maturities of long term debt	1,500.00	1,500.00
	<u>2,000.00</u>	<u>3,500.00</u>
1000 (1000) 12.25% Secured redeemable non-convertible debentures of ₹ 10,00,000 each.	10,000.00	10,000.00
Less: Current maturities of long term debt	10,000.00	-
	<u>-</u>	<u>10,000.00</u>
	<u>2,000.00</u>	<u>13,500.00</u>
*Refer Note no. 1.2 & 1.3 (I) and (II) of Note 1 for terms of redemption and nature of security.		
Term loans		
Secured		
From Banks	10,000.00	3,485.20
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 installments beginning from F.Y.2011-12.		
1st Installment 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 installments from the date of disbursement. (Also refer Note 1.3(II)c & d of Note 1)		
Deferred payment liabilities		
Unsecured		
Sales tax deferral loan	1,970.87	1,970.87
Deferred sales tax loan is interest free and payable in 10 yearly installments of various amounts starting from March 2020.		
	<u>11,970.87</u>	<u>5,456.07</u>
	<u>13,970.87</u>	<u>18,956.07</u>
Note 5 - Deferred tax (Asset)/ liabilities (net)		
Deferred tax liabilities		
On depreciation	9,624.48	8,985.55
Deferred tax assets		
On provision for employee benefits	(260.90)	-
Net	<u>9,363.58</u>	<u>8,985.55</u>
Note 6 - Other long-term liabilities		
Trade and security deposits	46.76	37.62
	<u>46.76</u>	<u>37.62</u>

Notes to the financial statements

	As at 31/03/2013	As at 31/03/2012
₹ in lakhs		
Note 7 - Long-term provisions		
Leave encashment	279.99	153.00
Gratuity (refer Note 1.7 of Note 1)	489.39	211.59
Provision for taxation (net off advance tax)	595.69	-
	<u>1,365.07</u>	<u>364.59</u>
Current liabilities		
Note 8 - Short-term borrowings		
Secured		
Acceptances from banks	52,573.74	81,669.44
Working capital borrowings from banks (Refer Note 1.3(III) of Note 1)	4,518.46	618.90
	<u>57,092.20</u>	<u>82,288.34</u>
Note 9 - Trade payables		
Sundry creditors (refer note 1.6 of note 1 for MSME)	<u>18,510.93</u>	<u>12,974.81</u>
	<u>18,510.93</u>	<u>12,974.81</u>
Note 10 - Other current liabilities		
Current maturities of long term debts		
Debentures	11,500.00	1,500.00
Term loans from banks	1,382.45	1,485.20
Interest accrued but not due on loans	883.92	1,222.77
Unclaimed dividend	351.28	281.65
Other payables		
Advances from customers	3,194.34	2,944.26
Salary and reimbursement	982.14	894.44
Statutory dues	4,106.08	4,307.34
Provision for expenses	<u>1,018.27</u>	<u>1,439.44</u>
	<u>23,418.48</u>	<u>14,075.10</u>
Note 11 - Short-term provisions		
Proposed dividend	6,825.25	3,722.86
Tax on dividend	1,107.40	603.94
Leave encashment	34.80	65.33
Gratuity (refer note 1.7 of note 1)	-	49.48
	<u>7,967.45</u>	<u>4,441.61</u>

Notes to the financial statements

Note No. 12 - Fixed Assets

(a) (i) TANGIBLES

₹ in lakhs

Particulars	Gross block as on 01.04.2012	Additions		Deductions	Gross block as on 31.03.2013	Depreciation		Net block	
		Borrowing cost	AS - 11 Forex difference			For the year	Deductions	As at 31.03.2013	As at 31.03.2012
Free hold land	6,569.41	74.99	-	10.83	24.27	-	-	6,630.96	6,569.41
Lease hold land	100.70	-	-	-	100.70	1.99	0.98	78.30	79.31
Buildings	13,775.44	193.71	-	3,299.00	17,268.15	338.17	-	13,927.56	10,775.02
Plant and machinery	1,39,003.25	477.75	259.36	11,703.36	1,51,008.43	4,940.75	-	66,192.08	59,127.65
Office equipments	164.92	-	-	4.57	169.13	79.83	10.42	76.29	85.09
Furniture & fixtures	976.49	-	-	17.06	984.01	47.69	7.49	588.64	385.17
Vehicles	855.12	-	-	227.73	841.35	305.86	69.29	262.68	549.26
Aircraft	1,108.59	-	-	-	-	417.22	18.14	-	691.37
Total	1,62,353.92	746.45	259.36	15,262.55	1,77,002.73	5,422.91	566.72	87,885.58	78,292.96
Previous year	1,56,356.79	-	1,146.92	5,642.49	1,62,553.92	7,540.46	400.86	84,260.96	79,235.43

(a) (ii) INTANGIBLES

Particulars	Gross block as on 01.04.2012	Additions		Deductions	Gross block as on 31.03.2013	Depreciation		Net block	
		Borrowing cost	AS - 11 Forex difference			For the year	Deductions	As at 31.03.2013	As at 31.03.2012
Computer software	119.73	-	-	-	96.93	18.73	-	29.96	108.50
Total	119.73	-	-	-	96.93	18.73	-	29.96	108.50
Previous year	15.75	-	-	-	119.73	10.82	3.20	108.50	12.14

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

Capital work-in-progress	5,060.61	8,535.89
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Note : Assets regrouped wherever necessary

Notes to the financial statements

Note 13 - Non - current investments

	As at 31/03/2013 No. of shares	As at 31/03/2012 No. of shares	As at 31/03/2013 ₹ in lakhs	As at 31/03/2012 ₹ in lakhs
Non-trade-long term (At Cost)				
Quoted and Listed				
Equity shares of ₹2 each fully paid-up in Gulf Oil Corporation Ltd.	9,900	9,900	1.21	1.21
Equity shares of ₹2 each fully paid-up in Finolex Cables Ltd.	2,21,87,075	2,21,87,075	10,260.02	10,260.02
Equity shares of ₹10 each fully paid-up in Gold Crest Finance Ltd.	12,400	12,400	4.96	4.96
[Aggregate market value ₹ 10,124.09 lakhs (₹6,900.52 lakhs)]				
Sub Total			10,266.19	10,266.19
Unquoted				
Equity shares of ₹10 each fully paid-up in Finolex Plasson Industries Pvt. Ltd.	46,35,000	46,35,000	749.77	749.77
Equity shares of ₹10 each fully paid-up in I2IT Private Limited	61,00,000	61,00,000	610.00	610.00
Equity shares of ₹ 10 each fully paid-up in Finolex Infrastructure Ltd.	53,43,404	24,975	534.34	2.50
Equity shares of ₹1000 each fully paid-up in Rajasthan Olive Cultivation Limited	7,500	7,500	75.00	75.00
Units of ₹1,00,000 each fully paid-up in Peninsula Realty Fund	500	500	500.00	500.00
Equity shares of ₹10 each fully paid-up in The Saraswat Co-op Bank Ltd.	1,000	1,000	0.10	0.10
Equity shares of ₹10 each fully paid-up in Pawas Port Ltd.	49,994	49,994	5.00	4.99
Sub Total			2,474.21	1,942.36
Total			12,740.40	12,208.55

Note 14 - Long-term loans and advances

	As at 31/03/2013	As at 31/03/2013
Security deposits:		
Unsecured - considered good	708.02	714.66
Capital advances:		
Unsecured - considered good	346.38	1,411.88
Other loans and advances :		
Claims receivable		
Unsecured - considered good	60.92	60.92
	1,115.32	2,187.46

Notes to the financial statements

	As at 31/03/2013	₹ in lakhs As at 31/03/2012
Note 15 - Other non-current assets		
Long term trade receivables		
Doubtful	58.98	46.02
Less: provision for doubtful receivables	(58.98)	(46.02)
	-	-
Balances with banks held as security against other commitments		
Unsecured - considered good	-	3,370.00
Advance tax (net off provision)		
Unsecured - considered good	-	2,547.36
Other deposits and advances		
Unsecured - considered good	849.90	1,378.76
Doubtful	84.94	84.94
	934.84	7,381.06
Less : Provision for doubtful deposits & advances	(84.94)	(84.94)
	849.90	7,296.12

Note 16 - Current investments

	As At 31/03/2013 No. of units	As At 31/03/2012 No. of units	As At 31/03/2013 ₹ in lakhs	As At 31/03/2012 ₹ in lakhs
Quoted and listed				
Punjab National Bank CD 26Jul12 [market value nil (₹2922.07 lakhs)]	-	3,000	-	2,920.25
Quoted but not listed Mutual Fund (MF) units of ₹10 each				
Axis MF - Axis FTP - ser 21 (394 days) - Growth	1,00,00,000	1,00,00,000	1,000.00	1,000.00
Birla MF - BSL fixed term plan ser ES - Growth	1,00,00,000	1,00,00,000	1,000.00	1,000.00
Birla MF - BSL fixed term plan ser EY - Growth	1,00,00,000	1,00,00,000	1,000.00	1,000.00
HDFC MF - HDFC liquid fund - premium plan - Growth	-	1,44,37,465	-	3,101.04
HDFC MF - HDFC FMP 400D March 2012 (1)-ser XXI-Growth	1,00,00,000	1,00,00,000	1,000.00	1,000.00
HDFC MF - HDFC FMP 399D March 2012 (1)-ser XXI-Growth	1,00,00,000	1,00,00,000	1,000.00	1,000.00
IDBI MF - IDBI FMP 369 days ser II(Feb 2012) - C - Growth	-	19,99,990	-	200.00
IDBI MF - IDBI FMP 380 days ser II(March 2012) - E - Growth	80,00,000	80,00,000	800.00	800.00
JP Morgan MF - JP Morgan India liquid fund - super inst - Growth	-	3,20,03,060	-	4,426.18

Notes to the financial statements

	As At 31/03/2013 No. of units	As At 31/03/2012 No. of units	As At 31/03/2013 ₹ in lakhs	As At 31/03/2012 ₹ in lakhs
JP Morgan MF - JP Morgan FMP ser 6 - Growth	1,00,00,000	1,00,00,000	1,000.00	1,000.00
SBI MF - SBI debt fund ser 13 months - 13 - Growth	2,99,99,990	2,99,99,990	3,000.00	3,000.00
Quoted but not listed Mutual Fund (MF) units of ₹100 each				
Birla MF - BSL cash plus inst premium - Growth	-	19,41,107	-	3,332.83
Quoted but not listed Mutual Fund (MF) units of ₹1000 each				
IDBI MF - IDBI liquid fund - Growth	-	3,84,808	-	4,427.20
IDBI MF - IDBI ultra short term fund - Growth	5,37,904	-	6,420.46	-
Templeton MF - templeton india treasury mgt A/c - Super Inst - Growth	-	3,03,434	-	4,817.86
UTI MF - UTI liquid cash plan - inst - Growth	-	2,33,390	-	4,086.94
UTI MF - UTI treasury advantage fund - inst - Growth	4,63,866	-	7,000.00	-
			<u>23,220.46</u>	<u>37,112.30</u>

[Aggregate market value ₹24,939.08 lakhs (previous year ₹37,267.94 lakhs)]

MF represents Mutual Fund

Note 17 - Inventories

	As At 31/03/2013	As At 31/03/2012
Raw materials	24,877.29	12,394.37
Work-in-progress	5,279.73	3,432.82
Finished goods	13,759.54	12,979.35
Stores and spares	3,934.69	3,610.09
Stock in transit	73.66	-
Packing material	352.94	215.45
	<u>48,277.85</u>	<u>32,632.08</u>

Note 18 - Trade receivables

Trade receivables outstanding for a period less than six months :

Unsecured - Considered good	3,546.89	4,693.42
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Trade receivables outstanding for a period exceeding six months :

Unsecured - Considered good	325.21	-
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	<u>3,872.10</u>	<u>4,693.42</u>
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Notes to the financial statements

	₹ in lakhs	
	As at 31/03/2013	As at 31/03/2012
Note 19 - Cash and bank balances		
Cash and cash equivalents		
Cash on hand	15.38	30.40
Cheques on hand	-	150.00
Balances with banks in current accounts	538.17	2,045.54
Balances with banks for unpaid dividend	351.29	281.65
Balances with banks in fixed deposit accounts	-	400.00
	<u>904.84</u>	<u>2,907.59</u>
Note 20 - Short term loans and advances		
Others		
Advances recoverable in cash or kind:		
Unsecured - considered good	0.32	4.02
Balance with customs, excise, etc.:		
Unsecured - considered good	13,161.24	14,910.38
Advances to suppliers and others:		
Unsecured - considered good	1,368.57	4,390.83
Prepaid expenses:		
Unsecured - considered good	94.40	67.60
Advance tax (net off provision):		
Unsecured - considered good	5,233.05	2,986.91
	<u>19,857.58</u>	<u>22,359.74</u>
Note 21 - Revenue from operations		
	<u>2012-13</u>	<u>2011-12</u>
Sale of manufactured goods	2,41,286.09	2,30,314.63
Other operating revenues	2,056.42	1,879.73
Revenue from operations (gross)	<u>2,43,342.51</u>	<u>2,32,194.36</u>
Less: Excise duty	28,860.37	22,216.84
Net	<u>2,14,482.14</u>	<u>2,09,977.52</u>
Details of goods sold		
Finished goods		
PVC	71,154.14	90,509.05
PVC pipes	1,18,335.82	91,567.53
PVC fittings	17,254.09	13,769.17
Power	4,933.04	5,435.07
Others	2,687.27	3,863.25
	<u>2,14,364.36</u>	<u>2,05,144.07</u>
Traded goods		
EDC	69.35	4,807.96
Others	48.43	25.49
	<u>117.78</u>	<u>4,833.45</u>

Notes to the financial statements

	2012-13	2011-12
Note 22 - Other income		
Interest earned on		
Fixed deposits with bank	34.81	102.48
Overdues from customers	164.46	230.43
Others	80.76	6.08
Dividend received		
From long-term investments	270.56	271.53
Net gain on sale of current investments	2,351.90	2,113.84
Profit on sale of assets	3.05	8.19
Other non-operating income	431.47	313.45
	<u>3,337.01</u>	<u>3,046.00</u>
Note 23 - Cost of materials consumed		
Cost of raw material consumed (refer note 1.9 of note 1)	1,44,224.24	1,47,607.12
Packing material consumed	1,810.72	2,080.61
	<u>1,46,034.96</u>	<u>1,49,687.73</u>
Details of raw material consumed		
EDC	19,042.63	25,628.82
Ethylene	24,607.28	20,097.31
VCM	51,954.47	54,498.45
Coal	11,886.35	12,370.56
PVC (excluding captive)	18,884.89	20,937.34
Others	17,848.62	14,074.64
	<u>1,44,224.24</u>	<u>1,47,607.12</u>
Note 24 - Purchase of stock in trade		
EDC	63.74	4,463.79
	<u>(2,700.76)</u>	<u>847.47</u>
Note 25 - Change in inventories of finished goods, work in progress & stock in trade		
Inventories at the end of the year		
Work in progress	5,279.73	3,432.82
Finished goods	13,759.54	12,979.35
Goods in transit	73.66	-
	<u>19,112.93</u>	<u>16,412.17</u>
Inventories at the beginning of the year		
Work in progress	3,432.82	6,627.24
Finished goods	12,979.35	10,632.40
	<u>16,412.17</u>	<u>17,259.64</u>

Notes to the financial statements

		₹ in lakhs
	2012-13	2011-12
Details of inventory		
(a) Raw material		
EDC	8,827.57	4,358.62
Ethylene	6,156.99	4,417.02
VCM	2,828.06	221.92
Coal	2,733.47	806.57
PVC (excluding captive)	736.41	345.40
Others	3,594.79	2,244.84
	<u>24,877.29</u>	<u>12,394.37</u>
(b) Work-in-progress		
PVC	81.96	396.33
VCM	474.03	290.58
PVC compound	4,334.35	2,464.92
Others	389.39	280.99
	<u>5,279.73</u>	<u>3,432.82</u>
(c) Finished goods		
PVC	8,680.97	9,929.30
PVC pipes	3,067.15	1,378.10
PVC fittings	1,967.04	1,643.33
Others	44.38	28.62
	<u>13,759.54</u>	<u>12,979.35</u>
Note 26 - Employee benefits expense		
Salaries, wages, bonus and commission	5,939.02	4,701.18
Contribution to provident fund and other funds (Refer Note 1.7 of Note 1)	564.68	323.48
Staff welfare expenses	702.08	616.12
	<u>7,205.78</u>	<u>5,640.78</u>

Notes to the financial statements

	₹ in lakhs	
	2012-13	2011-12
Note 27 - Other expenses		
Power and fuel	8,887.43	8,817.54
Stores and spares consumed	2,233.86	1,924.35
Other manufacturing expenses	6,403.47	5,308.65
Rent	328.16	299.93
Rates and taxes	834.42	790.76
Insurance	517.00	472.76
Repairs & maintenance (Buildings)	222.60	311.84
Repairs & maintenance (Plant & Machinery)	841.36	737.19
Repairs & maintenance (Others)	396.94	371.37
Communication expenses	154.34	120.45
Travelling and conveyance	400.94	319.90
Directors sitting fees	16.40	13.80
Auditor's remuneration :		
• Statutory audit fees	22.00	22.00
• Tax audit fees	5.00	5.00
• Other fees	8.01	8.46
• Out of pocket expenses	0.80	1.09
Advertisement, publicity and sales promotion	1,188.33	792.60
Commission on sales	377.15	559.16
Freight outward & other selling expenses	1,594.97	3,233.63
Donations	150.00	5.00
Loss on sale of assets	61.77	127.05
Legal and professional fees	1,516.15	641.06
Miscellaneous expenses	1,712.74	1,290.22
Foreign currency exchange difference (net) / derivatives settlement	9,609.17	1,459.05
Excise duty collected and paid (Net)	130.25	29.33
	<u>37,613.26</u>	<u>27,662.19</u>
Note 28 - Finance costs		
Interest expense	3,818.03	3,443.45
Other borrowing costs	488.61	483.66
Premium on forward exchange contracts	838.25	3,332.15
Exchange difference to the extent considered as borrowing cost (Refer note 1.1 of Note 1)	-	236.81
	<u>5,144.89</u>	<u>7,496.07</u>

Notes forming part of the financial statements

Note 1 Significant accounting policies

i) Basis of preparation:

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year.

ii) Use of estimates:

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

iii) Valuation of inventories:

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

iv) Cash and cash equivalents:

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

v) Depreciation:

Depreciation is provided on Straight-Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

Amortisation is provided in respect of leasehold land.

vi) Revenue recognition:

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

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

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

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

vii) Fixed assets:

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Attributable

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

viii) Foreign currency transactions:

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

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

Forward exchange contracts: The Company uses foreign exchange forward contracts and options to reduce the cost and to hedge its risks associated with foreign currency fluctuations to underlying transactions, for 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 of hedged contracts, or forecasted transactions, the attributable gain or loss is taken to profit and loss account on accrual and / or on settlement as the case may be.

Exchange differences: All exchange differences arising on settlement/conversion on foreign currency transactions are included in the profit and loss statement.

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

ix) Valuation of investments:

Investments that are readily realizable and intended to be held for not more than a year from the date on which such investment is made are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of such investments.

x) Employee benefits:

I. Short term employee benefits

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

II. Post-employment benefits

a) Defined contribution plans

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

b) Defined benefit plans

The employees' gratuity fund scheme is the Company's defined benefit plan. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit

separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognized immediately in the profit & loss statement. The fair value of the plan's assets is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis. Gain or a loss on the curtailment or settlement of the defined benefit plan is recognized, when the curtailment or settlement occurs. Past service cost is recognized as expense on a straight-line basis over the average period until the benefits become vested.

III. Long term employee benefits

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

xi) **Segment accounting:**

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

Allocation of common costs

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

Unallocable items

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

Segment accounting policies

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

xii) **Accounting for leases:**

Assets given on lease where significant portion of risk 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.

xiii) **Earnings per share:**

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

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

xiv) **Taxes on income:**

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

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

Deferred tax liabilities are recognized for all timing differences. Deferred tax assets are recognized for

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

xv) Intangible assets:

Intangible assets are amortised over the useful life of the asset.

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

xvi) Impairment policy:

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

xvii) Provisions:

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

xviii) Contingent liability:

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

Note 1.1) Ministry of Corporate Affairs Government of India (MCA) notification on AS 11

Pursuant to circular No. 25/2012 dated 09.08.2012 issued by MCA, in respect of clarification on para 46A of notification number G.S.R 914(E) dated 29.12.2011 on accounting standard 11 relating to "The effects of changes in foreign exchange rates" the Company has capitalized exchange difference to the extent considered as borrowing cost debited to the profit and loss statement in the previous year. Accordingly, in the current financial year an amount of ₹ 320.83 lakhs has been capitalized. This amount includes ₹224.31 lakhs (net of depreciation of earlier year) credited to general reserve towards exchange difference previously recognised in the profit & loss statement.

The balance of foreign exchange difference capitalised pursuant to MCA notification on accounting standard 11 (AS 11) remaining to be depreciated over the balance life is ₹ 1286.76 lakhs.

Note 1.2) Terms of debentures redemption:

500 privately placed secured redeemable non-convertible debentures of ₹ 10 lakhs each, aggregating to 5000 lakhs with LIC of India will be redeemed in three 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.

1000 privately placed secured redeemable non-convertible debentures of ₹ 10 lakhs each, aggregating to 10000 lakhs 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.

Note 1.3) Security for secured loans:

(I)	<p>The outstanding amount payable on the debentures mentioned at Note 1.2 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 ₹10000 lakhs and Debenture Trust Deed dated 5th March, 2010 for 9.50% NCDs of ₹5000 lakhs respectively have been secured by creation of English mortgage on pari passu basis in favour of ATSL on the Company's immovable properties situated at 1B, 1st Floor, Mahakant Building, Ellisbridge, Ahmedabad in the State of Gujarat.</p>
(II)	<p>The outstanding amount payable on the:</p> <ol style="list-style-type: none"> 12.25% NCDs of ₹10,000 lakhs redeemable on 17th November, 2013 i.e., after 5 years from deemed date of allotment i.e., 17th November, 2008 for which ATSL is acting as security trustee; 9.50% NCDs of ₹5000 lakhs redeemable in 3 installments commencing at the end of 3rd, 4th and 5th year from the date of allotment i.e. 21st September, 2009 (accordingly first installment has been paid) in the ratio of 3:3:4 for which ATSL is acting as security trustee. Borrowings by way of foreign currency term loan amounting to JPY 7191 lakhs availed from ICICI Bank Limited, Singapore Branch (the "ICICI Bank") in the year 2007-2008 at the interest rate of LIBOR+1.04% p.a. repayable in 3 yearly equal installments beginning from financial year 2011-2012 (accordingly the first two installments have been paid), for which Axis Bank Limited (the "ABL") is acting as security trustee. <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 under the respective Deeds and Agreement are secured by: equitable mortgage created in favour of the ATSL and the ABL on pari passu basis by depositing with ABL, New Delhi, ABL acting for itself and as an agent of ATSL, 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 Resin, 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;</p> <ol style="list-style-type: none"> Borrowing by way of term loan amounting to ₹10000 lakhs sanctioned from Central Bank of India, Pimpri Branch, Pune (the "Central Bank") and partly availed in tranches at the interest rate of Base rate+0.75% p.a. repayable in 3 yearly equal installments on the expiry of 3rd, 4th and 5th year from the date of disbursement together with all interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, expenses and other moneys and fees payable as applicable under the respective Deeds and Agreement are secured by: equitable mortgage created in favour of Central Bank of India, Pimpri, Pune by depositing all the documents of title, evidences, title deeds and writings in respect of immovable properties falling within the battery limit of Company's captive power plant 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 and
(III)	<p>The aggregate limits of working capital borrowings of ₹1,39,575 lakhs from the Bank of India Consortium together with all interest, liquidated damages, costs, charges and other moneys payable under working capital consortium agreement/sanction letters are secured by:</p> <ol style="list-style-type: none"> Hypothecation of inventories and book debts; and 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.

Note 1.4) Contingent liabilities and commitments:

Particulars	2012-13	2011-12
	Value	Value
	₹ in lakhs	₹ in lakhs
i) Guarantees given by the Company's bankers on behalf of the Company towards performance and other matters.	854.12	1,421.44
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.	179.38	179.38
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.	436.23	412.22
c) Excise/customs/service tax in respect of which either show cause notice is received or the Company/Department is in appeal.	4,379.44	2,674.87
d) Amounts claimed by banks in respect of derivative transactions which are under dispute not acknowledged as debt. In view of counter claims of the Company against the banks, the facts and circumstances of the case and uncertainty of period for which the litigations will continue, a reliable estimate of the liability, if any, cannot be made. It is unlikely that there will be a material liability on the Company on this account in the near future. Therefore, in view of what is stated above no provision is required to be made out of the current year's profit. The company has been legally advised in respect of this issue confirming the aforesaid action.	11,617.53 N.A. N.A.	22,254.30 N.A. N.A.
e) Estimated amount of contracts remaining to be executed on capital account and not provided for	1,716.31	3,317.09

Note 1.5)

A. Details of derivative instruments outstanding as at the balance sheet date 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. Quantitative information of derivative instruments outstanding as at the Balance Sheet date:		
Foreign exchange forwards/ options	—	24,787.81

₹ in lakhs

	2012-13	2011-12
B. The Company has not hedged the following foreign currency exposures in:		
(i) Borrowings grouped under :-		
a) Secured loans (borrowing currency JPY)	1,382.45	2,970.41
b) Unsecured loans (borrowing currency USD)	52,573.74	57,891.47
(ii) Trade payables for imports (in USD)	15,475.45	9,459.83

Note 1.6) Trade payables

A) Outstanding to creditors other than micro, small & medium enterprise	18,469.68	12,946.47
B) Interest paid/payable other than MSME	—	—
C) Outstanding to micro, small & medium enterprise	41.25	28.34

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) Disclosure as per accounting standard 15 (Revised)

The following table sets out the status of the gratuity plan (defined benefit plan) as required under AS 15 (Revised).

a) Statement showing changes in the present value of the obligation		
Present value of obligation at the beginning of the year	654.89	640.42
Interest cost	44.54	48.47
Current service cost	68.91	52.01
Benefits paid	(196.22)	(69.04)
Actuarial (gain)/ loss on obligation	208.69	(16.97)
Present value of obligation as at the end of the year	780.81	654.89
b) Statement showing changes in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	393.82	383.17
Expected return on plan assets	27.41	31.08
Contributions	50.78	44.40
Benefits paid	(196.22)	(69.04)
Actuarial gain/ (loss) Plan assets	15.63	4.21
Fair value of plan assets at the end of the year	291.42	393.82

₹ in lakhs

	2012-13	2011-12
c) Amount to be recognised in the balance sheet		
Present value of obligation	780.81	654.89
Fair value of plan assets	(291.42)	(393.82)
Liability/(asset)	489.39	261.07
Liability/(asset) recognised in the balance sheet	489.39	261.07
d) Expenses recognised in the profit & loss statement		
Current service cost	68.91	52.01
Interest cost	44.54	48.47
Expected return on plan assets	(27.41)	(31.08)
Net actuarial gain/(loss) recognised in the year	193.05	(21.18)
Expenses recognised in the profit & loss statement	279.09	48.22
e) Principal actuarial assumptions at the balance sheet date		
Discounted rate	8% p.a.	8% p.a.
Expected return on plan assets	8%	8%
Mortality	Indian assured lives mortality (1994 -96) (modified) Ultimate	Indian assured lives mortality (2006-08) Ultimate
Future salary increases	5% p.a.	6% p.a.
Attrition	1% p.a.	1% p.a.
Retirement	58 years	58 years
Basis used to determine the overall expected return:		

Life Insurance Corporation of India (LIC) manages the investments of Employee Gratuity Scheme. Expected rate of return on investments is determined based on the assessment made by the LIC at the beginning of the year on the return expected on its existing portfolio, along with the estimated incremental investments to be made during the year. Yield on the portfolio is calculated based on a suitable mark-up over the benchmark Government securities of similar maturities.

Note 1.8) CIF value of imports:

Raw materials *	1,31,921.46	1,21,695.62
Stores, spares and components	256.72	268.79
Capital goods	2,562.08	880.54
* inclusive of highseas purchases		

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Note 1.9) Consumption of raw materials

₹ in lakhs

Particulars	2012-13	2011-12
Imported	1,32,760.84	1,38,368.57
	92%	94%
Indigenous	11,463.40	9,238.55
	8%	6%
Total	1,44,224.24	1,47,607.12

Note 1.10) Expenditure in foreign currency:

Interest	2,126.43	1,757.96
Subscription	14.73	14.79
Travelling expenses	7.41	16.00
Legal and professional fees	374.23	229.07
Others	3.04	2.25

Note 1.11) Related party disclosures

Disclosures as required by accounting standard 18 "related party disclosures" are given below:

A) Names of related parties and nature of relationship where control exists:

Name of the related party	Nature of relationship
1. Pawas Port Ltd.	Substantial interest
2. Finolex Plasson Industries Pvt. Ltd.	Substantial interest

B) Names of related parties with whom transactions have been entered into:

Name of the related party	
Mr. Pralhad P. Chhabria - Chairman (Upto 11th August, 2012)	Key management personnel
Mr. Prakash P. Chhabria - Executive Chairman (effective 11th August, 2012)	
Mr. Kishan P. Chhabria - Executive Vice Chairman (Upto 11th August, 2012)	
Mr. Saurabh S. Dhanorkar - Managing Director (effective 11th August, 2012)	
Mr. Sanjay S. Math - Director (Operations)	
Mr. Panyam Subramaniam - Assistant Managing Director & CFO	

Enterprises over which key management personnel or their relatives exercise significant influence

Name of the related party	
1. Finolex Cables Ltd.	Significant influence
2. Finprop Advisory Services Ltd.	
3. Magnum Machine Technologies Ltd.*	
4. Kaya Software Pvt. Ltd.	

₹ in lakhs

C) Transactions with related parties		
Nature of transactions	2012-13	2011-12
I. Sales, services and other income		
1 Sale of goods		
Finolex Cables Limited	695.42	366.24
Finolex Plasson Industries Pvt. Limited	2,989.98	2,250.07
2 Recoveries		
Finolex Cables Limited	187.81	188.65
3 Dividend received		
Finolex Cables Limited	177.50	155.31
Finolex Plasson Industries Pvt. Limited	92.70	115.88
II. Purchase of material / assets		
1 Purchase of raw material and components		
Finolex Cables Limited	4.26	12.29
Finolex Plasson Industries Pvt. Limited	-	3.56
Magnum Machine Technologies Limited*	-	5.22
2 Purchase of fixed assets		
Finolex Cables Limited	358.51	22.33
Magnum Machine Technologies Limited*	684.40	520.37
III. Expenses		
1 Remuneration to key management personnel		
Mr. Pralhad P. Chhabria - Chairman (Upto 11th August, 2012)	0.73	1.00
Mr. Prakash P. Chhabria - Executive Chairman (effective 11th August, 2012)	476.42	240.86
Mr. Kishan P. Chhabria - Executive Vice Chairman (Upto 11th August, 2012)	469.63	253.73
Mr. Saurabh S. Dhanorkar - Managing Director (effective 11th August, 2012)	137.50	68.87
Mr. Sanjay S. Math - Director (Operations)	68.79	14.43
Mr. Panyam Subramaniam - Assistant Managing Director & CFO	111.41	54.86
2 Services		
Finprop Advisory Services Limited	55.06	49.44
3 Rent		
Kaya Software Pvt.Ltd.	56.24	110.42
Finolex Cables Limited	7.46	5.70

₹ in lakhs

	2012-13	2011-12
4 Reimbursement of expenses paid		
Finolex Cables Limited	2.26	2.24
Finprop Advisory Services Limited	1.85	1.95
5 Dividend paid		
Finolex Cables Limited	1,205.78	1,205.78
IV. Amount outstanding		
1 Creditors:		
Finolex Cables Limited Dr. balance	75.06	191.27
2 Debtors:		
Finolex Cables Limited Dr. balance	1.95	6.45
Finolex Plasson Industries Pvt. Limited Cr. balance	11.01	538.64
Interest to companies against ICD		
Magnum Machine Technologies Limited*	—	57.47
Refund of deposits		
Magnum Machine Technologies Limited*	—	1,602.00

* Magnum Machine Technologies Ltd was previously named as Orbit Electricals Pvt. Ltd.

Note 1.12) 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 :

- The nature of the products
- The related risks and returns
- The internal financial reporting systems

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

Description	₹ in lakhs										
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13
A. Primary segment information											
Segment revenue (Net of excise duty)											
A) external sales	71,760.35	95,945.96	1,37,88.75	1,08,796.20	4,933.05	5,233.36	-	-	-	-	2,14,482.14
B) inter-segment sales	84,607.76	53,157.95	-	-	15,777.33	12,322.15	-	-	-	-	-
Total revenue	1,56,368.11	1,49,103.91	1,37,88.75	1,08,796.20	20,710.38	17,555.51	-	-	-	-	2,14,482.14
Segment result	23,418.18	11,704.05	7,165.84	5,794.45	4,812.76	1,771.71	-	-	-	-	35,396.78
Interest											5,144.89
Net unallocable (expenditure) / Income											(11,236.25)
Profit before tax											(2,099.93)
Provision for current tax											19,015.64
Provision for deferred tax											5,573.93
Excess provision of earlier years written back											378.02
Profit after tax	71,763.97	94,850.52	19,786.86	37,888.86	30,127.38	20,841.67	26,083.79	81,144.16	-	-	(550.00)
Segment assets	2,852.30	3,769.89	11,406.49	21,841.70	1,378.31	953.49	8,705.27	27,081.26	-	-	13,613.69
Segment liabilities	4,830.98	1,257.65	10,721.11	3,737.55	389.33	1,613.14	3.18	1,011.72	-	-	24,342.37
Capital expenditure	2,290.61	4,650.51	1,549.69	1,297.81	1,600.97	1,602.92	0.37	0.04	-	-	15,945.20
Depreciation											5,441.64
B. Secondary segment											7,551.28
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 1.13) Figures of the previous year have been regrouped/rearranged wherever necessary.

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

Abhijeet Bhagwat
Partner
M. No. 136835

ANIL B. ATRE
Vice President Legal & Company Secretary
Pune: 4th May, 2013

Executive Chairman

Prakash P. Chhabria

Managing Director

Dara N. Damania

Director (Operations)

Asst. Managing Director & CFO

Dr. Sunil U. Pathak

Panyam Subramaniam

Pune: 4th May, 2013

NOTICE

NOTICE is hereby given that the thirty-second annual general meeting of the members of Finolex Industries Limited will be held on Saturday, the 14th September, 2013 at 11.30 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, 2013 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, 2013.
3. To appoint a director in place of Mr.Kanaiyalal N. Atmaramani, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a director in place of Dr.Sunil U. Pathak, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a director in place of Mr.Saurabh S. Dhanorkar, who retires by rotation and, being eligible, offers himself for reappointment.
6. To appoint auditors to hold office from the conclusion of this annual general meeting until the conclusion of the next annual general meeting and to fix their remuneration.

By Order of the Board of Directors
For Finolex Industries Limited

Anil B. Atre

Vice President (Legal) &
Company Secretary

Pune
4th May, 2013

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A 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. The register of members and the share transfer books of the Company will remain closed from 31st August, 2013 to 14th September, 2013, both days inclusive.
3. Dividend, if declared at the meeting, will be paid on or before 19th September, 2013 to those shareholders whose names appear on the register of members of the Company on 14th September, 2013 or on the register of beneficial owners maintained by the depositories as at the close of their business hours on 30th August, 2013.
4. Please refer to the Corporate Governance Report on page no. 18 for brief resume of Directors being reappointed.
5. Members whose shareholding is in the dematerialized form are requested to direct the change of address notifications and updations of ECS details to their respective depository

participants. Members holding shares in physical form may please send such details to the Company at its Investor Relations Centre at D1/10, MIDC, Chinchwad, Pune 411 019 quoting their folio number(s). ECS mandate form is available on www.finolexind.com.

6. 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.
7. Members who have not appointed nominees are requested to appoint nominees. The prescribed form for appointment of nominee is available on www.finolex.com or will be made available on request.
8. Members desirous of obtaining any information concerning the accounts and operations of the Company for the financial year ended on 31st March, 2013 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 August, 2013 so that the requested information is made available at the meeting to the best extent possible.
9. Please ensure to enclose copies of PAN card(s) of all transferees/legal heirs while lodging requests for share transfer/transmission of shares. In absence of such PAN card copies, Company cannot effect the requests for transfer/transmission/name deletion etc.
10. Pursuant to sections 205A and 205C of the Companies Act, 1956, all unclaimed/unpaid dividends up to the financial year 2004-2005 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.
11. 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.
12. 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 hard 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 mobile nos. in all correspondence for quick communication. The form for registration of e-mail address is available on www.finolexind.com.
13. Route map showing directions to the venue of the meeting is given on page 64.

By Order of the Board of Directors
For Finolex Industries Limited

Anil B. Atre

Vice President (Legal) &
Company Secretary

Pune
4th May, 2013

32nd Annual report 2012-2013

Five Year financial highlights

(₹ In lakhs)

PROFIT AND LOSS ACCOUNT DATA	2012/13	2011/12	2010/11	2009/10	2008/09
Gross Revenue	2,46,679.52	2,35,240.36	2,22,101.07	1,61,194.15	1,73,500.25
Materials and manufacturing cost (including excise duty)	1,89,783.07	1,93,266.37	1,80,381.79	1,14,831.18	1,38,028.85
Personnel expenses	7,205.78	5,640.78	5,053.35	4,137.84	3,760.50
Administration and selling expenses	20,088.50	11,611.66	11,761.48	14,000.40	27,095.05
Finance charges	5,144.89	7,496.07	5,966.28	4,660.66	4,682.66
Depreciation	5,441.64	7,551.28	7,442.91	6,167.41	5,832.25
(Loss)/Profit before tax	19,015.64	9,674.21	11,495.26	17,396.66	-5,899.06
Taxation	5,401.95	2,159.08	3,878.16	4,164.28	-2,109.64
(Loss)/Profit after tax	13,613.69	7,515.13	7,617.10	13,232.38	-3,789.42
Dividend (including tax on dividend if applicable)	7,932.65	4,326.80	4,354.00	4,354.00	1,452.00
BALANCE SHEET DATA					
Share capital	12,408.68	12,408.68	12,404.48	12,401.10	12,400.87
Reserves and surplus	59,707.59	53,802.24	49,626.98	46,367.26	37,594.95
Net worth	72,116.27	66,210.92	62,031.46	58,768.36	49,995.82
Deferred tax (net)	9,363.58	8,985.55	8,006.99	7,345.40	7,604.30
Long term Loans	13,970.87	18,956.07	19,543.80	18,452.48	24,300.04
Short term Loans	57,092.20	82,288.35	53,914.23	64,898.22	56,940.39
Total liabilities	1,52,542.92	1,76,440.89	1,43,496.48	1,49,464.46	1,38,840.55
Gross block	1,77,099.66	1,62,553.92	1,56,372.54	1,53,334.73	1,20,586.59
Net block (including CWIP)	93,013.17	86,937.35	86,464.52	90,201.51	86,515.40
Investments	12,740.40	12,208.56	12,208.56	32,638.07	26,458.95
Net current assets	46,789.35	77,294.98	44,823.40	26,624.88	25,866.20
Total assets	1,52,542.92	1,76,440.89	1,43,496.48	1,49,464.46	1,38,840.55
KEY RATIOS					
Return on net worth (%)	18.88	11.35	12.28	22.52	(7.58)
Earnings per share (₹)	10.97	6.06	6.14	10.67	(3.06)
Long term debt to equity	0.19	0.29	0.30	0.31	0.49
Dividend payout (%)	58.27	57.57	57.16	32.90	-
Interest coverage	4.70	2.29	2.93	4.73	(0.26)
Book value per share	58.11	53.35	50.00	47.37	40.31

Note: As a result of change in the Schedule VI format, the figures of the financial years 2012-13, 2011-12 and 2010-11 pertaining to Long & short term loans, investments and net current assets are not comparable with the other financial years.

FINOLEX INDUSTRIES LIMITED

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. : _____

I/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 32nd Annual General Meeting of the Company to be held on
Saturday, the 14th September, 2013 at 11.30 a.m. at Training Centre of Finolex Cables Limited at and post Urse, Taluka Maval,
District Pune 410 506.

Signed this _____ day of _____ 2013.

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 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.

32ND ANNUAL GENERAL MEETING - 14th September, 2013**ATTENDANCE SLIP**

(To be handed over at the entrance of the venue of the Meeting)

Folio No.: _____ DP ID No.: _____ Client ID No.: _____

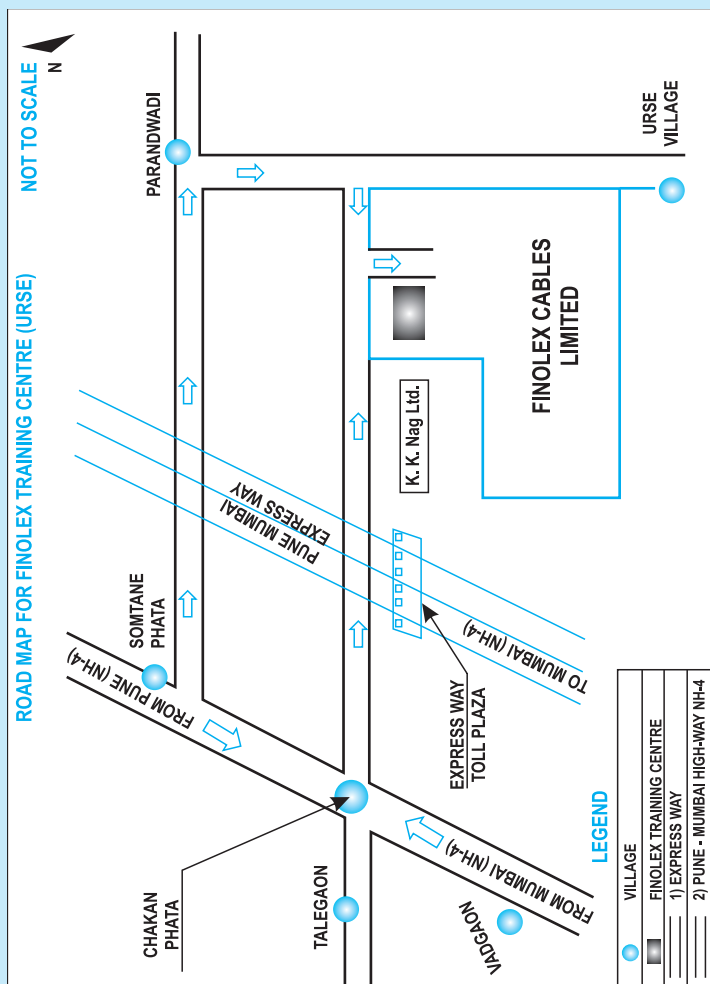
Member's Name _____

No. of shares _____

Proxy's Name (in block letters) _____

I hereby record my presence at the 32nd Annual General Meeting at Training Centre of Finolex Cables Limited at and post Urse,
Taluka Maval, District Pune 410 506 on 14th September, 2013 at 11.30 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.



CORPORATE SOCIAL RESPONSIBILITY

(Please refer page nos. 9 to 12 for details)



Mukul Madhav Vidyalaya



Stitching and tailoring classes for women



Health check up camp



Students with tree saplings



Trees planted in the Company premises



Installation of drinking water tank



Fire fighting mock drill

BOOK-POST

If undelivered please return to :

Finolex
Industries Limited

D1/10, M.I.D.C., Chinchwad, Pune - 411019, Maharashtra, India. Tel. +91-20-27408200.
E-mail: investors@finolexind.com

REGISTRATION OF E-MAIL ADDRESS FORM

To: Finolex Industries Limited Investor Relations Centre D 1/10, MIDC Chinchwad Pune 411 019	To: Name and address of the Depository Participant ("DP")
(Only for shares held in physical form)	(Only for shares held in demat form)

Dear sirs,

Sub: Green initiative in corporate governance – Registration of e-mail address.

I/We shareholder(s) of Finolex Industries Limited hereby accord my/our approval to receive documents viz., annual reports, notices of general meetings/postal ballot and such other documents that the Ministry of Company Affairs may allow to be sent in electronic mode.

I/We request you to note my/our latest e-mail address, as mentioned below. If there is any change in the e-mail address, I/We will promptly communicate the same to you.

Folio No/DP ID & Client ID	
Name of first/sole shareholder	
Name of joint shareholder(s) if any	
Address	
E-mail address (to be registered)	

Place:

Date: _____

(Signature of first shareholder)

Note:
Shareholders holding shares in dematerialization form may contact their Depository Participant directly for registering e-mail address.

**ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORM
(FOR SHARES HELD IN PHYSICAL FORM)**

To:

Secretarial Department
Finolex Industries Limited
D 1/10, MIDC, Chinchwad,
Pune 411019

I hereby give my consent to credit the amount of dividend on my equity shares through Electronic Clearing Services (ECS). Requisite particulars are as follows:

1	Folio Number																
2	Name of the first holder																
3	Bank details:																
	Bank Name																
	Branch Name																
	Branch Address																
	Branch code	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table> (9 Digits Code Number appearing on the MICR Band of the cheque supplied by the Bank). Please attach a photocopy of a cheque for verifying the accuracy of the code number.															
4	Account type	(Please tick the relevant box) <table border="1"><tr><td>Savings</td><td></td><td>Current</td><td></td><td>Cash Credit</td><td></td></tr></table>	Savings		Current		Cash Credit										
Savings		Current		Cash Credit													
5	Account Number	(as appearing in the cheque book) <table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>															

I hereby declare that the particulars given above are true and correct. If the transaction is delayed because of incomplete or incorrect information, I will not hold the Company responsible.

I further undertake to inform the Company any change in Bank/Branch and account number details.

Date: _____

Signature of first holder

Note:
Shareholders holding shares in dematerialization form may contact their Depository Participant directly for registering ECS details.