

**Registered Office / Urse Plant**  
 Finolex Industries Limited  
 Gat No. 399, Village Urse, Tal.-Maval,  
 Dist. Pune 410 506, Maharashtra, India  
 CIN L40108PN1981PLC024153

Tel +91 2114 237251 / 237253  
 Toll Free 1800 200 3466  
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 Email investors@finolexind.com  
 Web finolexpipes.com



FIL/SEC/SEs/2020-21/066  
 27<sup>th</sup> August, 2020

National Stock Exchange of India Limited Manager – Listing Department 5, Exchange Plaza Bandra-Kurla Complex Bandra (East), Mumbai 400051	BSE Limited Manager – Listing Department Registered Office: Floor 25 P.J.Towers Dalal Street Mumbai 400 001
Scrip Code: Equity: FINPIPE	Scrip Code: Equity: 500940/FINOLEXIND

**Sub : Notice of 39<sup>th</sup> Annual General Meeting and 39<sup>th</sup> Annual Report of the Company**

**Ref : Regulation 30 & Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sir/Madam,

In terms of the subject referred Regulations, enclosed herewith is the notice of 39<sup>th</sup> Annual General Meeting (AGM) and the 39<sup>th</sup> Annual Report for the financial year 2019-20, which are circulated to the shareholders through the electronic mode today i.e. 27<sup>th</sup> August, 2020, The 39<sup>th</sup> AGM will be held on Saturday, 19<sup>th</sup> September, 2020 at 11.00 a.m. (IST), through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM").

The Schedule of AGM is as set out below:

Event – 39 <sup>th</sup> AGM	Details	Time (IST)
Date and time of AGM	Saturday, 19 <sup>th</sup> September, 2020	11.00 a.m.
Mode	Video conferencing and other audio visual means	-
Participation through video conferencing	<a href="https://emeetings.kfintech.com/">https://emeetings.kfintech.com/</a>	-
Cut-off date for e-voting	Friday, 11 <sup>th</sup> September, 2020	-
E-voting start date and time	Wednesday, 16 <sup>th</sup> September, 2020	9.00 a.m.
E-voting end date and time	Friday, 18 <sup>th</sup> September, 2020	5.00 p.m.
E-voting website of KFin Technologies Private Limited	<a href="https://evoting.karvy.com/">https://evoting.karvy.com/</a>	-

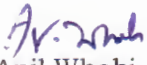
Please note that the said notice of the 39<sup>th</sup> AGM and 39<sup>th</sup> Annual Report of the Company for the Financial Year 2019-20, are also available on the website of the Company at [www.finolexpipes.com](http://www.finolexpipes.com).

You are requested to kindly take the above on your records.

Thanking you,

Yours Truly,

**For Finolex Industries Limited**

  
 Anil Whabi  
 Director (Finance) & CFO



 Encl: As above

**Corporate Office**  
 Finolex Industries Limited  
 D-1 / 10, M.I.D.C.

Tel +91 20 27408200  
 Fax +91 20 27474444





**FinOlex**  
INDUSTRIES

**39<sup>TH</sup> ANNUAL REPORT  
2019-2020**

# Agriculture Ho Ya Construction

**FINOLEX PIPES hamesha Desh ke saath.™**

Agriculture, Plumbing and Sanitation Pipes & Fittings

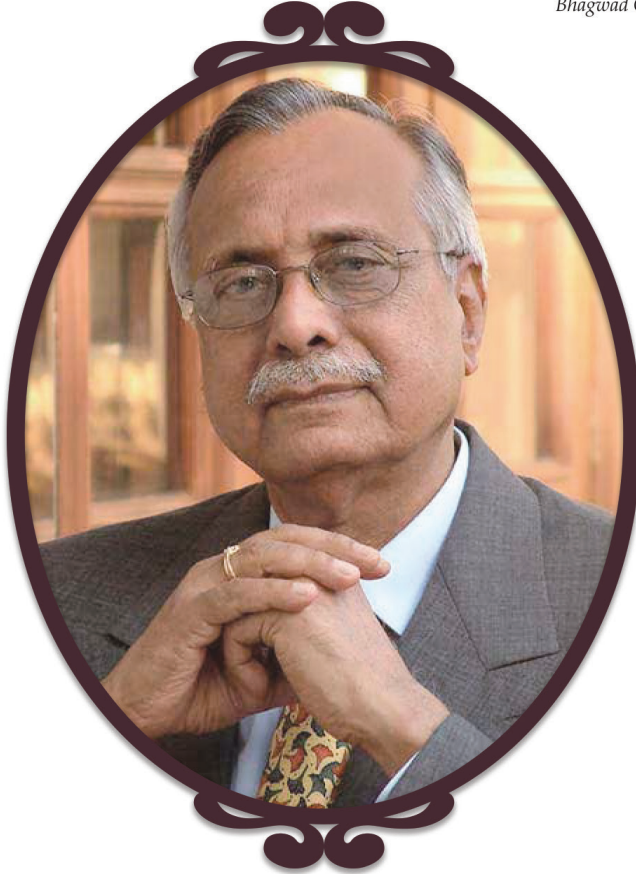


देहिनोऽस्मिन् यथा देहे कौमारं यौवनं जरा । तथा देहान्तरप्राप्तिर्धीरस्तत्र न मुह्यति ॥

भगवद् गीता अ. २.१३

Just as in the physical body of the embodied being is the process of childhood, youth and old age; similarly by transmigration from one body to another, the wise are never deluded.

*Bhagwad Gita, Ch. 2.13*



**Shri. Pralhad P. Chhabria**

(12.03.1930 - 05.05.2016)

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

# Inside this Report

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**“We need to go out and look for opportunities to help those less fortunate than ourselves, even if that service demands sacrifice. It is an unselfish will to serve should be our moto.” - Anonymous**



Scan this code with a QR reader app on your smartphone or tablet and know more about us

## Key highlights in FY 2019-20

**₹2,986 crores**

Revenue

**₹324 crores**

Profit after tax

**₹26.13**

Earnings per share

# Corporate Information

## Board of Directors

---

**Mr. Prakash P. Chhabria**  
Executive Chairman

**Mr. Sanjay K. Asher**  
Independent Director  
(upto September 19, 2019)

**Ms. Bhumika L. Batra**  
Independent Director  
(w.e.f. September 20, 2019)

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

**Mrs. Kanchan U. Chitale**  
Independent Director

**Mr. Dara N. Damania**  
Independent Director  
(upto September 19, 2019)

**Mr. Saurabh S. Dhanorkar**  
Non-Executive & Non-Independent Director

**Mr. Shrikrishna N. Inamdar**  
Independent Director  
(upto September 19, 2019)

**Mr. Prabhakar D. Karandikar**  
Independent Director  
(upto September 19, 2019)

**Mr. Sanjay S. Math**  
Managing Director

**Dr. Deepak R. Parikh**  
Independent Director  
(w.e.f. September 20, 2019)

**Dr. Sunil U. Pathak**  
Independent Director  
(upto September 19, 2019)

**Mr. Pradeep R. Rathi**  
Independent Director  
(w.e.f. September 20, 2019)

**Mr. Anami N. Roy**  
Independent Director  
(w.e.f. September 20, 2019)

**Mr. Anil V. Whabi**  
Director – Finance & CFO

**Mr. Devang B. Trivedi**  
Company Secretary  
(upto June 8, 2020)

## Audit Committee

---

Mr. Pradeep R. Rathi  
Chairman

Ms. Bhumika L. Batra

Mrs. Kanchan U. Chitale

Mr. Saurabh S. Dhanorkar

Dr. Deepak R. Parikh

Mr. Anami N. Roy

## Corporate Social Responsibility Committee

---

Mrs. Ritu P. Chhabria  
Chairperson

Ms. Bhumika L. Batra

Mr. Prakash P. Chhabria

Mrs. Kanchan U. Chitale

Mr. Saurabh S. Dhanorkar

Mr. Sanjay S. Math

Dr. Deepak R. Parikh

Mr. Pradeep R. Rathi

Mr. Anami N. Roy

## Stakeholders' Relationship Committee

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Mr. Anami N. Roy  
Chairman

Ms. Bhumika L. Batra

Mr. Prakash P. Chhabria

Mrs. Kanchan U. Chitale

Mr. Saurabh S. Dhanorkar

Dr. Deepak R. Parikh

Mr. Pradeep R. Rathi

## **Risk Management Committee**

Mrs. Kanchan U. Chitale  
Chairperson

Ms. Bhumika L. Batra

Mr. Prakash P. Chhabria

Mr. Saurabh S. Dhanorkar

Mr. Sanjay S. Math

Dr. Deepak R. Parikh

Mr. Pradeep R. Rathi

Mr. Anami N. Roy

Mr. Anil V. Whabi

## **Nomination and Remuneration Committee**

Ms. Bhumika L. Batra  
Chairperson

Mrs. Kanchan U. Chitale

Mr. Saurabh S. Dhanorkar

Dr. Deepak R. Parikh

Mr. Pradeep R. Rathi

Mr. Anami N. Roy

## **Auditors**

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

## **Solicitors & Advocates**

Crawford Bayley & Co., Mumbai

## **Bankers**

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

## **Corporate Office**

D1/10, MIDC, Chinchwad,  
Pune 411 019  
Maharashtra, India  
Tel. No.: 020-27408200/27408572  
Fax No.: 020-27474444/27479000

## **Registered Office**

Gat No. 399, Village Urse, Taluka Maval,  
District Pune 410 506,  
Maharashtra, India  
Tel. No.: 02114-237251  
Fax No.: 02114-237252

## **Registrar and Share Transfer Agent**

KFin Technologies Private Limited  
Selenium Tower B,  
Plot No. 31 & 32,  
Gachibowli Financial District, Nanakramguda,  
Serilingampally Mandal,  
Hyderabad - 500 032, India.  
Phone No.: 040-67162222  
Extn Nos. 1583 & 1562  
Fax No.: 040-23420814, 23001153  
Toll Free: 1800 3454 001  
Email ID: einward.ris@kfintech.com  
Website: www.kfintech.com

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Corporate Identity No. (CIN) : L40108PN1981PLC024153  
Email : investors@finolexind.com  
Website : www.finolexpipes.com

# All about Finolex

India's largest manufacturer of PVC pipes & fittings and a leading producer of PVC resin, Finolex Industries Limited (Finolex) is renowned for its exceptional products.

Established in 1981 as a pipe manufacturing company, today, we have grown manifold to emerge as a leading player in the PVC pipes & fittings segment. Our state-of-the-art manufacturing facilities are equipped with new-age technology to constantly meet the evolving demands of varied sectors with our consistently growing product portfolio and capacity improvements.

## What we offer - our products



Agriculture Pipes & Fittings



Casing Pipes



Column Pipes



Solvent Cement & Lubricant



Housing,  
Construction and  
Infrastructure



CPVC Pipes & Fittings



SWR Pipes & Fittings



Plumbing Pipes & Fittings

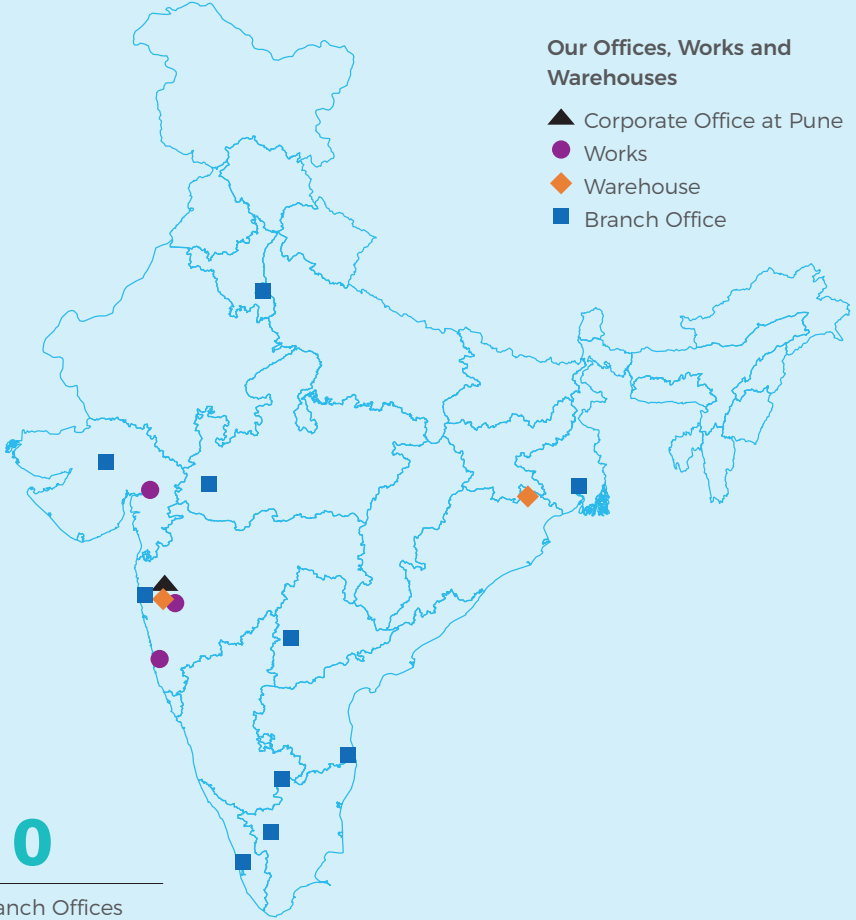


Solvent Cement & Lubricant



Sewerage Pipes

# Our Pan-India Reach





# Fact check



**39** years

Of robust organic growth



**1,330**

Employees as on  
31<sup>st</sup> March 2020



**3**

Manufacturing facilities:  
(Pune, Ratnagiri and  
Masar)



**Zero**

Long-term debt as on  
31<sup>st</sup> March 2020



**15%**

EBITDA Margin



**₹324** crores

Profit after tax in 2019-20



**₹4,848** crores

Market capitalization  
value as on  
31<sup>st</sup> March 2020



**CRISIL  
A1+/  
IND A1+**

Maintained short-term  
credit rating- CRISIL/  
India ratings



**CRISIL  
AA/  
IND AA**

Maintained long-term  
credit rating- CRISIL/  
India ratings

# Ten year Financial Highlights (Standalone)

(₹ in crores)

	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11
	IND AS	IND AS	IND AS	IND AS	IND AS	ICGAAP	ICGAAP	ICGAAP	ICGAAP	ICGAAP
<b>Profit and Loss Account Data</b>										
Revenue from operations										
(#Excluding Excise duty)	2,986	3,091	#2,738	#2,602	#2,482	#2,476	#2,453	#2,145	#2,100	#1,978
EBITDA*	448	604	484	563	404	213	397	359	217	220
EBIT **	374	534	423	508	354	155	334	304	141	145
Profit before tax	393	536	439	517	373	81	242	190	97	115
Profit after tax	324	350	299	352	254	48	170	136	75	76
Dividend ( including tax on dividend if applicable)	150	150	150	172	149	30	102	79	43	44
<b>Balance Sheet Data</b>										
Share capital	124	124	124	124	124	124	124	124	124	124
Net worth	1,930	2,528	2,765	2,291	1,570	787	790	721	662	620
Loan funds	283	91	101	94	112	587	656	711	1,012	735
Gross block	2,334	2,199	2,064	1,982	1,923	1,894	1,850	1,771	1,626	1,564
Capital Employed	1,668	1,681	1,473	1,330	1,113	966	1,009	841	823	779
<b>Key Ratios</b>										
EBITDA (%)	15.01%	19.55%	17.68%	21.63%	16.30%	8.62%	16.17%	16.73%	10.32%	11.11%
Return on capital employed (%)***	22.43%	31.77%	28.75%	38.19%	31.78%	16.01%	33.12%	36.18%	17.15%	18.64%
Earnings per share (₹)	26.13	28.19	24.06	28.38	20.50	3.85	13.71	10.97	6.06	6.14
Debt to equity	0.15	0.04	0.04	0.04	0.07	0.75	0.83	0.99	1.53	1.18
Dividend payout (%)	46.15%	42.77%	50.11%	48.77%	58.71%	62.33%	59.73%	58.27%	57.57%	57.16%
Interest coverage(times)	37.62	49.24	49.30	36.69	9.05	3.57	5.98	6.97	2.89	3.68
Book value per share (₹)	155.51	203.75	222.78	184.65	126.50	63.45	63.64	58.12	53.36	50.01
Market Capitalisation	4,848	6,071	8,187	7,185	4,519	3,521	2,370	1,190	624	1,084

\*EBITDA - Earnings before exceptional item, Interest, Tax, Depreciation and Amortisation (excluding other income)

\*\*EBIT - Earnings before exceptional item and Interest (excluding other income)

\*\*\*Return on capital employed - EBIT / Capital employed

# Chairman's Message

“Our employees are the strongest pillars of our growth, enabling and ensuring sustainable performances year after year.”



## Dear Shareholders,

I am pleased to present before you the 39th annual report of your company.

During FY 2019-20, the global economy, as well as the Indian economy, were impacted by factors which resulted in an overall slowdown.

Your company's markets were also impacted by these forces which resulted in agricultural distress, slow growth of infrastructure and a consequent impact on the growth rate of the Pipes and Fittings business.

These challenges have only reinforced our intent, vision and focus.

All of us are aware of the magnitude of the disruption caused by the

unforeseeable COVID-19 pandemic which has swept across the world in 2020. The stark realities and consequences are for all to see and perceive.

In these circumstances, your company has worked tirelessly to address the challenges. We have learnt from them, made structural changes and implemented the reforms needed to succeed and evolve your business.

Your company and its dedicated workforce has been quick to accept this new reality and find ways to reconcile the novel constraints with their plans. These plans are naturally being monitored on a regular basis to ensure a progressive return to the desired growth rates.

Innovative approaches ensured the absolute safety of the workforce. In addition, we placed the utmost importance on staying and remaining connected, informed and motivated. I thank

everyone for facing these obstacles united as one family always. I am happy to inform you that our operations are accelerating towards our targets faster than projected.

The safety of your personnel and the stakeholders' interests remained and will continue to remain this company's imperative guiding principle.

Customers are the very reason for our existence. Your company worked diligently to ensure that its policies and strategies continue to place our customers interests at the heart of our decision-making process.

In life, as in business, credibility is the only viable currency. Therefore, it gives me great pleasure to inform you that your company's ongoing efforts and actions have resulted in a significant increase in credibility capital as reflected in the swiftness of our return to normality of business

# Chairman's Message

operations and positive feedback from customers.

Given these guiding principles and commitments, I now present to you the financial numbers for your review and interest.

Bearing in mind these unique circumstances your company has recorded a decline of 3.4% in total revenue from operations to ₹ 2,986 crores as compared to ₹ 3,091 crores in the previous year. The bottom line has registered a slight drop of 7.3% to reach ₹ 324 crores with a margin of 10.9%.

The Government has announced multiple initiatives for both the agricultural and non-agricultural sectors. A budget of ₹ 2.83 lakh crore has been allocated for the Agriculture and Allied Activities sector. The Jal Jeevan Mission, which aims to ensure access to piped water in rural areas, was one of these initiatives. For allied sectors, the focus revolves around

housing (Pradhan Mantri Avas Yojana), healthcare infrastructure (PM Jan Arogya Yojana) and the environment (Swachh Bharat Mission). These initiatives will eventually improve demand for pipes and fittings as upcoming projects in these sectors gain prominence and thereby enable a promising future for our industry.

In the coming years, we will be consolidating our Pipes and Fittings business, more so in the plumbing range, and will continue to expand the product portfolio and

distribution network. We also intend to promote brand and quality consciousness amongst consumers. Banking on key strategic efforts, your company is expected to achieve more success in the coming years as we remain committed to improvement and growth.

Our endeavor to meaningfully contribute to society continues to drive us to be better. In partnership with Mukul Madhav Foundation (MMF), which has relentlessly worked on

**We will be consolidating our Pipes and Fittings business, more so in the plumbing range, and will continue to expand the product portfolio and distribution network.**

our behalf to carry out CSR activities, we have been able to help those who need us most. The Foundation has been working in the healthcare arena to provide financial assistance to patients, organize free health camps, offer infrastructure support to healthcare institutions and promote better health and hygiene practices. We also support education at all levels. We assist schools in and around our factories in Maharashtra and Gujarat by providing infrastructure, water facilities, toilets, books and sports equipment to support the all-round development of children. Along with this, we also focus on areas like social and community welfare, sanitation, water conservation and women empowerment. Our support is extended to frontline warriors, daily wage earners and migrant workers, the marginalized, flood victims, vulnerable children and senior citizens who are in need throughout the country.

During the recent lockdown after the COVID-19 outbreak, we also provided PPE suits, ventilators, disinfectants, grocery kits and other essential commodities to hospitals and other organizations.

Overall, your company lived up to its commitment, as proclaimed by its founder, late Mr. Pralhad P. Chhabria – a man who believed that one has to look for opportunities to help people even if that service demands sacrifice.

A major contributor to the success of any organization is its employees. We, at Finolex, value and appreciate the hard work, dedication and constant efforts of our people. Our employees are the strongest pillars of our growth, enabling and ensuring sustainable performances year after year. Therefore, we strive to protect our staff, even in difficult times such as this. In the wake of the COVID-19 crisis, we

followed social distancing norms and other precautionary steps even before the nationwide lockdown was imposed, to ensure maximum safety of all employees and other staff. To reassure and stand by our employees during a tough year, the company decided to pay full salaries even during the lockdown.

I would like to express my gratitude to the Board and the entire management of Finolex for their exceptional contributions and commitment towards the organization. It is also time to thank you, our valued shareholders, for your constant support and shared belief in the company. With the continued support and trust of our stakeholders, customers, dealers, vendors and employees, we remain motivated to embark on an exciting journey to the future.

Regards,

**Prakash P. Chhabria**  
Executive Chairman

# Business Model - How we create and sustain value

## Inputs



1

Equity Capital and Reserves

2

Water, energy and land

3

Support of Vendors

4

A network of dealers, distributors and sub-dealers

5

Skills and expertise of our people

6

Community Support



## Business process



RM (EDC, Ethylene, VCM), imported at jetty in Ratnagiri



RM - Pipeline - Storage tanks



PVC manufacturing plant



PVC Resin



43 MW Captive Power Plant



Agriculture



Dealers



Warehouses



PVC Pipes Plant (at Ratnagiri, Pune, Masar)



Construction

## Outputs



# 2,47,393

Total production of  
PVC Resin (in MT)

# 2,63,688

Total production of PVC  
Pipes & Fittings (in MT)

# 2,986

Revenue from operations  
(in ₹ crore)

# 146

Employee benefit  
expense (in ₹ crore)

# 124\*

Interim Dividend Paid  
(in ₹ crore) for FY 2019-20

\*excluding dividend  
distribution tax

## Our strategy



### Strategic framework

- Expanding Footprint
- Cash and carry model
- Branding
- Capacity Expansion

## Our beneficiaries



### Stakeholders

- Shareholders
- Customers
- Vendors
- Employees
- Community

## Our reach



### Distribution Network

- Dealers
- Warehouses
- Retail Outlets



# Bolstering our brand

Branding activities during the year 2019-20

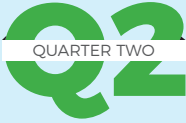


**Inflim Integration - Movie**  
- "Durgeshgorer Guptodhon"



**CNBC NSE FinWiz**





**Rath Yatra -** Odisha,  
Delhi, Punjab, Rajasthan,  
Chattisgarh, Gujarat



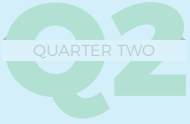
**Kanwar Yatra -**  
Haridwar, Uttarakhand



**Ambaji Padyatra -**  
Gujarat



# Bolstering our brand



## Ganpati Branding- Pune, Gujarat & Karnataka



## Branding



## Mehuli Ghosh - Meet & Greet



## Agri Asia Exhibition- Gujarat



Felicitation of Shri Vijay Rupani, Chief Minister, Gujarat.

## Infilm Integration - Movie - "Singham"





## Krushik Exhibition - Baramati, Maharashtra



Finolex Pipes was the Title Sponsor at Krushik Exhibition. The expo was inaugurated by Shri Uddhav Thackeray, Chief Minister, Maharashtra in the presence of Shri Sharad Pawar, Member of Rajya Sabha and Smt. Supriya Sule, Member of Parliament.

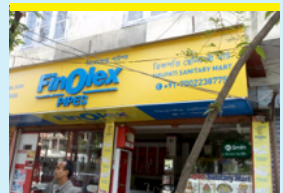
Mr. Nitin Kulkarni, President- Sales & Marketing, was felicitated by Shri Ajit Pawar, Deputy Chief Minister, Maharashtra.

## Kisan Exhibition - Pune, Maharashtra



Finolex Pipes showcased its entire range of Agricultural Pipes to farmers and the Agricultural community attending the event.

## Branding



# Bolstering our brand



## Infilm Integration - Movie - "Zoya Factor"



Meet and Greet for Dealers' families

# Q4

QUARTER FOUR

## Channel Engagement - A.R. Rahman Live Concerts



## Arijit Singh Live Concerts



We invited our channel Partners (Dealers/ Sub Dealers/ MEPs/ Builders/ Purchase Managers etc.) for **A.R. Rahman** Live Concert, held at Pune and **Arijit Singh** Live Musical Nite held at Mumbai & Kolkata to further strengthen our channel relationship.

## Festival Branding - Mahashivratri



## Infilm Integration Movie - "Panga"



## Movie - "Bonus"



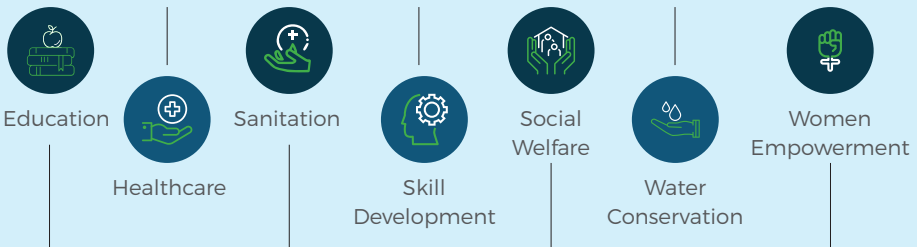
# Corporate Social Responsibility - April, 2019 to March, 2020

- Sustaining Inclusive Development

Corporate social responsibility is an essential element of our mission and culture. Driven by our strategic focus on diversity, equity and inclusion, community engagement and environmental sustainability, we strive to be socially accountable - to ourselves, our stakeholders and the public.

The CSR Policy sets out our commitment and approach towards Corporate Social Responsibility of improving the quality of life of the communities we serve. Through the philosophy of Engage, Equip and Empower, which is interwoven in all the three thrust areas, i.e. Sustainable Livelihood, Community Development and Issues of National Importance, we strive to enhance education, to make need-based development interventions with community participation and address issues of National Importance like Disaster Management, Affirmative Action and Sanitation.

## The focus areas of our CSR activities are:





## Education

Education is one of the most powerful tools to ensure sustainable development and thus it remains a mainstay for our CSR initiatives. In association with our CSR Partner, Mukul Madhav Foundation, we assist schools by providing them with infrastructure, facilities for water supply, extra-curricular activities,

books, and sports equipment. In addition to this, we provide English teachers for schools around our factory premises in Maharashtra & Gujarat. Also, to support education of girls and reduce the number of school dropouts, we provided 100 cycles and built toilets in Zilla Parishad schools of

Solapur, Maharashtra. We have also started promoting the concept of e-learning in schools.

In addition, we are also supporting for building of Mukul Madhav Vidyalaya Junior College of Science & Commerce for encouraging secondary education.



Cycles donated to promote girls education

₹1.10 crore

Worth of scholarship offered to children and for fellowship expenses of resident doctors

₹3.21 crore

Spent to improve the infrastructure of Municipal and Zilla Parishad Schools



# Corporate Social Responsibility - April, 2019 to March, 2020



## Healthcare

To promote health seeking behaviour and provide effective basic healthcare to the community, we have partnered with Mukul Madhav Foundation. We are working in the spectrum of healthcare to provide financial assistance for treatment,

organizing free health camps for patients, offering infrastructure support to healthcare institutions, promoting better healthcare and hygienic practices. The foundation has associated itself with renowned hospitals in Pune namely, KEM Hospital, Ruby Hall

Clinic, Bharati Hospital, H V Desai Hospital, Sancheti Hospital, Sassoon General Hospital other local hospitals in Satara and Ratnagiri districts in Maharashtra to provide preventive and curative health service in the project areas.



Organized school health camps



Organized blood donation camps

# 7,771+

Students benefited from Health Camps in and around Pune & Ratnagiri

# 400+

Women benefitted through subsidized mammography and colposcopy tests in Ratnagiri

# 2,398

Children were provided free cataract surgery

# 13

Cochlear Implant Surgeries in the year 2019-20 (from 2012-2020, 286 Surgeries conducted)

# 1,500+

Geriatric Patients received support

# 2,398

Geriatric Cataract Surgeries conducted

# ₹0.98 crore

Spent on complex medical treatment of underprivileged people



Support for Geriatric Cataract surgeries

In addition to the above initiatives, we also supported Sassoon General Hospital by donating medical equipment worth ₹ 0.37 crore and a total of over ₹ 10.00 crore to develop the infrastructure of Sassoon General Hospital (SGH), Pune. Departments like Endoscopy Unit, Dental Laser Unit, Liver Transplant Unit, and Eye Care OPDs at Dehu Road have been upgraded with necessary equipment and advanced facilities.

# Corporate Social Responsibility - April, 2019 to March, 2020



## Sanitation

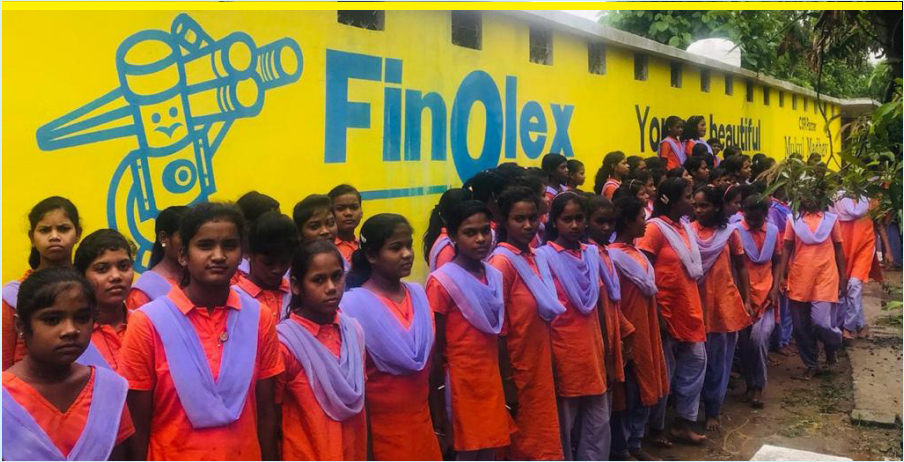
We remain committed to the cause of improving sanitation facilities in rural villages. We have expanded our support to Kherwadi Social Welfare Association.

In collaboration with Kherwadi Social

Welfare Association, we supported sanitation programmes and built toilets in Sonale, a tribal village in Palghar and Ratnagiri, Maharashtra, Masar, Gujarat & Jaipur, Rajasthan. In addition to building toilets, we also equipped them with

solar lights to individual homes.

Additionally, we supported a school in Kelekbass, a village in Jaipur, Rajasthan by improving their sanitation facilities.



Support for sanitation facilities at Ramakrishna Mission, Kolkatta, West Bengal

₹**0.89** crore

Spent towards building 14 toilet blocks  
blocks in Ratnagiri, Masar & Jaipur



## Water conservation

Severe droughts in several parts of India has brought to fore the need for effective water conservation and management to ensure long term water security. We closely monitor our current projects supporting this sector and actively look for the right partners to expand our CSR spend in the water sector.

Since 2016, we have undertaken water projects in the districts of Sangli, Solapur and Pune in Maharashtra and have spent a total of ₹ 2.43 crore, benefitting around 1,00,000 people and several cattle flocks in the region. We have constructed and repaired Small Cement Nala Bands (CNBs) and have sanitised the upstream river that channels water to these CNBs. Through

our initiatives, the overall water level of nearby areas have increased and has helped to restore the natural balance. Additionally, we have installed Rainwater harvesting systems in schools in Masar, Gujarat. We also facilitated the upgradation of drinking water facilities in 14 schools in Masar and 1 RO unit for dialysis at Civil Hospital, Ratnagiri, Maharashtra.



Water project at Kadakwasala, Pune District, Maharashtra

# Corporate Social Responsibility - April, 2019 to March, 2020

₹**2.43** crore

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Spent towards water projects in the districts of Sangli, Solapur and Pune, Maharashtra

**14** **1**  
**schools Hospital**

---

Were supported for upgradation of drinking water facilities

**13,922**

---

People benefitted from water conservation projects

₹**1.64** crore

---

Spent towards water conservation initiatives from April, 2019 to March, 2020

## Our fight against Covid-19 - Relief Measures - Since February, 2020

While the pandemic spurred in China at the end of 2019, we along with Mukul Madhav Foundation brainstormed and formulated a pre-preparedness strategy. This strategy was developed in close consultation with local hospitals, doctors that have been associated with the Foundation, para-medical partners

and others with relevant experience.

The formulated strategy was then spearheaded by the management, the team, supporters, donors, volunteers, other partner organizations, like minded people and corporates. We, through the Foundation, provided hospitals with ventilators and other equipment

that were the need of the hour. Along with that, the Foundation also provided masks, PPE suits, Hazmat suits, gloves, sanitizers, and other medical essentials. Moreover, to recognize the efforts of our frontline warriors – the doctors and nurses, we provided them with a kindness kit to take care of their basic needs, while they were away from their homes.



Support to fight against Covid-19

**162**  
medical  
equipment

Provided to over 15 hospitals in Pune, Mumbai and Ratnagiri, Maharashtra

**32**  
major police  
stations

Were provided with Air purifiers in Pune, Maharashtra

**41,234**

Were provided safety gears such as face masks, PPE kits, hazmat suits, hand gloves and face shields in Pune and other district of Maharashtra

**1,520**  
bed sheets  
and body  
wrap plastic

Were supplied to Sassoon General Hospital, Pune, Maharashtra

**1,143**  
units

Of sanitizers and liquid soap distributed to various institutions and hospitals

**1,765**  
Kindness Kits

Were provided to healthcare workers of Covid-19 hospitals (viz. KEM, Bharati Hospital, Symbiosis Hospital and Ambedkar Hospital) in Pune, Maharashtra

# Corporate Social Responsibility - April, 2019 to March, 2020

In addition to supporting the healthcare segment during the pandemic, we also provided dry grocery kits to daily wage workers, slum dwellers, migrants, and rag pickers. The efforts of volunteers, partners and other well-wishers who joined hands to initiate the project and reach out to various parts of Pune and other cities enabled us to fulfil our objective.



Distribution of grocery kits

**62,240**  
people

Received dry grocery kits in various parts of Pune and other cities

**41,161**  
dry ration kits

Delivered to daily wage earners, slum dwellers, migrants, rag pickers

**2,000**  
migrant workers

Were provided with footwear

**5,000**  
face masks

Distributed among migrant workers traveling back to Bihar

**11,000**  
sanitary napkins

Supplied to women in Pune, Maharashtra and West Bengal

**20,100**  
cooked meals

Delivered to daily wage workers through Anamrita Foundation in Pune, Maharashtra

**5,000**  
families

---

Were given fresh fruits & vegetables in the month of Ramadan in Mumbai and Pune, Maharashtra

**12,485**  
Water  
bottles &  
refreshment

---

Were provided to migrant workers traveling from Pune, Maharashtra

**10,000**  
eggs per day  
donated by  
Venky's

---

Were provided to Covid-19 hospitals in Pune, Maharashtra

**371**  
sex workers

---

Supported with grocery kits in Red Light areas of Pune, Maharashtra

**190**  
transgenders

---

Received grocery kits in Pune, Maharashtra

**550**  
widows

---

Received essential support in Maharashtra and Kashmir on the occasion of International Widows Day



# Corporate Social Responsibility - April, 2019 to March, 2020

## Mission Cerebral Palsy during Covid-19

We continue to support our 'Mission Cerebral Palsy', which started in 2015 from Finolex Rehab Centers across Maharashtra. We provide generous support to patients and offer the services of trained therapists through video calls. Patients also received immense support from our network of mobile teachers.



Support for Mission Cerebral Palsy

# 110

Kids enrolled

# 986

kids

With Cerebral Palsy supported

# 500+

online  
physiotherapy  
sessions

Conducted in Satara and Ratnagiri

## Finolex supports during Natural Calamities in West Bengal, Ratnagiri & Raigad in Maharashtra

The country witnessed 2 cyclones in Maharashtra and West Bengal, making the effects of the pandemic more severe. In collaboration with the Foundation, we lent a helping hand in West Bengal and Maharashtra to support victims in these regions.

### Amphan Cyclone - West Bengal

In collaboration with Rangeen Khidki Foundation, we provided dry grocery kits and tarpaulin to **450 families**.

**2,000**  
sanitary  
napkins

Were distributed among women



Support for natural calamities

### Nisarg Cyclone - Maharashtra

During the recent cyclone Nisarg that hit Maharashtra; we lent our support to 250 families in Raigad fort with Ration, Rehabilitation by providing tarpaulin, blankets and helped them to revive. We also

supported a children's home near Lonavla with roof building which was devastated in the cyclone. Additionally, we distributed solar lanterns, candles, matchsticks and snacks.

In addition to this, we supported **120 families** in Mandangad and Dapoli, Ratnagiri district. We also helped **100 families** in Raigad by providing Roof sheets, Solar lights and bed sheets offered by Punnyadham.

# Corporate Social Responsibility - April, 2019 to March, 2020

## Support for Senior Citizens

1. **2,000 Vitamin D Tablets** were given to old age homes with the support of Red Cross Society, Pune
2. Provided 20 packets of Diapers for residents of Punyadham Ashram



Organized Geriatric camp at Satara, Maharashtra

**2,000**

Vitamin D Tablets

**20**

Packets of Diapers



Skill Development of Students at Masar, Gujarat



Tree Plantation activities at Gujarat



RO Unit at Civil Hospital Ratnagiri, Maharashtra



Shelter for Warkaris at Solapur, Maharashtra



Tree Plantation activities at Dehu Road, Pune, Maharashtra



Scholarship to Students of Agriculture PAN Maharashtra



Support to widow women farmer at Osmanabad, Maharashtra

# Corporate Social Responsibility - April, 2019 to March, 2020

## Our Mission and Vision during the new Normal Times

The Companies Act, 2013 defines CSR activities that, inter alia, promote poverty reduction, education, health, environmental sustainability, gender equality and vocational skills development. Finolex Industries Limited (FIL) through its CSR partner Mukul Madhav Foundation is working in 13 out of the 16 CSR mandated verticals.

This vision is further enhanced by the common 7 SDGs (Sustainable Development Goals) established by the UN. FIL ensures that it follows all the policies and strategies laid out by the Government. To highlight a few it is important to mention the support to farmers' society by supporting young candidates to be a part of the Apprenticeship Program as per the Apprentices Act. 443 candidates have been trained and have been placed in internships as fitter,

welder, electrician and other trades. Alongside this as part of supporting the Environment and marine life - trees have been planted, coastal cleanup drive has been done by students of Mukul Madhav Vidyalyaya (MMV) and the FIL ensured that they abide by the Maharashtra Pollution Control Board Rules to preserve the water bodies.

We are also happy to announce that students from MMV have succeeded with 100% results lowest being 65%

and highest being 92%. MMV's first batch 2019-2020 has made them proud.

The Foundation has not stopped during these challenging times of pandemic, but have strived hard to ensure support reaches to the weaker section of the society be in medical aid, support to hospitals, frontline warriors, students, nurses and many others from our society.

Every request and appeal was supported.

## Working in 13 out of 16 Government CSR Mandate Areas

- Agriculture & Rural development projects
- Ensuring environmental sustainability
- Eradicating extreme hunger and poverty
- Promotion of education
- Promotion of vocational skills and livelihoods,
- Promoting gender equality and empowering women
- Promoting preventive healthcare
- Promoting sports
- Safe drinking water and sanitation
- Support to differently abled
- Technology incubators
- Armed forces/veterans
- Contribution to Swachh Bharat Kosh Clean Ganga Fund

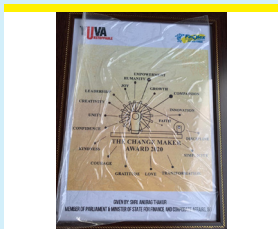


### Impact Across India



## Our Commitment Towards UN Sustainable Development Goals

# Awards



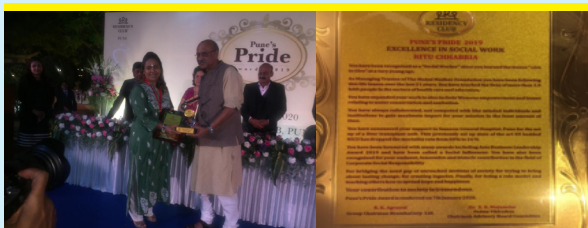
March 2020 - **Finolex Honoured with Yuva Unstoppable Gratitude Award**



March 2020 - **'Punyadham Humanitarian Service' Award**



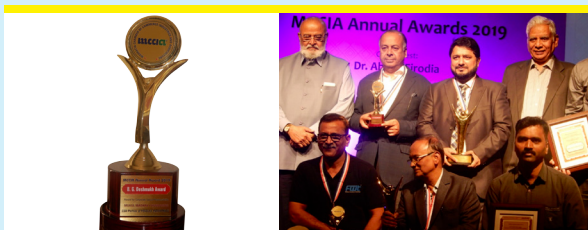
January 2020 - **Sanman Patra by Satral school**



January 2020 - **Pride of Pune Award**



December 2019 - **Felicitation of Mrs. Ritu Prakash Chhabria at Beyond Barriers - an event to recognize the Medical Fraternity**



December 2019 - **B G Deshmukh Award**



November 2019 - **IEBF Excellence Award - 2019**



November 2019 - **Asia Business Leadership Social Influencer Award**



June 2019 - **Economic Times Rotary CSR Awards**



June 2019 - **Felicitation by Corporate Tycoons**



April 2019 - **Times Power Women, Pune**



# Board of Directors



**Mr. Prakash P.  
Chhabria**  
Executive Chairman



**Ms. Bhumika L. Batra**  
Independent Director



**Mrs. Ritu P. Chhabria**  
Non-Executive,  
Non-Independent  
Director



**Mrs. Kanchan U.  
Chitale**  
Independent Director



**Mr. Saurabh S.  
Dhanorkar**  
Non-Executive,  
Non-Independent  
Director



**Mr. Sanjay S. Math**  
Managing Director



**Dr. Deepak R. Parikh**  
Independent Director



**Mr. Pradeep R. Rathi**  
Independent Director



**Mr. Anami N. Roy**  
Independent Director



**Mr. Anil V. Whabi**  
Director - Finance &  
Chief Financial Officer

# Management Discussion & Analysis

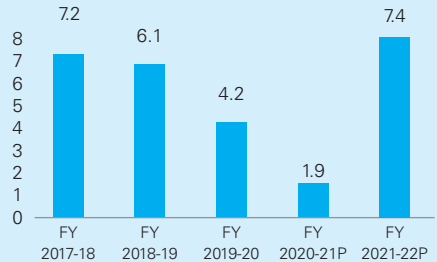
## Indian Economy

The Indian economy is one of the fastest-growing emerging economies and is the 5th largest economy in the world in terms of GDP. Owing to various global as well as domestic factors, India's GDP declined to 4.2% in FY 2019-20. This decline was primarily driven by a slowdown in the manufacturing and construction sectors as well as a decline in consumption.

Despite the slowdown, the country has improved its ranking in the World Bank's 'Doing Business' report and stood 63rd in CY 2019, in comparison to ranking 142nd in CY 2014. This improvement was largely on account of measures such as: corporate tax rate cuts; the easing of manufacturing policies to boost the 'Make in India' campaign and the infusion of ₹ 70,000 crore into public sector banks. With these initiatives, the PMI for the month of January 2020 rose to 55.3, taking it to an eight-year high.

However, global economic growth has come to a complete standstill due to the sudden outbreak of the COVID-19 pandemic. To contain the spread of the virus, nationwide lockdowns were imposed across India and economic activity came to a complete halt. Towards the end of the fiscal year, GDP was severely affected by the COVID-19 outbreak. GDP declined to 3.1% in the final quarter of FY 2019-20, reflecting the impact of the lockdown that began in March.

## GDP Growth Rate (%)



[Source: IMF]

## Outlook

The Indian Economy is expected to slow down to a growth rate of 1.9% in FY 2020-21 from its current levels of 4.2% growth in the current fiscal year. India's growth rate is expected to recuperate in FY 2021-22 and is anticipated to touch 7.4% on the back of favourable economic environment in the second half of CY 2020. The Indian government has introduced fiscal measures and monetary policies to revive the economy and it is expected to deliver favourable results in the near term.

## Industry structure, developments and outlook

Finolex Industries Limited (FIL) is a leading manufacturer of PVC Resin and the largest producer of PVC Pipes & Fittings in India. The Company offers the latest range of superior quality and durable PVC-U pipes and fittings used in agriculture, construction and industrial operations. Its product portfolio consists of two major divisions:

- PVC Resin
- PVC Pipes and Fittings

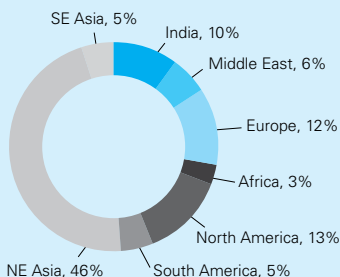
## PVC RESIN

PVC resin is the third largest polymer in terms of production and consumption. It is derived from the polymerization of vinyl chloride and is custom-made for utilization as a common plastic material in the agriculture and construction sector. It is used in pipes and fittings, window frames and shutters, wires and cables, etc. It is also a preferred plastic material for application in flooring, films and sheets. Of the total resin production in India, approx. 73%<sup>2</sup> is consumed by pipe manufacturers. With the increase in demand for pipes, the consumption of PVC resin is estimated to grow at a consistent rate.

The demand for PVC in India is projected to grow at a CAGR of 6.81% between CY 2019 and 2030 to reach 6,779 KTPA by 2030.<sup>3</sup> A growing agriculture sector, infrastructure development, rapid industrialization, favourable government policies, rising urbanization and growing usage of PVC in flooring applications across private, commercial and industrial premises are expected to contribute to the growing demand for PVC resin.

FIL has a state-of-the-art resin manufacturing plant in Ratnagiri, spread across 650 acres.

### Global PVC demand break down



Source: FICCI Research, SMIFS Research

<sup>2</sup> Stewart & Mackertich Research Report

<sup>3</sup> <https://www.globenewswire.com/news-release/2019/06/20/1871711/0/en/India-PVC-Commercial-Market-Report-2019-Featuring-Reliance-Industries-Finolex.html>

## Highlights of FY 2020

**2,72,000**  
MT

Manufacturing Capacity

**2,47,393**  
MT

Production of PVC resin

**1,83,589**  
MT

Captive Consumption

**55,599**  
MT

Sales to external market

## PVC PIPES AND FITTINGS

PVC pipes are commonly used for irrigation, building and construction, water supply and sewage management etc. Extremely durable, PVC pipes are easy to install, lightweight, strong and recyclable making them a cost-efficient and sustainable choice. The Indian PVC pipe market is categorised into chlorinated, plasticized and un-plasticized varieties.

The demand for PVC pipes and fittings in India currently stands at 20 Lakh MT and is projected to grow at a CAGR of 14.7% between FY 2018-26. This growth is primarily driven by government investments in irrigation, housing and sanitation, through schemes such as 'Housing for All', 'Atal Mission for Rejuvenation and Urban Transformation' (AMRUT) and 'Pradhan Mantri Krishi Sinchayee Yojana' (Prime Minister's Agriculture Irrigation Scheme). PVC pipes are extensively used in the agricultural sector for field irrigation. Continuous depletion of water tables across the country has forced people to source water from far-flung places. To support the rural economy and the farmers' incomes, Pradhan Mantri Krishi Sinchayee Yojana therefore aims to improve irrigational facilities. The budget allocation for the scheme has been increased by 18% to ₹ 3,500 crore in FY 2019-20. Increased investments in residential and commercial infrastructure have resulted in a further rise in demand for PVC pipes.

The Company serves customers in agricultural and housing, construction and infrastructure sectors, through its network of over 22,000 direct and indirect retail outlets. PVC pipes and fittings are widely used for building and construction, irrigation, water supply and other purposes. The Company offers superior quality PVC-U and CPVC pipes and fittings across the country. FIL has world-class manufacturing units in Pune and Ratnagiri in Maharashtra and Masar in Gujarat.

**Highlights of FY 2020**

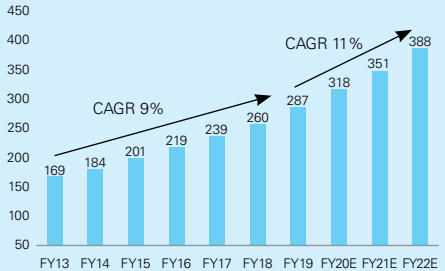
**3,70,000**  
**MT**

Manufacturing Capacity of Pipes and Fittings

**2,54,958**  
**MT**

Quantity of Pipes and Fittings sold

**Plastic Pipes demand in India (MT'000)**



Source: Industry, SMIFS Research

**Agriculture Sector**

**Agricultural Pipes and Fittings**

- PVC-U Selfit Pipes – These pipes have a unique design with a plain end and a self-socketed end which enables a perfect fit without the use of couplers. Its strong solvent cement joint is durable, permanent and eliminates the inconvenience of loose couplers, making it economical and efficient.
- PVC-U Ringfit Pipes – FIL is the first player in India to offer a unique range of PVC-U pipes that are specially designed for higher diameter requirements and which eliminate the need for solvent cement. The sealing ring ensures leak-proof joints and easy installation. The entire range consists of sizes ranging from 63 mm to 400 mm in diameter, with 4,6,8 and 10 kgf/cm<sup>2</sup> working pressure.

## Casing Pipes

Casing pipes are manufactured using a unique PVC-U compound which makes them ideal for the transportation of hard, salty, sandy or chemically aggressive water. These pipes are also anti-corrosive, preventing the damage of pipes due to chemicals present in the soil. The pipes are easy to install and the threaded ends can be screwed to each other without the use of cement or adhesives. Moreover, the pipes are durable, maintenance-free & economical in comparison to conventional pipes.

## Column Pipes

Column pipes are uniquely designed and manufactured using state-of-the-art CNC machines. These pipes have a square threaded profile with an optimal load- holding capacity. The pipes are easy to install and have anti-abrasion and anti-corrosion properties that ensure durability. Additionally, the smooth internal surface of the pipe reduces energy consumption due to friction-free water flow, increasing the life of the pump.

## Solvent Cement

Solvent Cement is primarily used to join two or more pipes or fittings. FIL offers high quality Solvent Cement that is easy to apply and is environmentally friendly. The Company markets solvent cement for diverse applications ranging from agriculture and sanitation to plumbing.

## Opportunities in Agricultural Sector Budget Allocation

- An amount of ₹ 2.83 lakh crore has been allocated for the Agriculture and Allied Activities sector.

- Vision to double farmers' income by 2022-23.
- Agro-credit up to ₹ 15.00 lakh crore would be available in FY 2020-21.
- Warehouse Development and Regulatory Authority (WDRA) norms will be followed for further development and maintenance of warehouses. Viability gap funding will be encouraged for building efficient warehouses in the PPP model.
- ₹ 3.60 lakh crore was approved for Jal Jeevan Mission which aims to ensure access to potable drinking water in rural areas. It aims to ensure sustainability of water resources, promote water harvesting and desalination.
- Allocation for National Rural Drinking Water of ₹ 11,500 crore for FY 2020-21.
- Cities with million-plus populations will be encouraged to achieve the above objectives in FY 2020-21.
- Allocation for Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) at ₹ 11,127 crore.

## Other Initiatives

- Measures have been taken to improve organic, natural, and integrated farming. Jaivik Kheti Portal, for example, aims to strengthen the online national organic products market.
- Encouragement for Zero-Budget Natural Farming.
- National Bank for Agriculture and Rural Development (NABARD) aims to map and geo-tag agro-warehouses, cold storages, reefer van facilities, etc.

- Financing on Negotiable Warehousing Receipts (eNWR) will be integrated with Electronic National Agriculture Market (eNAM)
- Under Deen Dayal Antyodaya Yojana – 0.5 crore households mobilized with 58 lakh SHGs to achieve poverty alleviation.
- PM-KUSUM, a scheme to support the installation of off-grid solar pumps in rural areas to reduce their dependence on electricity grids, will be expanded to include 20 lakh farmers. This will provide an opportunity to set up standalone solar pumps.

## Housing, Construction and Infrastructure Sector

### ASTM Pipes and Fittings

Finolex ASTM Plumbing Pipes and Fittings are a better alternative to traditional GI piping systems. They are technically superior, cost effective and offer many other advantages. They are corrosion-resistant and highly-durable and offer excellent solutions for transporting lead-free potable water. The Company offers ASTM pipes that are UV stabilized and lightweight, making them easy to transport and install.

These pipes are most suitable for potable water distribution and varied plumbing applications. They are generally used in the following applications:

- Cold water plumbing in buildings.
- Piping systems for swimming pools.
- Pipes for hand pumps.
- Salt water lines.
- Water distribution mains.

### CPVC Pipes and Fittings

FIL offers CPVC pipes and fittings ideal for supplying a continuous flow of hot and

cold potable water. CPVC plumbing pipes and fittings are an excellent alternative to conventional materials and are extensively used in residential apartments, hospitals, swimming pools, manufacturing plants, hotels and resorts.

Some of the main features of CPVC pipes include the following:

- These pipes are an ideal solution for hot water up to 93°C.
- CPVC impedes bacterial growth.
- CPVC pipes are UV- stabilized and are designed for a lifespan of around 50 years.
- These pipes are manufactured with lead-free and environmentally friendly compounds.

### SWR Pipes and Fittings

Finolex SWR pipes and fittings are primarily used for soil, waste and rain water management. These products are lightweight and easy to install and are generally used for non-pressure plumbing applications that discharge wastewater without leakage. Finolex SWR pipes ensure protection from scale formation, rusting, weathering & chemical action and are manufactured in conformation to internationally accepted quality standards and IS specifications. Additionally, these pipes are immune to bacteria, fungi, micro-organisms, rodent and insect attacks. Finolex SWR pipes and fittings are a permanent solution for sanitation and drainage systems and are economical when compared to other conventional drainage systems.

### Sewerage Pipes

Specially designed to control underground non pressure applications like gravity

drainage and sewer flow for transferring soil and water discharge. Finolex SDR series sewerage pipes are used in various applications such as treating surface water (storm water) and industrial effluent. These pipes are self-socketed and are joined using solvent cement (cold welding).

## Opportunities in Housing, Construction and Infrastructure Sector

### Housing Initiatives

- In the 2020 budget, the outlay for the Housing Urban Affairs Ministry approached ₹ 50,039.90 crore (an 18.4% increase from the revised estimate).
- Pradhan Mantri Avas Yojana (PMAY), an initiative for providing affordable housing to the urban poor, aims to build 20 million affordable houses by 2022. The budget allocation for affordable housing increased to ₹ 27,500 crore (an 8.5% increase).
- ₹ 13,750 crore has been allocated for the Smart Cities Mission and AMRUT (a 14% increase).
- An additional deduction of up to ₹ 1.5 lakh for interest paid on loans taken for affordable housing, has been extended until 31st March, 2021.
- A tax holiday for developers of affordable housing will be extended by a year.
- The date of approval of affordable housing projects entitled to receive a tax holiday on profits earned by developers has been extended until 31st March, 2021.
- Under the Affordable Housing Fund (AHF), ₹ 25,000 crore has been allocated to aid incomplete housing projects.

### Healthcare Initiatives

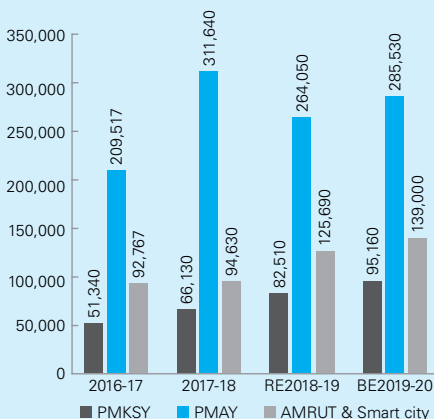
- ₹ 69,000 crore has been allocated to the Healthcare sector.

- Under the PM Jan Arogya Yojana (PMJAY) ₹ 6,400 crore (out of ₹ 69,000 crore) has been allocated towards a scheme offering insurance cover of ₹ 5 lakh per year to poor and vulnerable families.
- More than 20,000 hospitals already empanelled under PM Jan Arogya Yojana (PMJAY).
- Under the Jan Aushadhi Kendra Scheme 2000 medicines and 300 surgical will be offered to all districts by 2024.

### Environmental Initiatives

- Under the Swachh Bharat Mission, ₹12,300 crore has been allocated for FY 2020-21.
- A strong commitment to the ODF Plus (Open Defecation Free) programme has been announced. This aims to promote ODF behaviour and consists of four components including ODF-S, Solid Waste Management, Liquid Waste Management and Faecal Sludge Management.
- There will be a greater emphasis on liquid waste and grey water management as well as on solid-waste collection, source segregation and processing.

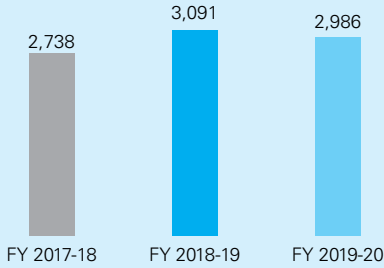
### Government allocation to above schemes



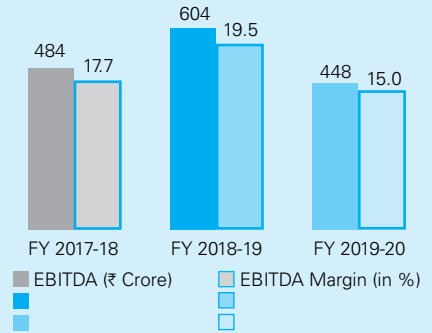
## Financial Analysis

### Revenue

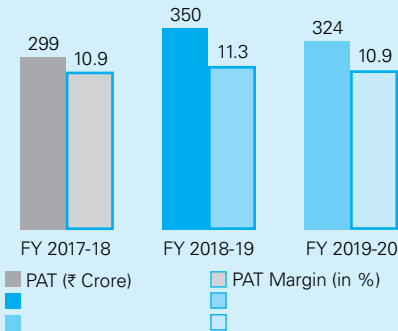
(₹ crore)



### EBITDA/EBITDA Margin

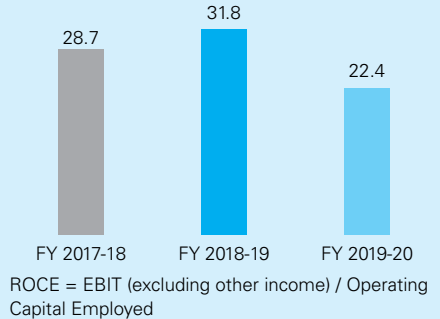


### PAT/PAT Margin

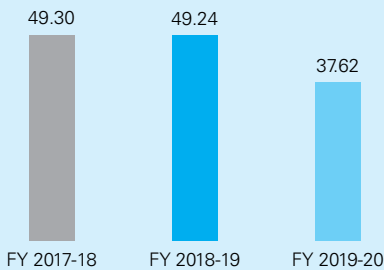


### ROCE

(In %)

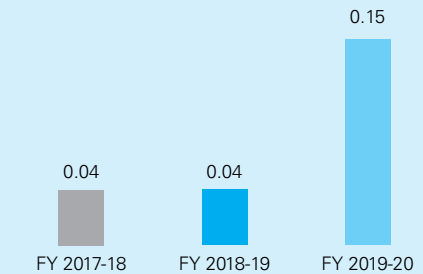


### Interest Coverage Ratio



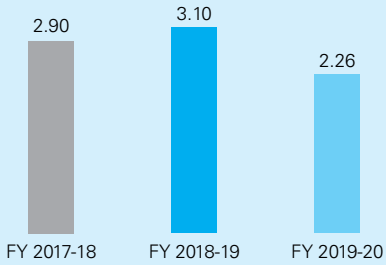
### Debt-Equity Ratio

(times)

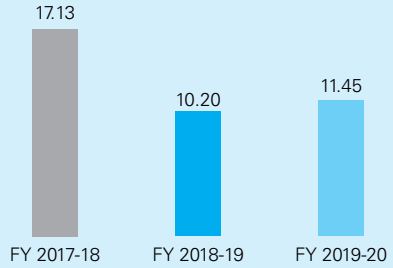




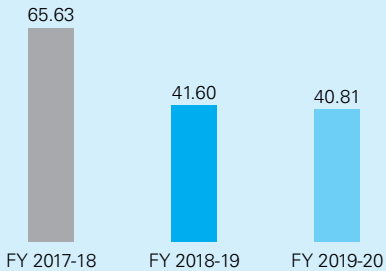
### Inventory Turnover Ratio (times)



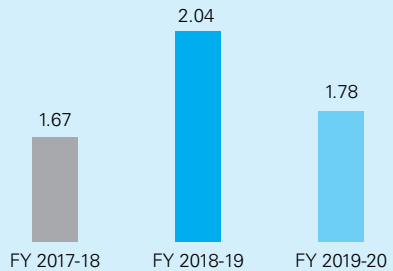
### EV/EBITDA (times)



### Debtors' Turnover Ratio (times)

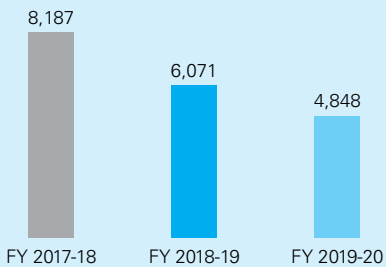


### Current Ratio

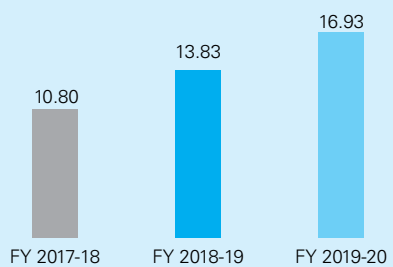


The Company started giving 30 days credit for Non-agricultural sales

### Market Capitalisation (₹ crore)



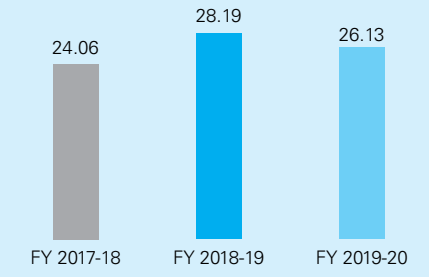
### Return on Net Worth (%)



Net Worth has fallen by ₹ 595 cr due to the fall in value of investments in Finlex Cables.

**EPS**

(₹ per share)

**Risk Management**

Risk	Mitigation
<p><b>Economic Risk</b></p> <p>A soft or modest economic growth might have a cascading effect on several industries or sectors and it could impact business sustainability.</p>	<p>India's economic growth continues unabated, despite several macro- and micro-economic challenges. Regulatory reforms, proposed investment plans and budgetary support is likely to aid economic recovery after the Covid-19 pandemic, that caused a temporary halt to operations across the country.</p>
<p><b>Competition risk</b></p> <p>Competition risk describes the risk associated with growing competitive pressures and it might prevent the Company from achieving its predicted margins and market share.</p>	<p>The Company is a leading player in Pipes and Fittings segment. The Company always strives to meet challenges and satisfies customer demands by offering superior quality, advanced products that meet diverse requirements.</p>
<p><b>Input risk</b></p> <p>Increases in the prices of raw materials could impact margins and profitability.</p>	<p>In the Pipes and Fittings segment, the Company passes on price fluctuations to its customers, thereby protecting itself from any adverse impact of an increase in raw material prices. In the PVC resin segment, the main raw material is ethylene dichloride (EDC) which is abundantly available. An increase in price of EDC may result in a temporary decline in profitability. However, the effect is mitigated by resulting changes in demand and supply over a period of time.</p>
<p><b>Geographic Concentration Risk</b></p> <p>Failure to expand the geographical reach of the business may limit the Company's ability to reach its customers and promote itself efficiently. It may have an adverse impact on the Company's profitability.</p>	<p>To mitigate such risks, the Company has established 3 plants - in Ratnagiri, Pune &amp; Masar and has a wide distribution network of 900 dealers and 21,000+ retailers that cater to customers across the country.</p>

## Transparency in information sharing

Transparency refers to sharing accurate information and acting in an upfront and just manner. Processes, instructions and information related to the Company is directly accessible to those concerned, and the Company provides relevant information to understand and monitor various processes. The Company believes in upholding utmost transparency in all its business operations and therefore, considers it a prime responsibility to disclose relevant information to its stakeholders. The Company also strives to provide maximum possible information in the Management Discussion and Analysis segment of the Annual Report.

## Internal Control Systems

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

## Internal Financial Control

The Companies Act, 2013, has made significant changes in financial reporting

requirements to comply with international practices. The key requirements are entity level controls and financial reporting controls. The Company has in place all the required controls and frameworks to identify key processes and evaluate the efficiency of internal financial controls.

## Human Resources

The Company considers its human resources a critical factor for its success. The Company has drawn up a comprehensive human resource strategy to create a friendly, dynamic work environment that effectively emphasizes the importance of a team while building a professional work culture. In line with the Company's human resource strategy, it has implemented various initiatives to build better organizational capabilities. The Company believes it will enable them to sustain competitiveness in the global market. The Company's focus remains on attracting talent and retaining the best to create a productive and engaged workforce.

## Cautionary statement

In this Annual Report, we may have disclosed information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, may contain statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance

in connection with any discussion of future performance. We cannot guarantee that these statements will be realized, although we believe we have been prudent in these assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize,

or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any statements, whether as a result of new information, future events or otherwise except as may be required by law.

# Board of Directors' Report

To the Members,

Your directors have pleasure in presenting the Thirty-ninth annual report together with the audited financial statements (both standalone and consolidated) for the financial year ended 31st March, 2020.

## State of the Company's affairs:

### Financial Results

(₹ in Crores)

Particulars	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Profit before depreciation & finance charges	478.91	645.87	503.54	658.72
Less: Finance charges	11.91	12.27	11.91	12.27
Profit before depreciation, exceptional items and taxation	467.00	633.60	491.63	646.44
Less:i. Depreciation	73.81	70.08	73.81	70.08
ii. Exceptional item	-	27.90	-	27.90
iii. Provision for taxation	68.99	185.82	85.17	181.22
Profit after depreciation, exceptional items and taxation	324.20	349.80	332.65	367.25
Add/(Less) :				
i. Retained earnings at the beginning of the year	1,409.47	1,212.35	1,457.24	1,242.91
ii. Re-measurement of defined benefit plans and income tax effect	(2.53)	(3.07)	(2.53)	(3.07)
iii. Share of Other Comprehensive Income (OCI) of Associate for the year	-	-	0.22	0.01
iv. Dividend	(248.20)	(124.10)	(248.20)	(124.10)
v. Tax on dividend	(51.02)	(25.51)	(51.21)	(25.75)
vi. Share in Lease adjustments	-	-	(0.09)	-
Retained earnings at the end of the year	1,431.92	1,409.47	1,488.09	1,457.24
Earning per equity share:				
Basic & Diluted (₹/share)	26.13	28.19	26.81	29.59

### Operations

The operational performance is summarized below:

(₹ in Crores)

Particulars	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Revenue from Operations	2,985.98	3,091.32	2,985.98	3,091.32
Other Income	30.84	41.57	29.91	40.41
Total Income	3,016.82	3,132.89	3,015.89	3,131.73
Profit before tax	393.19	535.62	392.26	534.46
Share of profit of associate before tax	-	-	25.56	14.01
Profit after tax	324.20	349.80	332.56	367.25

Particulars	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
<b>PVC Resin</b>				
Production – in MTs	2,47,392.63	2,59,503.00	2,47,392.63	2,59,503.00
Sale – in MTs (including inter divisional):	2,39,188.34	2,55,302.00	2,39,188.34	2,55,302.00
Sale – in ₹ Crores (including inter divisional):	1,679.16	1,874.17	1,679.16	1,874.17
<b>PVC Pipes and Fittings</b>				
Production – in MTs	2,63,688.25	2,59,328.00	2,63,688.25	2,59,328.00
Sale – in MTs	2,54,958.25	2,62,858.00	2,54,958.25	2,62,858.00
Sale – in ₹ Crores	2,553.95	2,574.80	2,553.95	2,574.80

The total capacity of PVC pipes & fittings stands at 3,70,000 MT p.a. The sales volume for PVC pipes & fittings was 2,54,958.25 MT for the financial year ended 31st March, 2020 as against 2,62,858.00 MT for the financial year ended 31st March, 2019. Total standalone income from operations was at ₹ 3,016.82 Crores for the financial year ended 31st March, 2020 against ₹ 3,132.89 Crores for the financial year ended 31st March, 2019. Profit after tax was at ₹ 324.20 Crores for the financial year ended 31st March, 2020 as against ₹ 349.80 Crores for the financial year ended 31st March, 2019.

### Dividend

During the year, your Board has declared and paid an interim dividend on Equity Shares @ 100% (₹ 10.00 per share) for the year ended 31st March, 2020. The said interim dividend was paid to shareholders of the Company on 20th March, 2020. The interim dividend on equity shares including corporate dividend tax has amounted to ₹ 149.60 Crores. Your Directors have recommended the payment of the said Interim Dividend as Final Dividend for the year ended 31st March, 2020. As per Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a Dividend Distribution Policy which has been uploaded on the Company's

website <https://www.finolexpipes.com/investors/policies-code-of-conduct/> and is also enclosed as Annexure-1.

### Transfer to Reserves

During the year, amount transferred to General Reserve was ₹ Nil (previous year ₹ Nil). Thus, the total comprehensive Income for the year of ₹ (299.40) Crores was transferred to Reserves and Surplus of Balance Sheet.

### Deposits

The Company had no unpaid /unclaimed deposit(s) as on 31st March, 2020.

During the year, the Company has not accepted any deposits described under Chapter V of the Companies Act, 2013.

### Management discussion and analysis

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

### Consolidation of financial statements

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

The Company has not consolidated an immaterial associate viz. Pawas Port Limited, in which the Company holds 49.99% equity shares (₹ 0.05 Crores) and has not started operations.

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

### Revision in financial statements

There has been no revision in the financial statements of the Company during the financial year 2019 – 2020.

### Subsidiary and Associate Companies

In terms of Section 129(3) of the Companies Act, 2013, a statement containing salient features of the financial statements of the associate or joint venture companies in Form AOC-1, is annexed and forms part of this annual report.

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

During the financial year 2019-20, there is no change in associate companies of the Company.

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

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

Sr. No.	In the accounts of	Disclosure of amounts at the year end and the maximum amount of loans/advances/investments outstanding during the year	
1.	Holding Company	<ul style="list-style-type: none"> <li>• Loans and advances in the nature of loans to subsidiary by name and amount.</li> <li>• Loans and advances in the nature of loans to associates by name and amount.</li> <li>• Loan and advances in the nature of loans to firms/companies in which directors are interested by name and amount.</li> </ul>	No Holding Company.
2.	Subsidiary	Same disclosures as applicable to the parent company in the accounts of subsidiary company.	No Subsidiary Company
3.	Holding Company	Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan.	No Holding Company

## Directors' Responsibility Statement

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

- a) in the preparation of the annual financial statements for the year ended on 31st March, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2020 and of the profit of the Company for the year ended on that period;
- c) the directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the directors have prepared the annual accounts on a going concern basis;
- e) the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and

that such systems were adequate and operating effectively.

## Corporate governance

A separate report on corporate governance in the compliance with corporate governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 along with compliance certificate dated 23rd June, 2020 obtained from M/s. SVD & Associates, Practicing Company Secretaries, is annexed and forms part of this annual report.

## Material changes and commitments

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

However, the Company had to temporarily suspend its operations at all of manufacturing plants, offices and warehouses during the lockdown imposed by the directives/guidelines of the Central/State Governments/municipal authorities due to Novel COVID-19 pandemic. Subsequent to receipt of permissions from the authorities, the Company resumed operations by focusing on the safety and well-being of all stakeholders. After commencement of operations, the business and operations of the Company have gradually scaled up to almost normal operating levels. The Company has adequate financial resources to meet the situation. The Company has an adequate internal financial reporting and control mechanism.



## **Contracts or arrangements with related parties**

The particulars of related party transactions are stated in the note no. 36 in the financial statements, Annexures 3, 4 and 6 of this report.

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business of the Company. There are no materially significant related party transactions made by the Company with its Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict of interest with the Company at large. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) (h) of the Companies Act, 2013, in Form AOC-2, is not applicable.

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

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

The Related Party Transactions Policy of the Company approved by the Board of Directors of the Company (the "Board") is uploaded on the Company's website <https://www.finolexpipes.com/investors/policies-code-of-conduct/>.

## **Risk management**

During the financial year 2014-2015, your directors had constituted a Risk Management Committee. The Risk Management Committee was reconstituted w.e.f. 20th September, 2019. The details of Committee and its terms of reference are set out in the Corporate Governance Report forming part of this report.

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

## **Internal financial controls**

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

The Company has in place adequate internal control procedures, proportionate to the nature of the business and the size of operations, for smooth conduct of business. The systems are implemented for safeguarding the assets, the prevention and

detection of fraud and errors, the accuracy and completeness of the accounting records and timely preparation of reliable financial information.

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

### **Directors and Key Managerial Personnel:**

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

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

#### **Re-appointment of Director**

Mr. Anil V. Whabi (DIN:00142052), Executive Director - Finance retires by rotation as Director at the ensuing annual general meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

#### **Appointment of Independent Directors**

The Board of Directors has co-opted Ms. Bhumika L. Batra (DIN 03502004), Dr. Deepak R. Parikh (DIN 06504537), Mr. Pradeep R. Rathi (DIN 00018577) and Mr. Anami N. Roy (DIN 01361110) as Additional Directors and also as Non-Executive Independent Directors for a term of 5 years effective 20th September, 2019. The said directors holds office of additional directors up to the date of the ensuing annual general meeting of the Company. A notice has been received from members of the Company proposing their appointment as an Independent Directors of the Company.

The Board is of opinion that the independent directors so appointed are of integrity and possess the requisite expertise and experience (including the proficiency). The Board recommends their appointment.

#### **Key Managerial Personnel (KMP)**

Mr. Devang Trivedi, Company Secretary and Compliance Officer of the Company has resigned with effect from 8th June, 2020 and accordingly he ceased to be the KMP of the Company. As on date of this report, Mr. Sanjay S. Math, Managing Director, Mr. Anil V. Whabi, Director – Finance & Chief Financial Officer are KMPs of the Company.

#### **Training and familiarization programme for directors**

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

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

With a view to sensitize the new Independent Directors, the Company has organized a familiarization program for them on 11th November, 2019 giving an overview on the Company's business, products & markets, financials and key attributes, fairness of the financial statements vis-à-vis responsibilities of the directors and internal control systems & risk management.

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

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

The details of the familiarization programme for independent directors are available on the Company's website <https://www.finolexpipes.com/investors/policies-code-of-conduct/>.

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

The Company's Nomination and Remuneration Committee is governed by its terms of reference. The Company's Nomination and Remuneration Policy includes directors' appointment and remuneration including the criteria for determining qualifications, positive attributes, independence of a director and other details which are furnished in [Annexure-2](#).

The Company's Nomination and Remuneration Policy is also available on the Company's website <https://www.finolexpipes.com/investors/policies-code-of-conduct/>.

### **Annual performance evaluation of the Board, its committees and individual directors**

The Company has devised a nomination and remuneration policy for performance evaluation of independent, non-executive and executive directors. The basis for this evaluation include fulfillment of the independence criteria, independence from the management, qualification, positive attributes, area of expertise and the number of directorships & memberships held in various committees of other companies.

The Board of Directors has carried out an annual evaluation of its own performance, its committees and the directors individually as per the requirements of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **Remuneration of directors and key managerial personnel**

Pursuant to the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details of remuneration of directors and key managerial personnel are furnished in [Annexure-3](#).

### **Particulars of employees**

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are furnished in [Annexure-4](#).

## Auditors and Auditors' Report:

### Statutory Auditors

Pursuant to Section 139 of the Companies Act, 2013 and the Rules made thereunder, M/s. P. G. Bhagwat, Chartered Accountants, Pune were appointed as the statutory auditors of the Company in the thirty sixth Annual General Meeting (AGM) of the Company held on 11th August, 2017 for a period of five (5) consecutive years until the conclusion of the 41st AGM to be held in the year 2022 on such remuneration as shall be decided by the Board of Directors.

The statutory auditors have issued a certificate of eligibility pursuant to Section 141 of the Companies Act, 2013 and they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

### Cost Auditors

The Board at its meeting held on 23rd June, 2020 has, on recommendation of the Audit Committee, appointed M/s. S. R. Bhargave & Co. as cost auditors to conduct an audit of cost accounting records of the Company for the financial year ending 31st March, 2021. Pursuant to the provisions of Section 148 of the Companies Act, 2013 and Rules made thereunder, the ratification by the Members is necessary for the payment of remuneration to cost auditors. Your directors recommend the same.

The Cost Audit Report for the financial year 2018-19, issued by M/s. S. R. Bhargave & Co, Cost Auditors, in respect of the various products prescribed under Cost Audit Rules was filed with the Ministry of Corporate Affairs on 6th September, 2019.

### Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the

Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. SVD & Associates, Practising Company Secretaries, Pune to undertake the secretarial audit of the Company for the financial year 2019-20. The secretarial audit report for the financial year 2019-20, is enclosed herewith as [Annexure-5](#).

There is no qualification made by the Secretarial Auditor in the said Secretarial Audit Report. The observation in the said report is self-explanatory.

The Company has complied with all applicable secretarial standards.

### Disclosures:

Your directors are pleased to furnish the following details which are required to be reported by the Company in the Director's Report pursuant to Section 134(3), (a) to (q) of the Companies Act, 2013:

#### Number of meetings of the Board

During the year under review, seven meetings of the Board of Directors were held. The details of the meetings are provided in the corporate governance report.

#### Committees of directors

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

#### Audit committee

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

The required details pertaining to the composition of the Audit Committee, pursuant to Section 177 (8) of the Companies Act, 2013, are given in the corporate governance report. There are no instances of the Board not having accepted the recommendation of the Audit Committee during the financial year 2019-20.

### **Extract of annual return**

Pursuant to Section 134(3)(a) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, the extract of annual return in the prescribed format MGT-9, is enclosed herewith as [Annexure-6](#).

### **Vigil mechanism / Whistle blower policy**

The Company has established a vigil mechanism known as the Whistle Blower Policy (the "WBP") pursuant to Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to report genuine concerns to the Chairman of the Audit Committee. The WBP provides adequate safeguards against victimization of persons who use such mechanism and ensures direct access to the Chairman of the Audit Committee. The details of the WBP are explained in the corporate governance report and also posted on the Company's website.

The Company affirms that no director or employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year.

### **Prevention of Sexual harassment policy**

The Company has in place a policy for prevention of sexual harassment of its employees at the workplace. In line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, an Internal

Complaints' Committee has been constituted by the Company to redress any complaints received regarding sexual harassment. Your directors state that during the year under review, there was no complaint received / case filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### **Prohibition of Insider trading**

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

The said Code of Conduct is intended to prevent the misuse of UPSI by insiders and connected persons and ensure that the Directors and designated persons of the Company and their immediate relatives shall not derive any benefit or assist others to derive any benefit from having access to and possession of such UPSI about the Company which is not in the public domain, that is to say, insider information.

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

### **Particulars of loans, guarantees or investments**

The details, as applicable, of loans given, investments made or guarantees given pursuant to Section 186 of the Companies Act, 2013, are disclosed in note no. 4 to the financial statements for the financial year 2019-2020.

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

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

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

### **Employee stock option scheme**

During the year under review, your directors confirm that no shares were issued by the Company under the Finolex Industries Limited – Employee Stock Option Scheme/ Plan (ESOP) of the Company.

A statement giving complete details, as at 31st March, 2020, pursuant to Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 is available on the Company's website <https://www.finolexpipes.com/investors/policies-code-of-conduct/>.

### **Sweat equity shares and equity shares with differential voting rights**

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

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

Your Company is committed to achieve the highest standards of environmental excellence by adopting environmentally sustainable and effective operating systems and processes. Your Company has put in place the internationally acclaimed Environment Management System under ISO 14001

certification at Ratnagiri. Your Company, is in compliance with all applicable environmental regulations in respect of air, water, noise, hazardous waste, e-waste etc. to mitigate the potential environmental impact on society.

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo required to be given under Section 134(3) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is enclosed herewith as [Annexure-7](#).

### **Details in respect of fraud reported by Auditors**

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee, Board and/or Central Government under Section 143(12) the Companies Act, 2013 and rules framed thereunder.

### **Business Responsibility Report:**

Business Responsibility Report for the year ended 31st March, 2020 as stipulated under Regulation 34(2) (f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is enclosed herewith as [Annexure-8](#).

### **Corporate Social Responsibility:**

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

The corporate social responsibility policy of the Company can be viewed on the Company's website <https://www.finolexpipes.com/investors/policies-code-of-conduct/>.

As a responsible corporate citizen, your Company conducts CSR activities in education, healthcare, sanitation, skill developments, social welfare, water conservation and women empowerment with its CSR partner, Mukul Madhav Foundation ("MMF"). Your Company has been actively contributing to the social and economic development of the underprivileged and around your Company's plants situated at Ratnagiri and Urse in the state of Maharashtra and at Masar in the state of Gujarat.

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

During the financial year 2019-20, your Company in association with MMF has incurred expenditure on various CSR activities aggregating ₹ 11.92 Crores against the mandatory CSR expenses of ₹ 9.52 Crores.

The detailed report on the CSR activities is enclosed herewith as Annexure-9.

### **Cautionary statement**

Statements in the Board of Directors' Report and the Management Discussion & Analysis describing the Company's objectives, expectations or forecasts may be within the meaning of applicable securities laws and regulations. Actual results may differ

materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting the selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

### **Acknowledgements**

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

For and on behalf of the Board of Directors

**Prakash P. Chhabria**

23rd June, 2020  
Pune

Executive Chairman  
DIN :00016017

# Annexure-1 to the Directors' Report

## Dividend Distribution Policy

### Purpose, Objectives:

The Securities and Exchange Board of India ("SEBI") vide its Notification dated June 17, 2016 published in the Gazette of India on July 08, 2016 has amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"), by inserting Regulation 43A relating to dividend distribution policy which inter alia provides that the top five hundred listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites.

Finlex Industries Limited (the "Company") has formulated this dividend distribution policy to comply with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This dividend distribution policy

- (i) aims to ensure that the Company makes a rational decision with regard to the amount to be distributed to the shareholders as dividend after retaining sufficient funds for the Company's growth, to meet its long-term objective and other purposes; and
- (ii) lays down various parameters which shall be considered by the Board of Directors of the Company before making a recommendation for declaration of dividend to its shareholders.

### Policy:

The Board of Directors of the Company (the "Board") at its meeting held on 4th

February, 2017 has approved and adopted the dividend distribution policy [this "Policy"] of the Company.

The Policy of the Company, effective from 4th February, 2017 is as under:

### A. Circumstances under which the shareholders of the Company may or may not expect dividend:

The shareholders of the Company may expect dividend only if the Company is having sufficient profits and free reserves with surplus cash after providing all expenses, depreciation etc. and complying all other statutory requirements of the Companies Act, 2013.

The shareholders of the Company may not expect dividend in the following circumstances, which are inclusive but not limited, subject to the discretion of the Board:

- i. Proposed expansion plans requiring higher capital allocation;
- ii. Business restructuring such as acquisitions, amalgamation, merger, joint ventures, manufacture of new products etc., all of which require significant capital outflow;
- iii. Possibilities of alternate usage of cash, such as requirement of higher working capital for the purpose of business of the Company;
- iv. Non-availability of surplus funds, after providing for expenses, depreciation and complying with



statutory requirements under the Companies Act, 2013 (the "Act") and the relevant rules made thereunder;

- v. Proposal for buy-back of securities;
- vi. Loss or inadequacy of profits;
- vii. Operating Profit Margin; and
- viii. Sales Growth.

The decision regarding dividend payout is a crucial decision as it determines the amount of profit to be distributed among shareholders of the Company and the amount of profit to be retained in business. The decision seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to maintain a healthy capital adequacy ratio to support future growth. The Company has been consistently paying out dividends to its shareholders and can be reasonably expected to continue declaring in future as well, unless the profits of the Company are insufficient or adversely impacted by any of the factors mentioned under paragraphs A, B and C of this Policy.

#### **B. The financial parameters that shall be considered while declaring dividend:**

The Board shall consider the following financial parameters which are inclusive but not limited for the purpose of recommending the declaration of dividend:

- i. Current year's net operating profit and profits for any previous financial year available for distribution of dividend as per the applicable provisions of the law;
- ii. Capital expenditure and working

capital requirements;

- iii. Financial commitments w.r.t. the outstanding borrowings and interest thereon;
- iv. Financial requirement for business expansion and/or diversification, acquisition etc. of new businesses;
- v. Provisioning for financial implications arising out of unforeseen events and/or contingencies; and
- vi. Past dividend trend.

#### **C. Internal and external factors that shall be considered for declaration of dividend:**

The Board shall consider the following internal factors which are inclusive but not limited for the purpose of recommending the declaration of dividend:

- i. Operating cash flow of the Company;
- ii. Profit earned during the year;
- iii. Profit available for distribution;
- iv. Earnings Per Share (EPS);
- v. Working capital requirements;
- vi. Capital expenditure requirement;
- vii. Business expansion and growth;
- viii. Likelihood of crystallization of contingent liabilities, if any;
- ix. Additional investment in subsidiaries or associates of the company;
- x. Upgradation of technology and physical infrastructure;
- xi. Creation of contingency fund;
- xii. Acquisition of brands and business;
- xiii. Cost of Borrowing;
- xiv. Past dividend payout ratio / trends;

- xv. Repayment need for clearing debt;
- xvi. Investment opportunities available; and
- xvii. Contingency Fund.

The Board shall consider the following external factors which are inclusive but not limited for the purpose of recommendation/declaration of dividend:

- i. Economic environment;
- ii. Capital markets;
- iii. Relevant international economic trends;
- iv. Statutory provisions and guidelines;
- v. Dividend payout ratio of competitors;
- vi. Government policies;
- vii. Contractual restrictions / Restrictions in Debt covenants;
- viii. Nature of Company's business affected by cyclical economic conditions; and
- ix. Market behavior.

#### **D. Policy as to how the retained earnings shall be utilized:**

The Board may retain its earnings in order to make better use of available funds and deliver sustainable value to the shareholders.

The retained earnings will be utilised for:

- (i) Capital expenditure;
- (ii) Building up free reserves;
- (iii) Unforeseen requirements;
- (iv) Long-term strategic requirements; and
- (v) Revenue short falls

The decision of utilization of the retained earnings of the Company shall be based on the following factors as may be applicable:

- Market expansion plan;
- Product expansion plan;
- Increase in production capacity;
- Modernisation plan;
- Diversification of business;
- Long-term strategic plans;
- Replacement of capital assets;
- Where the cost of debt is expensive;
- Entry into joint ventures
- Other such criteria as the Board may deem fit.

#### **E Parameters that shall be adopted with regard to various classes of shares:**

The holders of the equity shares of the Company, as on the record date, are entitled to receive dividend as may be declared by the Company. Presently, the issued share capital of the Company comprises of only one class of equity shares of ₹ 10 each which rank pari passu with respect to all their rights. In case the Company decides to issue any other class(es) of shares in future, it shall consider and specify the other parameters to be adopted with respect to such class(es) of shares.

#### **F General:**

- i. Pursuant to the provisions of section 123 of the Act, the Articles of Association of the Company and this

Policy, the Board shall recommend the final dividend which shall be declared by the shareholders of the Company at the annual general meeting of the Company. The Board may also, from time to time, in its discretion, declare interim dividend.

- ii. The Company shall ensure compliance with the provisions of the Act and rules framed thereunder, the Listing Regulations and other applicable laws with respect to the declaration and payment of dividend.
- iii. Due regard shall be given to the restrictions or covenants contained in any agreement entered into with the lenders of the Company or any other financial covenant as may be specified under any other arrangement or agreement

impacting the Company or to which the Company is a party, before recommending or distributing dividend to the shareholders.

#### **G Disclosure:**

This Policy shall be disclosed by the Company in its annual report and on its website.

#### **H Review:**

The Board reserves the right to review, modify, amend or change any or all clauses of this Policy in accordance with the provisions of the Act, relevant rules framed thereunder, the Listing Regulations, other applicable legislations governing dividends and the Articles of Association of the Company, as in force, and as amended, from time to time.

# Annexure-2 to the Directors' Report

## Nomination and Remuneration Policy

### 1. Preamble

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

1.2 The Companies Act, 2013 vide Section 178, the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, makes it mandatory for the Board of Directors of every listed company to constitute a Nomination and Remuneration Committee.

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

1.3.1. Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession and who can effectively contribute

to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee, for appointment, as Independent Directors on the Board. The Committee, inter alia, considers qualification, positive attributes, area of expertise and number of Directorships and memberships held in various committees of other companies by such persons. The Board considers the Committee's recommendation and takes appropriate decision.

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

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

1.4 The responsibilities of the Committee include:

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

1.4.2 recommending to the Board of Directors a policy or recommendation, relating to the appointment and remuneration for the directors, key managerial personnel and all remuneration, in whatever form, payable to Senior Management;

1.4.3 formulating a criteria/ recommendation and manner for effective evaluation of performance of independent directors, Board of Directors and its

committee(s). On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director;

1.4.4 devising a policy/ recommendation on Board diversity; and

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

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

1.5.1 Consider selection, appointment of directors including independent directors, key managerial personnel and Senior Management in compliance of the provisions of the Companies Act, 2013 and Listing Regulations and devise a transparent system of determining the appropriate level of remuneration throughout all levels of employees and teams in the Company;

1.5.2 encourage personnel to perform to their highest level;

1.5.3 provide consistency in remuneration throughout the Company; and

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

1.6 The Nomination and Remuneration Policy elucidates the types of remuneration to be offered by the Company and factors to be considered by the Board of

Directors of the Company, Nomination and Remuneration Committee and management of the Company.

## 2. Definitions

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

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

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

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

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

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

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

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

2.8 'Senior Management' means the personnel of the Company who are

members of its core management team excluding Board of Directors comprising all members of management who are one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the Board) and shall specifically include company secretary and chief financial officer.

### **3. Nomination and Remuneration Committee**

- 3.1 The Committee shall be formed by the Board of the Company. It shall consist of three or more non-executive directors out of which not less than one-half shall be independent directors. The Board of the Company shall nominate directors as members of the Committee from time to time.
- 3.2 The Chairman of the Committee shall be an independent director but shall not be the Chairperson of the Company. He shall be present at the Annual General Meeting, to answer the shareholders' queries and may determine as to who should answer the queries.
- 3.3 The presently nominated members of the Committee are nominated by the Board of Director. The Board will nominate Directors on the Committee, from time to time.
- 3.4 In respect of the policy on Board Diversity, the Committee shall ensure that the Board has requisite number of independent, executive and other category of Directors as prescribed in the Companies Act, 2013, Rules made thereunder and Listing Regulations including amendments, as may be applicable from time to time.

### **4. Letter of Engagement or Contract of Employment**

- 4.1 Non-executive directors shall enter into a letter of engagement with the Company, the terms and conditions of which shall be approved by the Board. The letter of engagement shall set forth the terms and conditions of the engagement, the performance expectations for the position, the remuneration package, the availability of the latter being contingent upon fulfillment of certain expectations of the Company measured by benchmarks of performance.
- 4.2 Executive directors, key managerial personnel and senior management employees shall enter into a contract/ employment contract or acceptance of appointment/ increment letter ("contract of employment") with the Company clearly setting out the terms and conditions of the remuneration package for such person. The contract of employment shall set out the expectations for the performance, the key performance indicators, measures and criteria for assessment or evaluation of performance.
- 4.3 The Committee and the Board must approve the contracts of employment for the senior management and directors.
- 4.4 The Board shall disclose the terms and conditions of any contract of employment in accordance with the law and the employment rules, as applicable from time to time.

### **5. Remuneration Structure**

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

The Board shall, in consultation with the Committee approve and finalize the

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

#### 5.1.1 Fixed Remuneration

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

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

The performance or incentive or Ex-gratia bonus based payments shall form part of the variable component of the salary payable to the employee. In addition to the fixed remuneration, the Company shall implement a system of bonuses and incentives reflecting short and long term performance objectives appropriate to the working of the Company and designed to lay emphasis

on the direct relationship between performance and remuneration. Performance based remuneration shall be proportionate to and contingent upon the attainment of specific performance targets by employees in the Company. Incentive-based payments take into account factors such as performance of the employee, his conduct, responsibilities, position and role and shall be calculated as a percentage of the fixed remuneration.

#### 5.1.3 Severance Fees or Termination Benefits

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

#### 5.1.4 Employee Benefits

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

#### 5.2 Remuneration to Non-Executive Directors

The Nomination and Remuneration Committee and/ or Board of Directors shall carry out performance review of

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

## 6. Disclosure

- 6.1 The Nomination and Remuneration Policy shall be disclosed in the Board's report of the Company prepared in accordance with sub-section (3) of section 134 of the Companies Act, 2013.
- 6.2 Payments to non-executive directors shall be either disclosed in the Annual Report of the Company and/ or put up on the website of the Company and reference drawn thereto in the Annual Report as per mandatory requirement or decided by the Key Managerial person from time to time. Further, the number of shares and convertible instruments held by non-executive directors shall be disclosed by the Company in its Annual Report.
- 6.3 With regard to payment of remuneration, the section on the corporate governance of the Annual Report of the Company shall contain the following disclosures, namely :

- 6.3.1 All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc;
- 6.3.2 Details of fixed component and performance linked incentives, along with the performance criteria;
- 6.3.3 Service contracts, notice period, severance fees; and
- 6.3.4 Stock option details, if any - and whether issued at a discount as well as the period over which accrued and over which exercisable.

## 7. Review and Implementation

- 7.1 The Key Managerial Person shall conduct an evaluation of performance for all employees on an annual basis to monitor and review, and if necessary, revise the appropriateness of each remuneration package.
- 7.2 The remuneration package payable to the employees of the Company shall be approved by the Committee or Board, as may be applicable from time to time.
- 7.3 The Committee shall be responsible for monitoring the implementation of the policy, conducting a review of the same from time to time and advising the Board on the mode of revision of the policy such as inclusion of long-term incentives that would contribute towards creating a sustainable value for shareholders of the Company. Any amendment in the Act, Rules will be applicable from the date of the notification. This policy will be deemed to be amended from such date. Chairman of the Committee shall be authorised to amend the policy from time to time.



## Annexure-3 to the Directors' Report

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

- i) The percentage increase in remuneration of each director, chief financial officer, company secretary or manager, if any, in the financial year 2019-20, the ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2019-20 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sr. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for Financial year 2019-20 in ₹	Percentage increase/ (decrease) in remuneration in the Financial Year 2019-20	Ratio of remuneration of each Director to the median/ remuneration of employees (times)
1	Mr. Prakash P. Chhabria Executive Chairman	8,54,45,864	-17.34%	146.94
2	Mr. Sanjay K. Asher * Non- Executive Director (upto 19.09.2019)	6,40,000	Not Applicable*	1.10
3	Ms Bhumika L. Batra ** Non-Executive Director (w.e.f. 20.09.2019)	6,40,000	Not Applicable*	1.10
4	Mrs. Ritu P. Chhabria Non- Executive Director	12,80,000	-16.95%	2.20
5	Mrs. Kanchan U. Chitale Non-Executive Director (w.e.f. 01.04.2019)	12,80,000	Not Applicable*	2.20
6	Mr. Dara N. Damania * Non- Executive Director (upto 19.09.2019)	6,40,000	Not Applicable*	1.10
7	Mr. Saurabh S. Dhanorkar Non- Executive Director	12,80,000	-28.14%	2.20
8	Mr. Shrikrishna N. Inamdar * Non- Executive Director (upto 19.09.2019)	8,40,000	Not Applicable*	1.44
9	Mr. Prabhakar D. Karandikar # Non- Executive Director (upto 19.09.2019)	6,40,000	Not Applicable*	1.10
10	Mr. Sanjay S. Math Managing Director (KMP)	2,92,29,471	15.57%	50.26
11	Dr. Deepak R. Parikh ## Non-Executive Director (w.e.f. 20.09.2019)	6,40,000	Not Applicable*	1.10
12	Dr. Sunil U. Pathak * Non- Executive Director (upto 19.09.2019)	6,40,000	Not Applicable*	1.10
13	Mr. Pradeep R. Rathi ## Non-Executive Director (w.e.f. 20.09.2019)	8,40,000	Not Applicable*	1.44

Sr. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for Financial year 2019-20 in ₹	Percentage increase/ (decrease) in remuneration in the Financial Year 2019-20	Ratio of remuneration of each Director to the median/ remuneration of employees (times)
14	Mr. Anami N. Roy ** Non-Executive Director (w.e.f. 20.09.2019)	6,40,000	Not Applicable*	1.10
15	Mr. Anil V. Whabi Director - Finance & CFO (KMP)	2,32,29,637	20.52%	39.95
16	Mr. Devang B. Trivedi Company Secretary (KMP)	32,30,007	10.28%	5.55

\* Not applicable since remuneration was paid for the part of the previous year / current year.

# Ceased from the Directorship w.e.f. 19th September, 2019

## Appointed as Director w.e.f. 20th September, 2019

- ii) The percentage increase in the median remuneration of employees for the financial year was 15.34%.
- iii) There were 1,330 permanent employees on the rolls of the Company as on 31st March, 2020.
- iv) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year 2019-20 was 10.51% and decrease of 6.77% in the managerial remuneration for the same financial year.
- v) It is hereby affirmed that the remuneration paid to the Directors is as per the Nomination and Remuneration Policy of the Company for directors and key managerial personnel.

## Annexure-4 to the Directors' Report

Information as per Section 197 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sr. No.	Name	Designation	Qualification(s)	Age (yrs.)	Total Experience	Date of Commencement of Employment	Gross remuneration 2019-20 ₹	Last employment held	% of equity shares held	Whether Employee is relative of any director if yes, give name of such director
1	Mr. Prakash P. Chhabria	Executive Chairman	B. Sc. (Intl. Business), USA	57	35	13.03.1992	8,54,45,864	Finolex Cables Ltd.	0.138	Mrs. Ritu P. Chhabria
2	Mr. Sanjay S. Math	Managing Director	B.E.(Chem.), DMS	64	45	13.12.2011	2,92,29,471	I. G. Petrochemicals Ltd.	0.002	No
3	Mr. Anil V. Whabi	Director - Finance & CFO	B. Sc., ACA	60	36	11.08.2014	2,32,29,637	Korkar Energy Dynamics Pvt. Ltd.	0	No
4	Mr. Dinesh Patel	Chief Information Officer	B.Sc, MSM	48	25	07.11.2015	1,14,58,563	JSW Steel Ltd.	0	No
5	Mr. Nitin G. Kulkarni	President – Sales & Marketing	B.Com, MBA- Marketing	53	32	19.12.2014	88,82,563	HSIL Ltd.	0	No
6	Mr. Jayanta Sinha	Vice President – Sales & Marketing	B.Sc, MBA- Marketing	53	26	01.09.2014	72,13,430	Elder Pharmaceuticals Ltd.	0	No
7	Mr. Shreedatta Albur	Vice President (VCM-O&U)	B.E.(Chem)	57	28	01.01.2018	65,22,966	Reliance Industries Ltd.	0	No
8	Mr. Anil Darade	President – Operation Pipes & Fittings	B.E. (Polymers), MBA	54	28	12.11.2018	57,61,820	Varrac Polymers Pvt. Ltd.	0	No
9	Mr. S. S. Mulye	Vice President- PVC (O&M)	B.E.-MECH	59	38	01.10.1991	50,77,932	Gharada Chemicals Ltd.	0	No
10	Mr. Venkat Ravi	Vice President- Port Facility	B.Sc., B. Tech (Chem)	60	37	24.06.1991	48,06,365	NOCIL Ltd.	0	No

Note:

The nature of employment of Directors mentioned as per Sr. No. 1 to 3, is contractual while for other employees, it is permanent. During the financial year 2019-20, no employee has received remuneration in excess of Managing Director/Whole time Directors.

# Annexure-5 to the Directors' Report

Form No. MR-3

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

[Pursuant to Section 204 (1) of the Companies Act, 2013, Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and

other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

- i. The Companies Act, 2013, as amended from time to time (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent applicable;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (not applicable to the Company during the Audit Period);
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (not applicable to the Company during the Audit Period);
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (not applicable to the Company during the Audit Period); and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (not applicable to the Company during the Audit Period).
- vi. We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the-
- a) Indian Boiler Act, 1923 and regulations as specified thereunder;
  - b) Petroleum Act, 1934 and Petroleum Rules, 2002.

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

- i. Secretarial Standards issued by 'The Institute of Company Secretaries of India'; and
- ii. The Listing Agreement entered into by the Company with Stock Exchange(s) pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

The individual notices served to the shareholders concerned informing about transfer of their shares to the Demat account of Investor Education and Protection Fund Authority and the public notice issued in this regard, pursuant to sub-section 6 of Section 124 of the Act read with sub-rule 3(a) of rule 6 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, were served and published beyond the time period prescribed therefor.

**We further report that:**

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

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

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

We further report that there are adequate systems and processes in the Company commensurate with the size and operations

of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there are no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

For **SVD & Associates**  
Company Secretaries

**S. V. Deulkar**

Partner

Place: Pune

FCS No: 1321

Date: 23rd June, 2020

C P No: 965

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

## **‘Annexure A’**

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

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

### **Management’s Responsibility**

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

### **Auditor’s Responsibility**

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company’s management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management’s representation about the compliance of laws, rules and regulations and happening of events, etc.
5. We have also relied on the documents and evidences provided on email to us, in view of the prevailing pandemic situation of COVID-19.

### **Disclaimer**

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

For **SVD & Associates**  
Company Secretaries

**S. V. Deulkar**  
Partner

FCS No: 1321  
C P No: 965

Place: Pune  
Date: 23rd June, 2020

# Annexure-6 to the Directors' Report

## Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2020

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

## I REGISTRATION AND OTHER DETAILS:

i)	CIN	:	L40108PN1981PLC024153
ii)	Registration Date	:	28th March, 1981
iii)	Name of the Company	:	Finolex Industries Limited
iv)	Category / Sub-Category of the Company	:	Public Limited Company
v)	Address of the Registered office and contact details	:	Gat No.399, Village Urse, Taluka Maval, Dist. Pune 410 506, Maharashtra State. Tel No.02114-237251 Fax No.02114-237252 E-mail: <a href="mailto:investors@finolexind.com">investors@finolexind.com</a>
vi)	Whether listed company Yes / No	:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	KFin Technologies Pvt. Ltd., Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakarmguda, Serilingampally Mandal, Hyderabad - 500 032, India Tel No. 040-67162222, Extn Nos. 1583 & 1562 E-mail : <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a> Website : <a href="http://www.kfintech.com">www.kfintech.com</a>

## II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	PVC	20131	14.47%
2	PVC PIPES & FITTINGS	22209	85.53%

## III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	FINOLEX PLASSON INDUSTRIES PRIVATE LIMITED Plot No. 399 Urse Tal-Maval Dist-Pune, 410506 Maharashtra	U41000PN1992PTC067896	Associate	46.35	2(6)
2	PAWAS PORT LIMITED D 1/10, MIDC, Chinchwad, Pune 411 019, Maharashtra	U45203PN2007PLC130990	Associate	49.99	2(6)



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

### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year i.e. on 1st April, 2019				No. of Shares held at the end of the year i.e. on 31st March, 2020				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	1376249	0	1376249	1.11	1376249	0	1376249	1.11	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt (s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	63737448	0	63737448	51.36	63737448	0	63737448	51.36	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other....	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A) (1):-</b>	<b>65113697</b>	<b>0</b>	<b>65113697</b>	<b>52.47</b>	<b>65113697</b>	<b>0</b>	<b>65113697</b>	<b>52.47</b>	<b>0.00</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other....	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>65113697</b>	<b>0</b>	<b>65113697</b>	<b>52.47</b>	<b>65113697</b>	<b>0</b>	<b>65113697</b>	<b>52.47</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	13000918	9678	13010596	10.48	15623549	9378	15632927	12.60	2.12
b) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
c) Alternate Investment Funds	127774	0	127774	0.10	7225	0	7225	0.01	-0.09
d) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
e) FIs	2900430	400	2900830	2.34	2864290	400	2864690	2.30	-0.04
f) Banks / FI	48127	3151	51278	0.04	82463	2801	85264	0.07	0.03
g) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
h) Provident Funds/Pension Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
j) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
k) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (B)(1):-</b>	<b>16077249</b>	<b>13229</b>	<b>16090478</b>	<b>12.97</b>	<b>18577527</b>	<b>12579</b>	<b>18590106</b>	<b>14.98</b>	<b>2.01</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	6636248	47427	6683675	5.39	8560212	45250	8605462	6.93	1.54
ii) Overseas	0	400	400	0.00	0	400	400	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	14892684	7382300	22274984	17.95	13605901	6762187	20368088	16.41	-1.54
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	11900833	0	11900833	9.59	8958403	0	8958403	7.22	-2.37
c) Others (specify)									
Clearing member	43743	0	43743	0.04	56702	0	56702	0.05	0.01
NRI	1343042	194303	1537345	1.24	1206248	179071	1385319	1.12	-0.12
Limited Liability Partnership	0	0	0	0.00	0	0	0	0.00	0.00
Trustees	1000	0	1000	0.00	1750	0	1750	0.00	0.00
Finolex Industries Limited Employees Welfare Trust	0	432600	432600	0.35	432600	0	432600	0.35	0.00
Director or Director's Relatives	11581	0	11581	0.01	8721	0	8721	0.01	0.00
NBFCs Registered with RBI	4195	0	4195	0.00	1040	0	1040	0.00	0.00
Foreign Nationals	850	0	850	0.00	1288	0	1288	0.00	0.00
IEPF	0	0	0	0	120872	0	120872	0.10	-0.10
QIB	0	0	0	0	450933	0	450933	0.36	-0.36
<b>Sub-total (B)(2):-</b>	<b>34834176</b>	<b>8057030</b>	<b>42891206</b>	<b>34.56</b>	<b>33404670</b>	<b>6986908</b>	<b>40391578</b>	<b>32.54</b>	<b>-2.02</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>50911425</b>	<b>8070259</b>	<b>58981684</b>	<b>47.53</b>	<b>51982197</b>	<b>6999487</b>	<b>58981684</b>	<b>47.53</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0	0	0	0	0	0.00
<b>Grand Total (A+B+C)</b>	<b>116025122</b>	<b>8070259</b>	<b>124095381</b>	<b>100.00</b>	<b>117095894</b>	<b>6999487</b>	<b>124095381</b>	<b>100.00</b>	<b>0.00</b>

## (ii) Shareholding of Promoters

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year i.e.1st April, 2019			Shareholding at the end of the year i.e. 31st March, 2020			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	AMIT KATARA	18782	0.02	0.00	18782	0.02	0.00	0.00
2	AMIT KATARA	950	0.00	0.00	950	0.00	0.00	0.00
3	AMRITA KATARA	22125	0.02	0.00	22125	0.02	0.00	0.00
4	AMRITA MUKESH KATARA	950	0.00	0.00	950	0.00	0.00	0.00
5	AMIT KATARA	5400	0.00	0.00	5400	0.00	0.00	0.00
6	KATARA AMRITA MUKESH	3500	0.00	0.00	3500	0.00	0.00	0.00
7	KATARA ARUNA MUKESH	146720	0.12	0.00	146720	0.12	0.00	0.00
8	KATARA ARUNA MUKESH	111000	0.09	0.00	111000	0.09	0.00	0.00
9	KATARA MUKESH DOLUMAL	23030	0.02	0.01	23030	0.02	0.01	0.00
10	KATARA MUKESH DOLUMAL (HUF)	3500	0.00	0.00	3500	0.00	0.00	0.00
11	AMIT KATARA	15500	0.01	0.00	15500	0.01	0.00	0.00
12	AMRITA KATARA	15500	0.01	0.00	15500	0.01	0.00	0.00
13	DEEPAK KISHAN CHHABRIA	80921	0.07	0.00	80921	0.07	0.00	0.00
14	KAVITA SANJAY RAHEJA	37002	0.03	0.00	37002	0.03	0.00	0.00
15	KAVITA SANJAY RAHEJA	55877	0.05	0.00	55877	0.05	0.00	0.00
16	KISHAN PARSRAM CHHABRIA	170542	0.14	0.00	170542	0.14	0.00	0.00
17	PRIYA VIJAY CHHABRIA	60200	0.05	0.00	60200	0.05	0.00	0.00
18	RISHI VIJAY CHHABRIA	1350	0.00	0.00	1350	0.00	0.00	0.00
19	SUNITA KISHAN CHHABRIA	153592	0.12	0.00	153592	0.12	0.00	0.00
20	VIJAY KISHAN CHHABRIA	106350	0.09	0.00	106350	0.09	0.00	0.00
21	VINI DEEPAK CHHABRIA	26400	0.02	0.00	26400	0.02	0.00	0.00
22	GAYATRI PRAKASH CHHABRIA	74825	0.06	0.00	74825	0.06	0.00	0.00
23	HANSIKA HIYA PRAKASH CHHABRIA	66975	0.05	0.00	66975	0.05	0.00	0.00
24	PRAKASH PRALHAD CHHABRIA	170749	0.14	0.00	170749	0.14	0.00	0.00
25	PRALHAD PARSRAM CHHABRIA	59	0.00	0.00	59	0.00	0.00	0.00
26	RITU PRAKASH CHHABRIA	4450	0.00	0.00	4450	0.00	0.00	0.00
27	ORBIT ELECTRICALS PRIVATE LIMITED	23330901	18.80	0.00	23330901	18.80	0.00	0.00
28	KATARA DENTAL PVT.LTD.	213950	0.17	0.00	213950	0.17	0.00	0.00
29	FINOLEX CABLES LIMITED	40192597	32.39	0.00	40192597	32.39	0.00	0.00
	<b>At the end of the year (or on the date of separation, if separated during the year)</b>	<b>65113697</b>	<b>52.47</b>	<b>0.01</b>	<b>65113697</b>	<b>52.47</b>	<b>0.01</b>	<b>0.00</b>

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

Sl. No.	Name of Shareholder	Shareholding		Date	Increase/Decrease in Share holding	Reason	Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of Shares at the beginning / end of the year	% of total shares of the Company				No. of Shares	% of total shares of the Company
1		65113697	52.47					
2	Datewise increase/decrease in promoters shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonds/sweat equity etc.)	No change in shareholding during the year						
3	At the end of the year						65113697	52.47

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

Sl. No.	Name of the Shareholder	Shareholding		Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the Year (01-04-2019 to 31-03-2020)	
		No. of Shares at the beginning / end of the year	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	ANUJ ANANTRAI SHETH	38,44,000	3.10	01/04/2019			38,44,000	3.10
				24/05/2019	-4,50,000	Transfer	33,94,000	2.73
				18/10/2019	1,80,000	Transfer	35,74,000	2.88
				20/03/2020	-29,50,000	Transfer	6,24,000	0.50
				27/03/2020	-70,000	Transfer	5,54,000	0.45
		5,54,000	0.45	31/03/2020			5,54,000	0.45
2	FRANKLIN TEMPLETON MUTUAL FUND	38,02,649	3.06	01/04/2019			38,02,649	3.06
				03/05/2019	2,00,000	Transfer	40,02,649	3.23
				31/05/2019	-1,16,766	Transfer	38,85,883	3.13
				14/06/2019	75,000	Transfer	39,60,883	3.19
				27/09/2019	-1,00,000	Transfer	38,60,883	3.11
				18/10/2019	-75,017	Transfer	37,85,866	3.05
				25/10/2019	-31,893	Transfer	37,53,973	3.03
				01/11/2019	-1,54,583	Transfer	35,99,390	2.90
				08/11/2019	-38,507	Transfer	35,60,883	2.87
				13/12/2019	31,41,126	Transfer	67,02,009	5.40
				13/12/2019	-31,41,126	Transfer	35,60,883	2.87
				20/12/2019	4,92,575	Transfer	40,53,458	3.27
				20/12/2019	-4,19,757	Transfer	36,33,701	2.93
				27/12/2019	13,565	Transfer	36,47,266	2.94
				31/12/2019	3,038	Transfer	36,50,304	2.94
		03/01/2020	36,851	Transfer	36,87,155	2.97		
		10/01/2020	24,020	Transfer	37,11,175	2.99		
		17/01/2020	49,708	Transfer	37,60,883	3.03		
		31/01/2020	95,051	Transfer	38,55,934	3.11		
		07/02/2020	4,949	Transfer	38,60,883	3.11		

Sl. No.	Name of the Shareholder	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the Year (01-04-2019 to 31-03-2020)			
		No. of Shares at the beginning / end of the year	% of total shares of the Company				No. of Shares	% of total shares of the Company		
3	HDFC TRUSTEE COMPANY LIMITED			20/03/2020	49,332	Transfer	39,10,215	3.15		
				20/03/2020	-25,000	Transfer	38,85,215	3.13		
				27/03/2020	668	Transfer	38,85,883	3.13		
			38,85,883	3.13	31/03/2020			38,85,883	3.13	
			29,45,472	2.37	01/04/2019			29,45,472	2.37	
					19/07/2019	5,100	Transfer	29,50,572	2.38	
					26/07/2019	2,99,000	Transfer	32,49,572	2.62	
					02/08/2019	59,200	Transfer	33,08,772	2.67	
					09/08/2019	2,53,619	Transfer	35,62,391	2.87	
					16/08/2019	40,000	Transfer	36,02,391	2.90	
					23/08/2019	77,500	Transfer	36,79,891	2.97	
					13/09/2019	4,113	Transfer	36,84,004	2.97	
					20/09/2019	3,7600	Transfer	37,21,604	3.00	
					27/09/2019	2,18,000	Transfer	39,39,604	3.17	
					04/10/2019	23,400	Transfer	39,63,004	3.19	
					11/10/2019	1,00,000	Transfer	40,63,004	3.27	
					18/10/2019	1,00,000	Transfer	41,63,004	3.35	
					01/11/2019	2,000	Transfer	41,65,004	3.36	
					08/11/2019	1,00,000	Transfer	42,65,004	3.44	
					20/03/2020	19,000	Transfer	42,84,004	3.45	
			27/03/2020	16,800	Transfer	43,00,804	3.47			
		43,00,804	3.47	31/03/2020			43,00,804	3.47		
		25,67,883	2.07	01/04/2019			25,67,883	2.07		
4	DSP BLACKROCK EQUITY & BOND FUND			31/05/2019	1,16,228	Transfer	26,84,111	2.16		
				07/06/2019	23,000	Transfer	27,07,111	2.18		
				14/06/2019	23,703	Transfer	27,30,814	2.20		
				21/06/2019	56,849	Transfer	27,87,663	2.25		
				28/06/2019	6,354	Transfer	27,94,017	2.25		
				20/09/2019	5,637	Transfer	27,99,654	2.26		
				27/09/2019	11,646	Transfer	28,11,300	2.27		
				28/02/2020	16,167	Transfer	28,27,467	2.28		
				06/03/2020	46,346	Transfer	28,73,813	2.32		
				13/03/2020	25,050	Transfer	28,98,863	2.34		
				20/03/2020	3,32,845	Transfer	32,31,708	2.60		
				31/03/2020			32,31,708	2.60		
				32,31,708	2.60	31/03/2020			32,31,708	2.60
				2,05,207	0.17	01/04/2019			2,05,207	0.17
5	ANVIL SHARE & STOCK BROKING PRIVATE LIMITED			05/04/2019	-207	Transfer	2,05,000	0.17		
				19/04/2019	36	Transfer	2,05,036	0.17		
				26/04/2019	-36	Transfer	2,05,000	0.17		
				31/05/2019	267	Transfer	2,05,267	0.17		
				07/06/2019	-267	Transfer	2,05,000	0.17		
				21/06/2019	1,000	Transfer	2,06,000	0.17		
				28/06/2019	-1,000	Transfer	2,05,000	0.17		
				12/07/2019	-589	Transfer	2,04,411	0.16		
				09/08/2019	-1,386	Transfer	2,03,025	0.16		
				11/10/2019	-1,80,000	Transfer	23,025	0.02		
				20/03/2020	24,00,000	Transfer	24,23,025	1.95		
				20/03/2020	-3,025	Transfer	24,20,000	1.95		
				27/03/2020	-3,00,000	Transfer	21,20,000	1.71		
				21,20,000	1.71	31/03/2020			21,20,000	1.71
		18,21,584	1.47	01/04/2019			18,21,584	1.47		
6	L&T MUTUAL FUND TRUSTEE LIMITED			12/04/2019	44,630	Transfer	18,66,214	1.50		
				26/04/2019	10,158	Transfer	18,76,372	1.51		
				17/05/2019	2,412	Transfer	18,78,784	1.51		
				07/06/2019	10,618	Transfer	18,89,402	1.52		
				21/06/2019	26,466	Transfer	19,15,868	1.54		
				28/06/2019	6,768	Transfer	19,22,636	1.55		
				05/07/2019	324	Transfer	19,22,960	1.55		
				12/07/2019	48,040	Transfer	19,71,000	1.59		

Sl. No.	Name of the Shareholder	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the Year (01-04-2019 to 31-03-2020)	
		No. of Shares at the beginning / end of the year	% of total shares of the Company				No. of Shares	% of total shares of the Company
				19/07/2019	3,143	Transfer	19,74,143	1.59
				26/07/2019	715	Transfer	19,74,858	1.59
				16/08/2019	6,542	Transfer	19,81,400	1.60
				23/08/2019	14,056	Transfer	19,95,456	1.61
				30/08/2019	18,178	Transfer	20,13,634	1.62
				06/09/2019	9,024	Transfer	20,22,658	1.63
				13/09/2019	4,835	Transfer	20,27,493	1.63
				27/09/2019	-75,000	Transfer	19,52,493	1.57
				04/10/2019	-50,000	Transfer	19,02,493	1.53
				15/11/2019	11,366	Transfer	19,13,859	1.54
				22/11/2019	45,647	Transfer	19,59,506	1.58
				29/11/2019	2,485	Transfer	19,61,991	1.58
				13/12/2019	39,664	Transfer	20,01,655	1.61
		20,01,655	1.61	31/03/2020			20,01,655	1.61
7	HITEN ANANTRAI SHETH	15,00,000	1.21	01/04/2019		No Change	15,00,000	1.21
		15,00,000	1.21	31/03/2020			15,00,000	1.21
8	GAGANDEEP CREDIT CAPITAL PRIVATE LIMITED	13,89,500	1.12	01/04/2019		No Change	13,89,500	1.12
		13,89,500	1.12	31/03/2020			13,89,500	1.12
9	AXIS BANK LIMITED	25,068	0.02	01/04/2019			25,068	0.02
				05/04/2019	-4,460	Transfer	20,608	0.02
				12/04/2019	2,200	Transfer	22,808	0.02
				19/04/2019	119	Transfer	22,927	0.02
				26/04/2019	-5,223	Transfer	17,704	0.01
				03/05/2019	1,890	Transfer	19,594	0.02
				10/05/2019	-1,326	Transfer	18,268	0.01
				17/05/2019	-2,113	Transfer	16,155	0.01
				24/05/2019	4,49,950	Transfer	4,66,105	0.38
				31/05/2019	-176	Transfer	4,65,929	0.38
				07/06/2019	573	Transfer	4,66,502	0.38
				14/06/2019	-741	Transfer	4,65,761	0.38
				21/06/2019	-229	Transfer	4,65,532	0.38
				28/06/2019	-451	Transfer	4,65,081	0.37
				05/07/2019	270	Transfer	4,65,351	0.37
				12/07/2019	-429	Transfer	4,64,922	0.37
				19/07/2019	18	Transfer	4,64,940	0.37
				26/07/2019	-15	Transfer	4,64,925	0.37
				02/08/2019	-1,076	Transfer	4,63,849	0.37
				09/08/2019	218	Transfer	4,64,067	0.37
				16/08/2019	-56	Transfer	4,64,011	0.37
				23/08/2019	-597	Transfer	4,63,414	0.37
				30/08/2019	555	Transfer	4,63,969	0.37
				06/09/2019	254	Transfer	4,64,223	0.37
				13/09/2019	58	Transfer	4,64,281	0.37
				20/09/2019	-2,633	Transfer	4,61,648	0.37
				27/09/2019	-624	Transfer	4,61,024	0.37
				30/09/2019	9,684	Transfer	4,70,708	0.38
				04/10/2019	-1,210	Transfer	4,69,498	0.38
				11/10/2019	1,484	Transfer	4,70,982	0.38
				18/10/2019	559	Transfer	4,71,541	0.38
				25/10/2019	250	Transfer	4,71,791	0.38
				01/11/2019	-27	Transfer	4,71,764	0.38
				08/11/2019	-241	Transfer	4,71,523	0.38
				15/11/2019	427	Transfer	4,71,950	0.38
				22/11/2019	628	Transfer	4,72,578	0.38
				29/11/2019	-131	Transfer	4,72,447	0.38
				06/12/2019	-100	Transfer	4,72,347	0.38
				13/12/2019	99	Transfer	4,72,446	0.38
				20/12/2019	-156	Transfer	4,72,290	0.38

Sl. No.	Name of the Shareholder	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the Year (01-04-2019 to 31-03-2020)	
		No. of Shares at the beginning / end of the year	% of total shares of the Company				No. of Shares	% of total shares of the Company
				27/12/2019	225	Transfer	4,72,515	0.38
				27/12/2019	-223	Transfer	4,72,292	0.38
				31/12/2019	5	Transfer	4,72,297	0.38
				03/01/2020	-23	Transfer	4,72,274	0.38
				10/01/2020	-518	Transfer	4,71,756	0.38
				17/01/2020	-220	Transfer	4,71,536	0.38
				24/01/2020	-322	Transfer	4,71,214	0.38
				31/01/2020	-1,940	Transfer	4,69,274	0.38
				07/02/2020	2,933	Transfer	4,72,207	0.38
				14/02/2020	-1,089	Transfer	4,71,118	0.38
				21/02/2020	-2,090	Transfer	4,69,028	0.38
				28/02/2020	2,020	Transfer	4,71,048	0.38
				06/03/2020	-479	Transfer	4,70,569	0.38
				13/03/2020	-4,295	Transfer	4,66,274	0.38
				20/03/2020	5,47,279	Transfer	10,13,553	0.82
				27/03/2020	3,73,000	Transfer	13,86,553	1.12
				31/03/2020	-275	Transfer	13,86,278	1.12
		13,86,278	1.12	31/03/2020			13,86,278	1.12
10	FINOLUX AUTO PRIVATE LIMITED	11,84,658	0.95	01/04/2019		No Change	11,84,658	0.95
		11,84,658	0.95	31/03/2020			11,84,658	0.95
11	TATA MUTUAL FUND	11,82,000	0.95	01/04/2019			11,82,000	0.95
				28/06/2019	11,000	Transfer	11,93,000	0.96
				19/07/2019	15,800	Transfer	12,08,800	0.97
				09/08/2019	10,200	Transfer	12,19,000	0.98
				16/08/2019	28,000	Transfer	12,47,000	1.00
				20/09/2019	3,000	Transfer	12,50,000	1.01
				22/11/2019	22,500	Transfer	12,72,500	1.03
				29/11/2019	4,000	Transfer	12,76,500	1.03
				13/12/2019	5,000	Transfer	12,81,500	1.03
				20/12/2019	50,000	Transfer	13,31,500	1.07
		13,31,500	1.07	31/03/2020			13,31,500	1.07
12	ZAFAR AHMADULLAH	7,04,732	0.57	01/04/2019		No Change	7,04,732	0.57
		7,04,732	0.57	31/03/2020			7,04,732	0.57

## (v) Shareholding of Directors and Key Managerial Personnel (KMP)

Sl. No.	Name of Director/ KMP	Shareholding		Date	Increase/ Decrease in Share holding	Reason	Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of Shares at the beginning / end of the year	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Mr. Prakash P. Chhabria Executive Chairman	170749	0.138	1-Apr-19	0	No transaction		
		170749	0.138	31-Mar-20	0		170749	0.138
2	Mr. Sanjay K. Asher Independent Director (upto 19.09.2019)	0	0	1-Apr-19	0	No shares held	0	0
		0	0	31-Mar-20	0		0	0
3	Ms. Bhumika L. Batra Independent Director (w.e.f. 20.09.2019)	100	0.000	1-Apr-19	0	No transaction		
		100	0.000	31-Mar-20	0		100	0.000
4	Mrs. Ritu P. Chhabria Non-Executive, Non-Independent Director	4450	0.004	1-Apr-19	0	No transaction		
		4450	0.004	31-Mar-20	0		4450	0.004
5	Mrs. Kanchan U. Chitale Independent Director	0	0	1-Apr-19	0	No shares held	0	0
		0	0	31-Mar-20	0		0	0
6	Mr. Dara N. Damania Independent Director (upto 19.09.2019)	900	0.001	1-Apr-19	0	No transaction		
		900	0.001	31-Mar-20	0		900	0.001
7	Mr. Saurabh S. Dhanorkar Non-Executive, Non-Independent Director	5621	0.004	1-Apr-19	0	No transaction		
		5621	0.004	31-Mar-20	0		5621	0.004
8	Mr. Shrikrishna N. Inamdar Independent Director (upto 19.09.2019)	2000	0.002	1-Apr-19	0	No transaction		
		2000	0.002	31-Mar-20	0		2000	0.002
9	Mr. Prabhakar D. Karandikar Independent Director (upto 19.09.2019)	0	0	1-Apr-19	0	No shares held	0	0
		0	0	31-Mar-20	0		0	0
10	Mr. Sanjay S. Math Managing Director	3000	0.002	1-Apr-19	0	No transaction		
		3000	0.002	31-Mar-20	0		3000	0.002
11	Dr. Deepak R. Parikh Independent Director (w.e.f. 20.09.2019)	0	0	1-Apr-19	0	No shares held	0	0
		0	0	31-Mar-20	0		0	0
12	Dr. Sunil U. Pathak Independent Director (upto 19.09.2019)	300	0.000	1-Apr-19	0	No transaction		
		300	0.000	31-Mar-20	0		300	0.000
13	Mr. Pradeep R. Rathi Independent Director (w.e.f. 20.09.2019)	0	0	1-Apr-19	0	No shares held	0	0
		0	0	31-Mar-20	0		0	0
14	Mr. Anami N. Roy Independent Director (w.e.f. 20.09.2019)	0	0	1-Apr-19	0	No shares held	0	0
		0	0	31-Mar-20	0		0	0
15	Mr. Anil V. Whabi Director - Finance & CFO (KMP)	0	0	1-Apr-19	0	No shares held	0	0
		0	0	31-Mar-20	0		0	0
16	Mr. Devang B. Trivedi General Manager (Legal) and Company Secretary (KMP)	0	0	1-Apr-19	0	No shares held	0	0
		0	0	31-Mar-20	0		0	0

## V INDEBTEDNESS

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

(₹ in Crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	78.71	10.79	-	89.50
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.47	0.04	-	0.51
<b>Total (i+ii+iii)</b>	<b>79.18</b>	<b>10.83</b>	<b>-</b>	<b>90.01</b>
Change in Indebtedness during the financial year				
• Addition	543.62	15.80		559.42
• Reduction	-355.38	-10.83		-366.21
<b>Net Change</b>	<b>188.24</b>	<b>4.97</b>		<b>193.21</b>
Indebtedness at the end of the financial year				
i) Principal Amount	266.87	15.79		282.66
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.55	0.01		0.56
<b>Total (i+ii+iii)</b>	<b>267.42</b>	<b>15.80</b>		<b>283.22</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

₹

Sr. No.	Particulars of Remuneration	Mr. Prakash P. Chhabria	Mr. Sanjay S. Math	Mr. Anil V. Whabi	Total Amount
		Executive Chairman	Managing Director	Director - Finance	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,59,00,492	1,21,19,261	1,21,87,778	5,02,07,531
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	7,82,740	39,600	21,600	8,43,940
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	5,00,00,000	1,50,00,000	1,00,00,000	7,50,00,000
	- as % of profit				
	- others, specify				
5	Others, please specify- Retirement benefits	87,62,632	20,70,610	10,20,259	1,18,53,501
	<b>Total (A)</b>	<b>8,54,45,864</b>	<b>2,92,29,471</b>	<b>2,32,29,637</b>	<b>13,79,04,972</b>

Ceiling as per the Act: ₹ 42.96 Crores - being 10% of the net profit of the Company as per Section 198 of the Companies Act, 2013.



**B. Remuneration to other directors:**

Sr. No.	Particulars of Remuneration	Name of Directors										Total Amount										
		Mr. Sanjay K. Asher #	Ms. Bhumnika L Batra #	Mrs. Kanchan U. Chitale	Mrs. Ritu P. Chhabria	Mrs. Saurabh S. Dhanorkar	Mr. Srikrishna N. Inamdar #	Mr. Prabhakar D. Karandikar #	Dr. Deepak R. Parikh##	Dr. Sunil U. Pathak #	Mr. Pradeep R. Rathi ##		Mr. Anami N. Roy ##									
1	Independent Directors																					
	• Fee for attending board / committee meetings (I)	1,80,000	2,80,000	3,80,000	-	2,00,000	-	2,00,000	3,80,000	2,40,000	2,40,000	4,80,000	2,80,000	2,40,000	2,40,000	2,40,000						28,60,000
	• Commission	6,40,000	6,40,000	12,80,000	-	6,40,000	-	8,40,000	6,40,000	6,40,000	6,40,000	6,40,000	8,40,000	6,40,000	6,40,000	6,40,000						74,40,000
	• Others, please specify	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						-
	<b>Total (1)</b>	<b>8,20,000</b>	<b>9,20,000</b>	<b>16,60,000</b>	-	<b>8,40,000</b>	-	<b>10,40,000</b>	<b>10,20,000</b>	<b>8,80,000</b>	<b>8,80,000</b>	<b>11,20,000</b>	<b>11,20,000</b>	<b>8,80,000</b>	<b>8,80,000</b>	<b>8,80,000</b>						<b>1,05,00,000</b>
2	Other Non-Executive Directors																					
	• Fee for attending board / committee meetings (II)	-	-	-	3,20,000	-	4,60,000	-	-	-	-	-	-	-	-	-						780,000
	• Commission	-	-	-	12,80,000	-	12,80,000	-	-	-	-	-	-	-	-	-						25,60,000
	• Others, please specify- Retirement benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						-
	<b>Total (2)</b>	-	-	-	<b>16,00,000</b>	-	<b>17,40,000</b>	-	<b>17,40,000</b>	-	-	-	-	-	-	-						<b>33,40,000</b>
	<b>Total (B)=(1+2)</b>	<b>8,20,000</b>	<b>9,20,000</b>	<b>16,60,000</b>	<b>16,00,000</b>	<b>8,40,000</b>	<b>17,40,000</b>	<b>10,40,000</b>	<b>10,20,000</b>	<b>8,80,000</b>	<b>8,80,000</b>	<b>11,20,000</b>	<b>11,20,000</b>	<b>8,80,000</b>	<b>8,80,000</b>	<b>8,80,000</b>						<b>1,36,40,000</b>
3	Total Remuneration to other Directors (1+2+II)	6,40,000	6,40,000	12,80,000	12,80,000	6,40,000	12,80,000	6,40,000	12,80,000	8,40,000	8,40,000	6,40,000	6,40,000	8,40,000	8,40,000	8,40,000						1,00,00,000
4	<b>Total Managerial Remuneration (A+B3)</b>																					<b>14,79,04,972</b>
	Overall Ceiling as per the Act	₹ 46.96 Crores - being 11% of the net profit of the Company as per Section 198 of the Companies Act, 2013.																				

\* Ceased from the Directorship w.e.f. 19th September, 2019

\*\* Appointed as Director w.e.f. 20th September, 2019

### C. Remuneration to Key Managerial Personnel other than Managing Director/ Manager/Whole-Time Directors:

₹

Sr. no.	Particulars of Remuneration	Key Managerial Personnel	
		Mr. Devang Trivedi	Total
		Company Secretary	
1	Gross salary		
a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	28,81,234	28,81,234
b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	—	—
c)	Profits in lieu of salary under section 17(3) Income- tax Act, 1961	—	—
2	Stock Option	—	—
3	Sweat Equity	—	—
4	Commission	—	—
	- as % of profit	—	—
	- others, specify	—	—
5	Others, please specify Retirement benefits	3,48,773	3,48,773
	<b>Total</b>	<b>32,30,007</b>	<b>32,30,007</b>

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

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

## Annexure-7 to the Directors' Report

### Energy Conservation, Technology Absorption and Foreign Exchange Earnings & Outgo

[Pursuant to Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

#### A. Conservation of energy

##### a) Energy Conservation measures taken:

- As power plant is run at a higher turn down ratio, the Boiler feed water multistage pumps were operating inefficiently. To increase efficiency, two stage blinded for all the three pumps & bleed off taken from pump third stage for process de superheating at medium pressure thereby saving 141 kw per hour per pump. The Implementation carried out between April'19 to July'19 thereby saving of 2340 MWh units annually with pay back less than one year
- As power plant is run at a higher turn down ratio, resized of impellers of condenser cooling water pumps installed in August'19 thereby (saving 35 kw per hour per pump) saving of 581 MWh units per year with pay back less than two year.
- Repositioning of water pumps in RO unit based on revised duty points thereby saving 11Kw/hr power consumption
- Reduce the power consumption by Enhanced Capacity of Resin Tipping from 160 MT/Day to

215 MT/Day accordingly energy saved by 180 KWH/day.

- Installed VFD for Condenser pump of 300 TR chiller (Old Plant) accordingly energy saved by 800 KWH/Day.
- Low level switch installed in Resin tipping hopper for avoiding empty hopper operation. After this modification energy conservation up to 12 Kwh/MT.
- Enhanced capacity from 4.5 MT/Day to 9 MT/Day of Extrusion Line - 05 by installing High speed haul off and cutter. Accordingly energy saved by 90 KW / MT
- New Plant secondary water feed pump & motor change from 50 HP TO 40 HP. Accordingly energy saved by 165 KWH/day.

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

- Replacement of Aged Auto Socketing machines by energy efficient machines.
- Install VFD in Air Compressor.
- Install VFD in Vacuum pump of each vacuum tank.
- Install VFD in Condenser feed pump of 300TR chiller of New Plant.

## B. Technology absorption

### Research and Development (R&D)

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

- New Cold Box erected & successfully commissioned which is supplied by M/S Air Liquide, New Delhi. Reliability of utilities (GOX and GN2) has increased with commissioning of this cold box.
- VCM cooling tower (VCM CT), Cell-D revamping done with improved MOC (Galvanized iron-GI structure) to avoid use of timber and better durability
- Air compressor K-9301 E: Increasing suction filter size and installing it at higher elevation from ground level has facilitated efficient operation and reducing filter replacement frequency.
- Replaced shell & tube type condenser of 130TR chilling plant at ECF by PHE for efficient operation & reliability improvement.
- PVC Old cooling tower, Cell-B revamped with improved MOC (pultruded FRP) to overcome corrosion & aging problem.
- At EDC Jetty, to improve the life of the beams Precast pile beams are being rehabbed and strengthened by using high strength micro concrete and glass fiber wrap
- An integrated management system (IMS) of quality, environment management and occupational health system implemented & certified for all three standards viz. quality, environment management and occupational health system.

- In house column pipe with the online complete automation for the post operation, Male –Female threading, Drilling, pipe assembly and riveting operation up to finish product. Currently this operation is done offline and considerable manpower and Pipe handling is involved.
- Developed new product casing range deep well casing (CD) and Ribbed deep well screening (RDS)
- Traverse unit installed in line with CPVC to reduce the cost of consumables and overheads. This is done by developing one traverse unit with one printer by replacing of two inkjet printers.

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

- Improvement in efficiencies & reliability
- Improvement in on stream time
- Conservation of base material
- Environmental protection and effluent quality improvement
- Column project-To reduce the cost of manufacturing and increase the productivity
- CD & RDS-New product introduction in market
- Due to introduction of CD and RDS products, there is a potential for increase in demand for CM and CS.

## 2. Future plans

- Installation of Inline weighing tracker for PVC pipes to check weight of each and every pipes in line with production. This will benefit in maintaining the quality of pipe uniform thru complete

order i.e. no deviation in weight of pipe. Easiness for production counting and can verify material consumption with respect to machine. With the help of this machine engineer/manager can check online status of the machine.

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

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

## 4. The expenditure incurred on Research and Development

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

## C. Foreign exchange earnings and Outgo:

The Foreign Exchange earnings and outgo during the financial year 2019-20 was as under:

Foreign Exchange earnings - Nil

Foreign Exchange outgo - ₹ 1220.32 Crores

# Annexure-8 to the Directors' Report

## Business Responsibility Report 2019-20

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

### Introduction:

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

### Section A: General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	L40108PN1981PLC024153
2.	Name of the Company	FINOLEX INDUSTRIES LIMITED
3.	Registered address	Gat No.399, Village Urse, Taluka Maval, District Pune 410 506 Maharashtra State, India.
4.	Website	<a href="http://www.finolexpipes.com">www.finolexpipes.com</a>
5.	Email id	<a href="mailto:investors@finolexind.com">investors@finolexind.com</a>
6.	Financial year reported	2019-20
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	National Industrial Classification 2008 20131-PVC 22209-PVC Pipes & Fittings
8.	Three key products/services of the Company (as in balance sheet)	<ul style="list-style-type: none"><li>• PVC</li><li>• PVC Pipes &amp; Fittings</li></ul>
9(i).	Number of international locations	Nil
9(ii).	Number of National locations	3 manufacturing units in India at Ratnagiri and Pune in Maharashtra State and Masar in Gujarat State
10.	Markets served by the Company – Local/State/National/International	National: Pan India

## Section B: Financial Details of the Company

1.	Paid up capital (₹ Crores)	124.10
2.	Total turnover (₹ Crores)	2,985.98
3.	Total profit after taxes (₹ Crores)	324.20
4.	Total Spending of Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Budget: ₹ 9.52 Crores i.e. 2% (based on average net profits of last 3 financial years computed as per Section 198 of the Companies Act, 2013). Actual: ₹ 11.92 Crores
5.	List of CSR activities in which expenditure in above 4 has been incurred	The major areas in which CSR expenditure has been incurred include on: Education, Health Care, Sanitation, Skill Developments, Social Welfare and Water Conservation.

## Section C: Other details

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

## Section D (1) : Business Responsibility Information

1.a.	Director responsible for implementation of BR policies, Director Identification Number (DIN)	01874086
	Director responsible for implementation of BR policies (Name)	Mr. Sanjay S. Math
	Director responsible for implementation of BR policies (Designation)	Managing Director
1.b.	BR Head (DIN, if applicable)	01874086
	BR Head (Name)	Mr. Sanjay S. Math
	BR Head (Designation)	Managing Director
	BR Head (Telephone number)	+91-2352-0238027-30
	BR Head (email id)	<a href="mailto:investors@finolexind.com">investors@finolexind.com</a>

**Section D (2): BR Information- Principle-wise (as per NVGs)**

**Principle 1**

Policy on Ethics, Transparency and Accountability

**Principle 2**

Policy for providing goods and services that are safe, and contribute to sustainability throughout their life cycle

**Principle 3**

HR Policies for promoting the wellbeing of all employees

**Principle 4**

Protection of all stakeholders

**Principle 5**

Respect and Promotion of Human Rights

**Principle 6**

Safety Health and Environment Policy

**Principle 7**

Business when engaged in influencing public and regulatory policy should do so in responsible manner

**Principle 8**

Policy on Corporate Social Responsibility

**Principle 9**

Provide value to the customers and consumers in a responsible manner



**Section D (2) (a): BR Information- Principle-wise (as per NVGs) BR Policy/Policies Details of Compliance (Reply in Yes/No)**

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have policy/policies for Principal wise index?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3.	Does the policy conform to any national /international standards? If yes, specify?	Yes	Yes Bureau of Indian standards (BIS)	Yes	Yes This policy conforms to guidelines of Companies Act, 2013	Yes	Yes	Yes	Yes	Yes
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/ Appropriate Board Director?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
5.	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
6.	Indicate the link for the policy to be viewed online?	<p>The following policies are available on FIL's website.  <a href="http://www.finolexpipes.com">www.finolexpipes.com</a></p> <ul style="list-style-type: none"> <li>• Policy on Sexual Harassment of Women at the Workplace</li> <li>• Whistle Blower Policy</li> <li>• Corporate Social Responsibility Policy</li> <li>• Nomination and Remuneration Policy</li> <li>• Related Party Transactions Policy</li> <li>• Policy on Board Diversity</li> <li>• Policy on Material Subsidiaries</li> <li>• Policy for determining materiality disclosures</li> <li>• Policy for preservation of documents</li> <li>• Code of Fair Disclosure and Conduct</li> <li>• Code of Conduct for Directors and Senior Management</li> <li>• Safety, Health and Environment Policy</li> <li>• Dividend Distribution Policy</li> </ul> <p>The remaining policies being internal documents are only available to the respective stakeholders.</p>								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
8.	Does the company have an in-house structure to implement the policy/policies?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders grievances related to the policy/policies?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	<p>The respective departments (functional) heads are responsible for effective implementation of the policies. The Compliance/ Legal Department provides guidance in the adherence to implementation of the policies as and when required.</p>								

**Section D (2)(b): If the answer to the question at serial number 1 against any principle is 'No', please explain why : (Tick up to 2 options)** Not applicable

		P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The Company has not understood the principles	-	-	-	-	-	-	-	-	-
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on the specified principles	-	-	-	-	-	-	-	-	-
3	The Company does not have the financial/manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within the next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Other reasons (Please specify)	-	-	-	-	-	-	-	-	-

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

a.	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3- 6 months, Annually, More than 1 year	BR updation and upgradation is a continuous process. The management reviews and monitors the performance of the BR. The Board of Directors reviews the BR once a year.
b.	Does the Company publish a BR or a Sustainability Report? Is there a hyperlink to view the report? How frequently it is published?	BR Report Frequency: Annual BRR for the year 2019-20 is available at FIL's website : <a href="http://www.finolexpipes.com">www.finolexpipes.com</a>

**Section E: Principle-Wise Performance**

Principle No.	Description	Reported
1.1	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/Suppliers/ Contractors/NGOs /Others?	Yes.
1.2	How many stakeholder complaints have been received in the past financial year and what percentage were satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	The Company received complaints from 66 investors during the year 2019-20. There were no complaints pending from the investors at the beginning of the year 2019-20. All 66 complaints received during the year were redressed satisfactorily.

Principle No.	Description	Reported
2.1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities. (A) PVC (B) PVC Pipes and Fittings	The Company is constantly taking efforts to achieve high standards towards environment and social concerns. Manufacturing process and end use of the products are environment friendly and comply with applicable environment norms. Social & Environmental risks have been addressed in the risk register while implementing integrated management system [Quality Management System (QSM), Environment Management System (EMS) and Occupational Health & Safety Management System (OHSMS)].
2.2	For each product, provide the following details in respect of resource used (energy, water, raw material etc.) per unit of product(optional):  Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?  Has reduction during usage by consumers (energy, water) been achieved since the previous year?	The production processes of the Company are cost effective and use the scarce resources economically. Over past years, resource consumption is optimized to best levels. Currently targets are set and resource consumption is monitored strictly against targets. More than 50% of the effluent is recycled back to process.
2.3	Does the company have procedures in place for sustainable sourcing (including transportation)?  (a) If yes, what percentage of your inputs were sourced sustainably? Also, provide details thereof, in about 50 words or so.	Yes. The PVC production of the Company is mainly captively consumed. The Company has taken various steps to minimize transportation cost. The Company continuously exercises and practices the recycling and reusing of waste. Nearly 100% of inputs are sourced sustainably, losses are kept to minimum
2.4	Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?  (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	Yes. The Company has a policy of procuring goods and services from nearby suitable sources of supply. The Company ensures that it engages local villagers and small businesses around its plants in a variety of productive employment, especially through hiring vehicles, handling material, housekeeping and waste-handling contracts.
2.5	Does the company have a mechanism to recycle products and waste? If yes what percentage of recycled products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	Yes. The Company has successfully achieved its goal for zero discharge of its treated effluent, by recycling close to 50% back in the system and by using the remaining for irrigation of tree plantation within the plant premises. The pipes and fittings manufacturing plants do not generate any process effluents and are free from pollution.
3.1	Please indicate the Total number of employees	There were 1,330 permanent employees on the rolls of the Company as on 31st March, 2020.
3.2	Please indicate the Total number of employees hired on temporary/contractual/casual basis	2,258
3.3	Please indicate the number of permanent women employees	There were 30 permanent women employees on the Company's payroll as on 31st March, 2020.
3.4	Please indicate the number of permanent employees with disabilities	NIL

Principle No.	Description	Reported	
3.5	Do you have an employee association that is recognized by the management	Yes. <ul style="list-style-type: none"> <li>• Finolex Kamgar Sanghatana for Ratnagiri plant</li> <li>• Finolex Pipes Employees Union for Urse plant</li> </ul>	
3.6	What percentage of your permanent employees are members of this recognized employee association?	15.33%	
3.7	Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the bend of the financial year.	NIL	
	<b>No. Category</b>	<b>No of complaints filed during the financial year</b>	<b>No of complaints pending as on end of the financial year</b>
	1 Child labour/forced labour/involuntary labour	NIL	NIL
	2 Sexual harassment	NIL	NIL
	3 Discriminatory employment	NIL	NIL
3.8	What percentage of your under mentioned employees were given safety & skill up gradation training in the last year?	As a part of process safety management, all employees are covered under training. The training is a continuous process.	
(a)	Permanent Employees	100 %	
(b)	Permanent Woman Employees	100 %	
(c)	Casual/Temporary/Contractual Employees	100 %	
(d)	Employees with Disabilities	NIL	
4.1	Has the Company mapped its internal and external stakeholders? Yes / No	Yes	
4.2	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.	All the stakeholders are important to the Company. It has internal processes to balance their expectations.	
4.3	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.	Yes. The Company has undertaken various projects in the following areas: drives to eradicate hunger, poverty and malnutrition, promoting preventive health care and sanitation and making safe drinking water available, promoting education, including vocational skills so that women can be better equipped to work towards being financial independent.	
5.1	Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs/Others?	All aspects of human rights are included in the Company's policy. The Company encourages the sharing of process and product innovations and extending it to benefit the industry and key members of its value chain.	
5.2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	The Company received complaints from 66 investors during the year 2019-20. There were no complaints pending from the investors at the beginning of the year 2019-20. All 66 complaints received during the year were redressed satisfactorily.	

Principle No.	Description	Reported
6.1	Does the policy related to Principle 6 cover only the company or does it extend to the Group / Joint Ventures/Suppliers/ Contractors/ NGOs/others.	The Company's environment, health and safety (EHS) policy covers the entire Company.
6.2	Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for the webpage etc.	Yes. The Company is compliant with applicable pollution norms. The company takes initiative in tree plantation, energy conservation and water conservation including effluent recycling and rain water harvesting.
6.3	Does the company identify and assess potential environmental risks? Y/N	Yes. The Ratnagiri plant has been assessed for quantitative risk and has prepared an on-site disaster management plan which is practiced regularly. Aspect and impact study of products and services and Social & Environmental risks have been addressed in the risk register while implementing integrated management system.
6.4	Does the company have any project related to the Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	The Company strives to minimize the impact of its operations and ensures in uses of natural resources in a responsible manner. An example is by replacement of MCT pump rotors, and de-staging of Boiler feed pumps the company saved more than 2900 MW annually and by replacing all HPMV and HPSV lighting by LED fixtures, the company save approx. 117 MW annually.
6.5	Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give a hyperlink for web page etc.	The Company is committed to preserving the environment. The Company has taken up many projects for energy conservation, successfully implemented a project of de-staging of boiler feed pump to reduce heat rate.
6.6	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Yes. The return/ reports are submitted to the authorities from time to time. Fly ash disposal is 100%.
6.7	Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	None
7.1	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	The Company is member of the following chambers: 1. Mahratta Chamber of Commerce, Industries and Agriculture 2. Indo-American Chamber of Commerce 3. Indo-German Chamber of Commerce 4. Indian Merchants' Chamber 5. Federation of Indian Chamber of Commerce and Industry.
7.2	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes, specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	No.

<b>Principle No.</b>	<b>Description</b>	<b>Reported</b>
8.1	Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.	The Company has undertaken various projects in the following areas: drives to eradicate hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water, promoting education including vocation skills especially among children and women promoting women empowerment to better equip to work and to be financially independent and measures for reducing inequalities faced by socially and economically backward groups and rural development.
8.2	Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organization?	The programmes/projects undertaken by the Company in association with its CSR partner viz. Mukul Madhav Foundation.
8.3	Have you done any impact assessment of your initiative?	The Company has process of reviewing its CSR initiatives through internal arrangement and guidance of CSR committee and its CSR partner Mukul Madhav Foundation.
8.4	What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.	During the financial year 2019-20 the Company has spent ₹ 11.92 Crores mainly in the area of Education, Health Care, Sanitation, Skill Developments, Social Welfare and Water Conservation.
8.5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	Yes, The Company through its CSR partner, Mukul Madhav foundation (MMF) continues to support initiatives to provide medical care necessary for children and villagers. Multiple interactions are held with communities through village meetings, meetings with local administration and officials from the respective departments to understand the primary necessities. The Company encourages regular feedback from the beneficiaries to continuously improve facilities and specialized services in locations where there is a demand.
9.1	What percentage of customer complaints/ consumer cases are pending as on the end of financial year.	No major complaints/cases are pending at the end of the financial year.
9.2	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)	Yes. All mandatory information as per local laws is displayed on the product along with additional information on the usage of the product.
9.3	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti- competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	No
9.4	Did your Company carry out any consumer survey/consumer satisfaction trends?	Yes. The customer satisfaction survey is carried out by the Company from time to time.

## Annexure - 9 to the Director's Report

### Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2019-20

1	A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs and the composition of CSR Committee.	<a href="https://www.finolexpipes.com/investors/policies-code-of-conduct/">https://www.finolexpipes.com/investors/policies-code-of-conduct/</a>
2	Average net profit of the Company for last three financial years (₹ in Crores)	476.15
3	Prescribed CSR expenditure (i.e. two percent of the amount mentioned in item 2 above) (₹ in Crores)	9.52
4	Details of CSR spend during the financial year (₹ in Crores):	
	Total amount spent for the financial year	11.92
	Amount unspent, if any	-
	Manner in which the amount spent during the financial year	

### Details of Amount Spent on CSR Activities during the financial year 2019-20

Sr. No.	Sector in which the project is covered	Projects or programs: (1) Local area or other (2) Specify the state and district where projects or programs undertaken	Name/details of the implementing agency	CSR project/Name of Activity	Budget for the F.Y. 2019-20	Actual Expenditure for F.Y. 2019-20
					₹ in Crores	

#### (i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water

1	(i)	Pune	Mukul Madhav Foundation	Expenses towards medical equipment, ophthalmic machine & equipment for NICU, Start max 4 channel coagulation system, Fujinon video endoscope, medical conference and nurses training at Sassoon General Hospital	0.45	0.40
2	(i)	Pune, Mumbai, Ratnagiri, Kolkatta, Chennai, Bangalore, Vellore	Mukul Madhav Foundation	Financial assistance to patients at various hospitals, medical treatment to underprivileged, expenses for health awareness programmes and Covid Support	1.98	1.98
3	(i)	Pune, Satara, Kudal, Ratnagiri	Mukul Madhav Foundation	Expenses towards medical camps at various schools and hospitals	0.25	0.24

Sr. No.	Sector in which the project is covered	Projects or programs: (1) Local area or other (2) Specify the state and district where projects or programs undertaken	Name/details of the implementing agency	CSR project/Name of Activity	Budget for the F.Y. 2019-20	Actual Expenditure for F.Y. 2019-20
					₹ in Crores	
4	(i)	Pune, Ratnagiri	Mukul Madhav Foundation	Supply of grocery to old age home, handicap students, supply of food to students from economically backward society appearing for competitive exam and distributing food on streets	0.56	0.56
5	(i)	Palghar, Masar, Orrissa	Mukul Madhav Foundation	Financial assistance for sanitation facilities (toilets)	0.50	0.89
6	(i)	Pune, Jharkhand	Mukul Madhav Foundation	Expenses towards cataract surgeries at :	0.22	
				1. H. V. Desai Hospital		0.08
				2. Bharati Hospital		0.10
				3. Navjeevan Medicare Foundation		0.02
7	(i)	Orrissa	Mukul Madhav Foundation	Assistance to Orrissa cyclone affected people by distribution of Clothes	0.03	0.03
8	(i)	Pune	Mukul Madhav Foundation	Expenses towards maintenance of NICU at KEM hospital and Sassoon General Hospital	0.07	0.08
9	(i)	Pune	Mukul Madhav Foundation	Expenses towards support for treatment of breast cancer patients at Prashanti Cancer Care Mission & Sindhi Youth Association Ladies Wing	0.15	0.25
10	(i)	Pune, Masar, Ratnagiri, Indapur	Mukul Madhav Foundation	Expenses for water tanker supply, Waingani and other repairs and Aquaguard RO water systems at various schools and villages	0.67	0.54
				<b>Sub Total under Schedule (i)</b>	<b>4.88</b>	<b>5.17</b>

**(ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and differently abled and livelihood enhancement projects**

11	(ii)	Pune, Ratnagiri, Karad, Kolhapur, Dhule, Nandurbar, Jalgaon, Masar, Mumbai	Mukul Madhav Foundation	Financial Assistance to poor & deserving students at various schools & institutes and expenses at various skill development centres for imparting training	1.37	1.08
12	(ii)	Pune, Ratnagiri, Urse	Mukul Madhav Foundation	Expenses for providing and maintaining infrastructure at Mukul Madhav Vidyalaya, BT Sahani School and ZP school	2.50	3.00



Sr. No.	Sector in which the project is covered	Projects or programs: (1) Local area or other (2) Specify the state and district where projects or programs undertaken	Name/details of the implementing agency	CSR project/Name of Activity	Budget for the F.Y. 2019-20	Actual Expenditure for F.Y. 2019-20
					₹ in Crores	
13	(ii)	Pune	Mukul Madhav Foundation	Expenses towards dance and film festival by children suffering with Cerebral Palsy ("Prayatna")	0.02	0.02
14	(ii)	Panchgani, Mahabaleshwar, Dehradun	Mukul Madhav Foundation	Expenses towards remuneration to English teachers	0.10	0.10
15	(ii)	Pune	Mukul Madhav Foundation	Tata Strive towards training of 100 female candidates for General Duty Assistant course	0.18	0.09
16	(ii)	Pune, Masar	Mukul Madhav Foundation	Expenses towards skill development centres, computers, painting of Dining Hall, providing satranji, curtain etc. at various schools	0.09	0.08
17	(ii)	Ratnagiri	Mukul Madhav Foundation	Expenses towards acquiring rooms for pilgrims visiting Sangli	0.05	0.03
				<b>Sub Total under Schedule (ii)</b>	<b>4.31</b>	<b>4.40</b>
<b>(iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups</b>						
18	(iii)	Orrissa	Mukul Madhav Foundation	Expenses for providing grocery to 412 farmer's widow	0.20	0.16
19	(iii)	Pune	Mukul Madhav Foundation	Supported Family Planning Association of India - for 14 women with sewing machine	0.01	0.01
20	(iii)	Solapur, Pune	Mukul Madhav Foundation	Expenses towards construction of sheds for Warkaries	0.36	0.35
				<b>Sub Total under Schedule (iii)</b>	<b>0.57</b>	<b>0.52</b>

Sr. No.	Sector in which the project is covered	Projects or programs: (1) Local area or other (2) Specify the state and district where projects or programs undertaken	Name/details of the implementing agency	CSR project/Name of Activity	Budget for the F.Y. 2019-20	Actual Expenditure for F.Y. 2019-20
					₹ in Crores	

**(iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water**

21	(iv)	Pune, Solapur, Satara, Osmanabad	Mukul Madhav Foundation	Expenses towards rain water harvesting , cleaning of river and water reservoir , enhancing water storage capacity , water supply and conservation project and for other utility services	1.15	0.68
22	(iv)	Pune, Masar, Ratnagiri	Mukul Madhav Foundation	Expenses towards purchase of trees for Plantation and Horticulture	0.23	0.21
23	(iv)	Pune, Sangli, Kolhapur	Mukul Madhav Foundation	Helped Flood affected people by providing food, food grains, blankets	0.43	0.43
24	(iv)	Ratnagiri	Mukul Madhav Foundation	Expenses for cleanliness drive	0.01	0.01
<b>Sub Total under Schedule (iv)</b>					<b>1.82</b>	<b>1.33</b>

**(vii) Training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports**

25	(vii)	Urse	Mukul Madhav Foundation	Donation for mountain expedition	0.05	0.03
26	(vii)	Pune, Manali, Vadodara, Ratnagiri, Bangalore	Mukul Madhav Foundation	Financial Assistance for: Cycling by blind people, power lifting, softball league, Rifle association, Coastal Marathon and Lokmat Marathton	0.07	0.07
27	(vii)	Pune	Mukul Madhav Foundation	Expenses towards redevelopment of turf ground at Loyola school	0.10	0.10
<b>Sub Total under Schedule (vii)</b>					<b>0.22</b>	<b>0.20</b>

**(x) Rural development projects**

28	(x)	Solapur	Mukul Madhav Foundation	Expenses for Cycle donation to 100 school going girls from different schools	0.04	0.04
29	(x)	Pune	Mukul Madhav Foundation	Donation to BAIF Intitue for Sustainable Livelihoods and Development	0.00	0.10

Sr. No.	Sector in which the project is covered	Projects or programs: (1) Local area or other (2) Specify the state and district where projects or programs undertaken	Name/details of the implementing agency	CSR project/Name of Activity	Budget for the F.Y. 2019-20	Actual Expenditure for F.Y. 2019-20
					₹ in Crores	
30	(x)	Pune, Sangli, Masar, Pandharpur, Gadchiroli	Mukul Madhav Foundation	Expenses for 50 Panasonic Street Lights, Solar system, construction of dharamshala at various villages	0.16	0.16
				<b>Sub Total under Schedule (x)</b>	<b>0.20</b>	<b>0.30</b>
				<b>Grand Total (i)+(ii)+(iii)+(iv)+(vii)+(x)</b>	<b>12.00</b>	<b>11.92</b>

### Responsibility Statement

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

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

#### Sanjay S. Math

Managing Director  
DIN : 01874086  
Member, CSR Committee

#### Ritu P. Chhabria

Non-Independent & Non-Executive Director  
DIN : 00062144  
Chairperson, CSR Committee

Place : Pune

Date : 23rd June, 2020

# Corporate Governance

## Practicing Company Secretary's Certificate

To,

The Members of Finolex Industries Limited

We have examined the compliance of conditions of Corporate Governance by Finolex Industries Limited (CIN L40108PN1981PLC024153) (hereinafter referred "the Company"), for the year ended on 31st March, 2020 as stipulated in relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

For **SVD & Associates**  
Company Secretaries

**S. V. Deulkar**  
Partner

FCS No: 1321  
CP No: 965

Place: Pune  
Date: 23rd June, 2020

## Compliance report for the year 2019-2020

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

The Company is committed and 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
- An optimum combination of promoter, executive, independent and women 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 and performance

The Company believes that adherence to high standards of corporate governance is essential for sustained corporate growth.

### 2. Board of Directors ("the Board"):

#### Composition and category of directors

The Board of your Company is comprised of 10 directors. Three executive directors, two non-executive and non-independent directors, one woman non-executive independent director and four non-executive independent directors.

In the category of the executive directors, your Board consists of Mr. Prakash P. Chhabria, Executive Chairman from the promoter group of the Company, Mr. Sanjay S. Math, Managing Director and Mr. Anil V. Whabi, Director – Finance & CFO.

Mrs. Kanchan U. Chitale is woman non-executive and independent director who was appointed with effect from 1st April, 2019.

Mrs. Ritu P. Chhabria and Mr. Saurabh S. Dhanorkar are non-executive and non-independent directors.

As on date of this Report, the Board is represented by five non-executive independent directors namely Ms. Bhumika L. Batra, Mrs. Kanchan U. Chitale, Dr. Deepak R. Parikh, Mr. Pardeep R. Rathi and Mr. Anami N. Roy.

Ms. Bhumika L. Batra, Dr. Deepak R. Parikh, Mr. Pardeep R. Rathi and Mr. Anami N. Roy were appointed as additional (non-executive independent) directors with effect from 20th September, 2019.

The details of the directors' attendance at the meetings of the Board, other committees of the Board, annual general meeting held during the financial year 2019-2020, committee positions held in the various committees of the Company and directorships and committee positions held by the directors in other companies are given hereinafter in Table 1.

Table 1

Name of Director	Mr. Prakash P. Chhabra	Mr. Saajay K. Asher	Ms. Bhumika L. Bata	Mrs. Rita P. Chhabra	Mrs. Kavshan U. Chitale	Mr. Dora N. Damani	Mr. Saurabh S. Dhanorkar	Mr. Shikshisha N. Hindarkar	Mr. Prabhakar D. Kanankar	Ms. Saajay S. Wadh	Dr. Deepak R. Patil	Dr. Sunil U. Patil	Mr. Pradeep R. Rathi	Mr. Anant N. Roy	Mr. Anil V. Wadia
Category	Executive Chairman (Whole-time Director)	Independent Director (upto 19.09.2019)	Independent Director (w.e.f. 20.09.2019)	Non-Independent Director (Non-Executive Director)	Independent Director	Independent Director (upto 19.09.2019)	Non-Independent Director	Independent Director (upto 19.09.2019)	Managing Director (upto 19.09.2019)	Director (Whole-time Director)	Independent Director (w.e.f. 20.09.2019)	Independent Director (upto 19.09.2019)	Independent Director (w.e.f. 20.09.2019)	Independent Director (w.e.f. 20.09.2019)	Director - Finance (Whole-time Director)
<b>Board Meetings attendance during the year 2019-2020</b>															
Attendance	7	3	3	6	7	2	4	2	3	6	3	3	3	3	7
<b>Attendance at Thirty eighth annual general meeting held on 18th September, 2019</b>															
AGM attended	Yes	NA	NA	Yes	No	No	No	No	Yes	Yes	NA	Yes	NA	NA	Yes
<b>Committee Positions held in Finolex Industries Limited and attendance during the financial year 2019-2020</b>															
<b>Audit Committee</b>															
Membership	Not Member	Not Member	Member	Not Member	Member	Member	Member	Member	Member	Not Member	Member	Member	Member	Member	Not Member
Attendance	NA	NA	2	NA	2	3	3	2	NA	NA	2	2	2	2	NA
<b>Stakeholders Relationship Committee</b>															
Membership	Member	Not Member	Member	Not Member	Member	Member	Member	Member	Member	Not Member	Member	Member	Member	Member	Not Member
Attendance	4	NA	2	NA	Nil	2	3	2	2	NA	2	2	2	2	NA
<b>Nomination and Remuneration Committee</b>															
Membership	Not Member	Member	Member	Not Member	Member	Member	Member	Member	Member	Not Member	Member	Member	Member	Member	Not Member
Attendance	NA	3	Nil	NA	Nil	2	1	2	3	NA	Nil	3	Nil	Nil	NA
<b>Corporate Social Responsibility Committee</b>															
Membership	Member	Not Member	Member	Member	Member	Not Member	Member	Not Member	Not Member	Member	Member	Member	Member	Member	Not Member
Attendance	4	NA	2	4	2	NA	3	NA	NA	4	2	2	2	2	NA
<b>Risk Management Committee</b>															
Membership	Member	Not Member	Member	Not Member	Member	Not Member	Member	Not Member	Not Member	Member	Member	Member	Member	Member	Member
Attendance	Nil	NA	Nil	NA	Nil	NA	Nil	NA	NA	1	Nil	1	Nil	Nil	1
<b>Finance Committee</b>															
Membership	Member	Member	Member	Not Member	Member	Not Member	Member	Not Member	Not Member	Member	Member	Member	Member	Member	Member
Attendance	Member	Member	Member	Not Member	Member	Not Member	Member	Not Member	Not Member	Member	Member	Member	Member	Member	Member
No meeting was held during the financial year 2019-2020															
<b>Share Transfer Committee</b>															
Membership	Member	Not Member	Member	Not Member	Member	Not Member	Member	Not Member	Member	Member	Member	Member	Member	Member	Member
Attendance	24	NA	2	NA	10	NA	5	NA	6	16	Nil	8	2	Nil	36

Table 1

Name of Director	Mr. Prakash P. Chhabria	Mr. Sanjay K. Asher*	Ms. Bhumika L. Betra	Mrs. Rita P. Chhabria	Mrs. Kanchan U. Chitale	Mr. Dera N. Damani*	Mr. Saurabh S. Dhanorkar	Mr. Shrikrishna N. Inamdar*	Mr. Prabhakar D. Karandikar*	Mr. Sanjay S. Math	Dr. Deepak R. Patil	Dr. Sunil U. Patil*	Mr. Pradeep R. Rathi	Mr. Anam N. Roy	Mr. Anil V. Whabi	
Category	Executive Chairman (Whole-time Director)	Independent Director (upto 19.09.2019)	Independent Director (w.e.f. 20.09.2019)	Non-Independent Non-Executive Director	Independent Director	Independent Director (upto 19.09.2019)	Non-Independent Non-Executive Director	Independent Director (upto 19.09.2019)	Independent Director (upto 19.09.2019)	Managing Director (Whole-time Director)	Independent Director (w.e.f. 20.09.2019)	Independent Director (upto 19.09.2019)	Independent Director (w.e.f. 20.09.2019)	Independent Director (w.e.f. 20.09.2019)	Director - Finance (Whole-time Director)	
Chairman	1	NA	Nil	Nil	Nil	NA	Nil	NA	NA	Nil	Nil	NA	1	Nil	Nil	
Directorships in other listed companies (category)	6	NA	12	1	7	NA	1	NA	NA	NA	1	NA	12	9	2	
	Nil	NA	• Hinduja Global Solutions Ltd. (ID) • Jyothy Laboratories Ltd. (ID) • Nxt digital Ltd. (ID) • Regro India Ltd. (ID) • Shear India Ltd. (ID)	Nil	• GOCL Corporation Ltd. (ID)	NA	Nil	NA	NA	Nil	• Sudarshan Chemical Industries Ltd. (ID)	NA	• Sudarshan Chemical Industries Ltd. (Chairman & NED) • Sanghvi Movers Ltd. (ID) • Kiroskar OJ Investments Ltd. (ID)* • Engines Ltd. (ID)*	• Bajaj Auto Ltd. (ID) • Bajaj Finserv Ltd. (ID) • Bajaj Finance Ltd. (ID) • Bajaj Holdings & Investments Ltd. (ID) • Glaxosmithkline Pharmaceuticals Ltd. (ID)	Nil	Nil
<b>Committee position in other companies</b>																
Chairman	Nil	NA	4	Nil	3	NA	Nil	NA	NA	Nil	Nil	NA	1	1	Nil	Nil
Member	Nil	NA	7	Nil	3	NA	Nil	NA	NA	Nil	Nil	NA	3	Nil	Nil	Nil
*No. of shares held in the Company (F 10%-each)	770749	NA	100	4450	Nil	NA	5621	NA	NA	3000	Nil	NA	Nil	Nil	Nil	Nil

**Notes:**

- \* Outside directorships include directorships in public and private limited companies.
- \* None of the Independent Directors on the Board are serving as an Independent Director in more than seven listed companies.
- \* The necessary disclosures regarding Committee positions have been made by all the Directors. As required under Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the disclosure includes membership/ chairmanship of audit committee and stakeholder relationship committee (listed and unlisted public companies).
- \* The composition of the Board of Directors is in accordance with the Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- \* # Mr. Sanjay K. Asher, Mr. Dara N. Damania, Mr. Shrikrishna N. Inamdar, Mr. Prabhakar D. Karandikar and Dr. Sunil U. Pathak ceased to be directors with effect from 19th September, 2019.
- \* Ms. Bhumika L. Batra, Dr. Deepak R. Parikh, Mr. Pardeep R. Rathi and Mr. Anami N. Roy have been appointed as non-executive and independent directors with effect from 20th September, 2019.

**No. of Board Meetings held during the year**

During 2019-2020, the Board of Directors met 7 (seven) times viz. 25th May, 2019, 10th August, 2019, 14th September, 2019, 19th September, 2019, 11th November, 2019, 12th February, 2020 and 27th February, 2020. The time gap between two meetings was not more than 120 days.

**Disclosure of relationships between directors inter-se**

None of the directors are relatives of each other except Mr. Prakash P. Chhabria, Executive Chairman and Mrs. Ritu P. Chhabria, non-executive and non-independent director who are related to each other as husband and wife.

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

The Company does not have any convertible instruments.

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

**Web link where details of familiarization programmes imparted to independent directors is disclosed on the Company's website**

<https://www.finolexpipes.com/investors/policies-code-of-conduct/>

**Board Membership Criteria**

The Board has approved a Policy on Board Diversity and the Company inducts eminent individuals from diverse fields as directors on its Board. The Board members possess expertise and insights in sectors/area relevant to the Company and have ability to contribute to the Company's growth.

The list of core skills/expertise/competencies identified by the Board is as under:

1. Qualification, expertise and professional experience of the Directors in their respective fields;
2. Financial Literacy;
3. Leadership;
4. Board service and governance; and
5. Regulatory, administration and legal.



Board Member Details		Committees (Chairman/Chairperson/Member)												
Name	Director since	Designation	Audit Committee	Nomination & Remuneration Committee	Stakeholder Relationship Committee	Risk Management Committee	Corporate Social Responsibility Committee	Finance Committee	Share Transfer Committee	Area of Expertise*				
										1	2	3	4	5
Mr. Prakash P. Chhabria	13-03-1992	Executive Chairman	-	-	Member	Member	Member	Chairman	Member	✓	✓	✓	✓	✓
Mrs. Ritu P. Chhabria	21-03-2015	Non-Executive & Non-Independent Director	-	-	-	-	Chairperson	-	-	✓	✓	✓	✓	✓
Mrs. Kanchan U. Chitale	01-04-2019	Independent Director	Member	Member	Member	Chairperson	Member	Member	Chairperson	✓	✓	✓	✓	✓
Ms. Bhumika L. Batra	20-09-2019	Independent Director	Member	Chairperson	Member	Member	Member	Member	Member	✓	✓	✓	✓	✓
Mr. Saurabh S. Dhanorkar	11-08-2017	Non-Executive & Non-Independent Director	Member	Member	Member	Member	Member	Member	Member	✓	✓	✓	✓	✓
Mr. Sanjay S. Math	04-02-2012	Managing Director	-	-	-	-	Member	Member	Member	✓	✓	✓	✓	✓
Dr. Deepak R. Parikh	20-09-2019	Independent Director	Member	Member	Member	Member	Member	Member	Member	✓	✓	✓	✓	✓
Mr. Pradeep R. Rathi	20-09-2019	Independent Director	Chairman	Member	Member	Member	Member	Member	Member	✓	✓	✓	✓	✓
Mr. Anam N. Roy	20-09-2019	Independent Director	Member	Member	Chairman	Member	Member	Member	Member	✓	✓	✓	✓	✓
Mr. Anil V. Whabi	26-08-2016	Director (Finance) & CFO	-	-	-	-	-	Member	Member	✓	✓	✓	✓	✓

**\* Area of Expertise**

- 1 Qualification, experience and professional experience of the Directors in their respective fields
- 2 Financial Literacy
- 3 Leadership
- 4 Board service and governance
- 5 Regulatory, administration and legal

## Declaration by Independent Directors

The Company has received necessary declaration from each independent director under Section 149 (7) of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board has taken on records the declaration and confirmation submitted by the independent directors after undertaking due assessment of the veracity of the same. All the independent directors fulfill the conditions of independence and are independent of the management.

## Audit Committee:

### Composition

- At present, the Audit Committee (the "Committee") consisted 5 (five) independent directors viz. Mr. Pradeep R. Rathi (Chairman of the Committee), Ms. Bhumika L. Batra, Mrs. Kanchan U. Chitale, Dr. Deepak R. Parikh, Mr. Anami N. Roy and 1 (one) non-independent and non-executive director viz. Mr. Saurabh S. Dhanorkar.
- All members of the Audit Committee are financially literate and have accounting or related financial management expertise.
- Required information for review was placed before the Audit Committee meetings held during the year.

### Meetings and attendance during the year

During the year 2019-20, the Audit Committee met 4 (four) times viz. 25th May, 2019, 10th August, 2019, 11th November, 2019 and 12th February, 2020.

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

Mr. Devang Trivedi, Company Secretary of the Company acted as secretary to the committee.

### Brief description of terms of reference

The terms of reference of Audit Committee are comprised of all requirements pursuant to the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Terms of reference of the Audit Committee are as follows:

- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Review and monitor the auditor's independence, performance and effectiveness of audit process.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- Monitoring the end use of funds raised through public offers and related matters.
- Investigate into any matter the Board has referred. For this purpose, it will have the power to obtain professional advice from external sources, and have full access to the information contained in the records of the Company.

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Reviewing, with the management, the quarterly and annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on exercise of judgement by the management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Modified Opinion(s) in the draft audit report.
- Reviewing, with the management, the statement of uses / application of funds raised through a public issue, rights issue or preferential issue etc., reviewing the statement of funds utilized for the purposes other than those stated in the offer document/ prospectus / notice, reviewing the report submitted by the monitoring agency and monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing with the management, the performance of statutory and internal auditors, the adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of the internal audit.
- Discussion with internal auditors of any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature, and reporting the matter to the board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, members (in case of non-payment of declared dividend) and creditors.
- To review the functioning of the Whistle Blower mechanism.

- Approval of appointment of the Chief Financial Officer (the "CFO") (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate;
- Reviewing the utilization of loans and/or advance from/investment by the Company in the subsidiary exceeding ₹100 Crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advance/investments;
- Mandatorily review the following information:
  - a. management discussion and analysis of financial condition and results of operations;
  - b. statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - c. management letters / letters of internal control weaknesses issued by the statutory auditors;
  - d. internal audit reports relating to internal control weaknesses;
  - e. the appointment, removal and terms of remuneration of the chief internal auditor; and
- Carrying out any other function as may be delegated to it by the Board.

## Nomination and Remuneration Committee

### Composition

The Committee presently comprises 6 (six) directors, 5 (five) of them are independent, namely Ms. Bhumika L. Batra (Chairperson

of the Committee), Mrs. Kanchan U. Chitale, Dr. Deepak R. Parikh, Mr. Pradeep R. Rathi, Mr. Anami N. Roy and 1 (one) non-independent and non-executive director namely Mr. Saurabh S. Dhanorkar.

### Brief description of terms of reference

The terms of reference of Nomination and Remuneration Committee cover all the areas mentioned in Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Terms of reference of the Nomination and Remuneration Committee are as follows:

- Considering the skill sets required by the Board, and to ensure that such people contribute to the decisions and policies that will eventually define the company. The Committee also considers qualifications, positive attributes, areas of expertise and the number of Directorships and Memberships held in various committees of other companies by such persons. The Board considers the Committee's recommendation and takes appropriate decision.
- Ensuring that the Board of Directors is comprised of individuals who are the best able to discharge the responsibilities of the Directors in consonance with the Companies Act, 2013 and the norms of corporate governance; and
- Ensuring that the nomination process and remuneration policies are equitable and transparent.

- The responsibilities of the Committee include:
  - formulating a criteria for determining qualifications, positive attributes and independence of a Director, and recommending to the Board a policy relating to the appointment and remuneration for the Directors, key managerial personnel and other employees;
  - formulating a criteria and manner for effective evaluation of performance of Independent Directors, Board and its committees and review its implementation and compliance;
  - devising a policy that ensures the Board consists of diverse individuals;
  - identifying persons who are qualified to become Directors and who may be appointed as part of the 'senior management' of the Company in accordance with the criteria laid down, and recommend to the Board the appointment and removal of such personnel;
  - recommending extension or continuation of the term of appointment of the Independent Directors based on evaluation of their performance; and
  - recommending to the Board, all remuneration, in whatever form, payable to senior management.

### **Meetings and attendance during the year**

During the year, three meetings of the Nomination and Remuneration Committee

were held on 25th May, 2019, 10th August, 2019 and 19th September, 2019. The attendance details are given in Table 1.

### **Nomination and Remuneration Policy**

The nomination and remuneration policy of the Company on recommendation by the Nomination and Remuneration Committee was approved by the Board and the same is in place. The said policy is given on the Company's website <https://www.finolexpipes.com/investors/policies-code-of-conduct/>. The remuneration of the Directors for the year 2019-20, is based on the said policy.

In accordance with the nomination and remuneration policy of the Company, the evaluation of Independent Directors has been carried out by the entire Board based on the performance of the respective Directors as well as fulfillment of the independence criteria by them.

### **Remuneration of Directors**

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

### **Criteria of making payment to non-executive directors**

The criteria of making payment to non-executive directors is given on the Company's website <https://www.finolexpipes.com/investors/policies-code-of-conduct/>

Details of remuneration to the executive directors for the financial year 2019-20, are given below:

Particulars	Mr. Prakash P. Chhabria, Executive Chairman (₹)	Mr. Sanjay S. Math, Managing Director (₹)	Mr. Anil V. Whabi, Director-Finance (₹)
Salary and Allowance	2,97,45,054	1,23,43,958	1,17,71,782
Contribution of PF	16,48,080	6,18,576	4,82,472
Gratuity fund	5,23,200	1,96,374	1,52,605
Performance incentive/Bonus	27,46,790	10,30,963	8,01,178
Other Perquisites	7,82,740	39,600	21,600
Total	3,54,45,864	1,42,29,471	1,32,29,637
Commission	5,00,00,000	1,50,00,000	1,00,00,000
Notice period	6 months	3 months	3 months
Service Contract	Five years	Five years	Five years
Severance Fees	Not Applicable	Not Applicable	Not Applicable

The details of remuneration to the non-executive directors for the financial year 2019-20 and number of shares held by them are given below:

Sr. No.	Name	Remuneration (₹)		No. of Shares held
		Commission	Sitting fees	
1	Mr. Sanjay K. Asher	6,40,000	1,80,000	Nil
2	Ms. Bhumika L. Batra	6,40,000	2,80,000	100
3	Mrs. Ritu P. Chhabria	12,80,000	3,20,000	4,450
4	Mrs. Kanchan U. Chitale	12,80,000	3,80,000	Nil
5	Mr. Dara N. Damania	6,40,000	2,00,000	900
6	Mr. Saurabh S. Dhanorkar	12,80,000	4,60,000	5,621
7	Mr. Shrikrishna N. Inamdar	8,40,000	2,00,000	2,000
8	Mr. Prabhakar D. Karandikar	6,40,000	3,80,000	Nil
9	Dr. Deepak R. Parikh	6,40,000	2,40,000	Nil
10	Dr. Sunil U. Pathak	6,40,000	4,80,000	300
11	Mr. Pradeep R. Rathi	8,40,000	2,80,000	Nil
12	Mr. Anami N. Roy	6,40,000	2,40,000	Nil

The non-executive directors do not receive any remuneration from the Company except for the sitting fees and commission as approved by the Board from time to time. All independent directors are experts in their respective fields and their services are beneficial to the Company.

No stock options were issued during the financial year 2019-2020.

## Stakeholders' Relationship Committee

### Composition

The constitution of the Stakeholders' Relationship Committee in terms of the

provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is as under:

It comprises of 7 (seven) members out of which 5 (five) are independent directors viz. Mr. Anami N. Roy (Chairman of the Committee) Ms. Bhumika L. Batra, Mrs. Kanchan U. Chitale, Dr. Deepak R. Parikh and Mr. Pradeep R. Rathi. The other two members are Mr. Prakash P. Chhabria, the Executive Chairman of the Company and Mr. Saurabh S. Dhanorkar (non-executive & non-independent director).

Mr. Devang Trivedi, Company Secretary was the compliance officer of the Company.

#### **Brief description of terms of reference**

The terms of reference of Stakeholders' Relationship Committee are comprised of all requirements pursuant to the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Terms of reference of the Stakeholders' Relationship Committee are as follows:

- To resolve grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
- To review and note certificate received from Practising Company Secretary in

compliance of Regulation 40 (9) to (11) or any other applicable regulation(s) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

- To review and note the status of Investor Complaints;
- To review and note the status of unclaimed dividends;
- To review measures taken for effective exercise of voting rights by Shareholders;
- To review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
- To review various measure and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the Shareholders of the Company; and
- To take necessary action on the matters delegated by the Board from time to time.

#### **Meetings and attendance during the year**

During 2019-20, four (4) meetings of the Stakeholders' Relationship Committee were held viz. 25th May, 2019, 10th August, 2019, 11th November, 2019 and 12th February, 2020. The attendance for the same is given in Table 1.

## Details of shareholders' complaints during 2019-2020

No. of complaints received	No. of complaints resolved to the satisfaction of complainants	No. of complaints not resolved to the satisfaction of complainants	No. of pending complaints at the end of financial year i.e. on 31st March, 2020
66	66	NIL	NIL

## Risk Management Committee

### Composition

The Board at its meeting held on 26th July, 2014 has constituted the Risk Management Committee (RMC). The Committee at present, comprises of 9 (Nine) directors viz. Mrs. Kanchan U. Chitale (Chairperson of the Committee), Ms. Bhumika L. Batra, Mr. Prakash P. Chhabria, Mr. Saurabh S. Dhanorkar, Mr. Sanjay S. Math, Dr. Deepak R. Parikh, Mr. Pradeep R. Rathi, Mr. Anami N. Roy and Mr. Anil V. Whabi.

### Brief description of terms of reference

The terms of reference of Risk Management Committee are in accordance with the Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Terms of Reference of the Risk Management Committee are as follows:

- To review the risk management plan and policy at its meeting and inform the Board about the risk assessment and minimization procedure;
- To monitor and review the risk management plan, cyber security and such other functions as may be delegated by the Board to the RMC and/or the Chairman and/or Managing Director as may be necessary for effective implementation of the Risk Management Plan/Policy; and

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

### Meeting and Attendance

During 2019-20, one (1) meeting of the Risk Management Committee was held on 23rd May, 2019. The attendance for the same is given in Table 1.

The Audit Committee periodically reviews the risk identification and its mitigation.

## Corporate Social Responsibility ("CSR") Committee

### Composition

The Company has constituted the CSR Committee as required under Section 135 of the Companies Act, 2013.

The CSR Committee consists of 9 (nine) directors viz. Mrs. Ritu P. Chhabria (Chairperson of the Committee), Ms. Bhumika L. Batra, Mr. Prakash P. Chhabria, Mrs. Kanchan U. Chitale, Mr. Saurabh S. Dhanorkar, Mr. Sanjay S. Math, Dr. Deepak R. Parikh, Mr. Pradeep R. Rathi and Mr. Anami N. Roy.

### Meetings and attendance during the year

During the year 2019-20, the CSR Committee met four times i.e. on 25th May, 2019, 10th August, 2019, 11th November, 2019 and 12th February, 2020.



The details of attendance of CSR meetings by the Directors during the year is given in Table 1.

### **Brief description of terms of reference**

Terms of reference of the Corporate Social Responsibility Committee are as follows:

- a) Formulate and recommend to the Board a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 (the "Act") as amended.
- b) Recommend the amount of expenditure to be incurred on the activities referred to in above.
- c) Monitor the Corporate Social Responsibility Policy of the Company from time to time.
- d) Monitor and ensure that the surplus arising out of CSR projects or programs or activities shall not form part of the business profits of a Company.
- e) Ensure that all the income generated by way of CSR activities is credited back to the CSR corpus.
- f) Review and comply with the requirements of the provisions of the Act and rules made under and periodical disclosure requirements.

## **Share Transfer Committee**

### **Composition**

The Committee comprised of 9 (nine) directors viz. Mrs. Kanchan U. Chitale (Chairperson of the Committee), Ms. Bhumika L. Batra, Mr. Prakash P. Chhabria, Mr. Saurabh S. Dhanorkar, Mr. Sanjay S. Math, Dr. Deepak R. Parikh, Mr. Pradeep R. Rathi, Mr. Anami N. Roy and Mr. Anil V. Whabi.

### **Brief description of terms of reference**

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

During the year 2019-20, 37 (Thirty Seven) meetings of the Share Transfer Committee were held. The details of attendance of the Share Transfer Committee meetings by the Directors during the year is given in Table 1.

## **Finance Committee**

### **Composition**

The Finance Committee consists of 9 (nine) directors viz. Mr. Prakash P. Chhabria (Chairman of the Committee), Ms. Bhumika L. Batra, Mrs. Kanchan U. Chitale, Mr. Saurabh S. Dhanorkar, Mr. Sanjay S. Math, Dr. Deepak R. Parikh, Mr. Pradeep R. Rathi, Mr. Anami N. Roy and Mr. Anil V. Whabi.

### **Brief description of terms of reference**

- To consider and review various financial proposals for the financial investments, borrowings and give recommendations to the Audit Committee/Board; and

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

### Meetings and Attendance

No meeting of the Finance Committee was held during the year 2019-2020.

### Independent Directors' Meeting

The Independent Directors had a meeting on 12th February, 2020 without the attendance of the Non-Independent Directors and the members of the Management. All the Independent Directors were present at the meeting. At the said Meeting, Independent Directors –

- Reviewed the performance of the Non-Independent Directors and the Board as a whole.
- Reviewed the performance of the Chairperson of the Company, taking into account the views of the Managing Director, Non – Executive Directors and Executive Directors.
- Assessed the quality, quantity and timeliness of the flow of information between the Company's Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### Code of Conduct and Ethics

The Company's Code of Conduct provides guidelines to be followed by all members of the Board of Directors and Senior Management to ensure the highest standards of professional conduct. Members of the Board of Directors

and Senior Management have affirmed compliance with the Code of Conduct and Ethics for the year ended 31st March, 2020 on behalf of themselves. The said Code can be viewed on the Company's website <https://www.finolexpipes.com/investors/policies-code-of-conduct/>

A declaration signed by the Managing Director of the Company to this effect is given below:

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

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

I further declare that the Company has in respect of the financial year ended 31st March, 2020, received from all the Board Members and Senior Management Personnel of the Company, an affirmation of compliance with the Code, as applicable to them.

For **Finolex Industries Limited**

**Sanjay S. Math**

Place: Pune

Managing Director

Date: 23rd June, 2020

DIN:01874086

## Equity Shares lying in the Suspense Account

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

## Related Party Disclosures

In terms of Para A of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Related Party Disclosure is given in note no. 36 of notes to accounts.

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

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

has been placed on the Company's website <https://www.finolexpipes.com/investors/policies-code-of-conduct/>

## Dividend Distribution Policy

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

## Disclosures relating to:

### 1) Accounting Treatment

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

### 2) Compliance with Regulations of capital market

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

### 3) Whistle Blower Policy

In line with the best Corporate Governance practices, the Company has put in place a system through which the Directors and employees may report concerns about unethical behavior,

actual or suspected fraud or violation of the Company's Code of Conduct and Ethics without fear of reprisal. The Company has put in place a process by which employees have direct access to the Audit Committee Chairperson.

The Whistle-blower Policy has been displayed on the Company's notice board and is also uploaded on the Company's website <https://www.finolexpipes.com/investors/policies-code-of-conduct/>.

#### **4) Managing Director and Chief Financial Officer's certificate**

The Managing Director and Chief Financial Officer have furnished a compliance certificate to the Board of Directors under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **5) Policy for determining 'material' subsidiaries**

Pursuant to Regulation 16 (1) (c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a policy on material subsidiaries. The policy is available on the Company's website <https://www.finolexpipes.com/investors/policies-code-of-conduct/>

#### **6) Disclosure of commodity price risks and commodity hedging activities**

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

- a. same underlying commodity (crude oil) and
- b. demand supply for each component in the value chain.

Due to strong interdependence, any major change in the price of one input or output, affects the price of the rest of the components in the value chain, albeit with a short time lag. Due to this, margins are only temporarily affected whether positively or negatively, until the price reaches an equilibrium. Generally, over a period of time, the impact of this price movement gets compensated, and results in normal margins. The commodity price movements are a temporary risk which can result in margin risk but do not pose a material risk to financial health of the Company. Hence, Company does not resort to any commodity hedging. Further, though hedges are available and actively traded for underlying commodity (crude oil) but the price of all inputs are not linearly related to price of crude and hedges on all inputs are not easily available.

Exposure of the Company to commodity and commodity risks faced by the Company throughout the year:

- a. Total exposure of the Company to commodities and intermediates ₹ 2,996.97 Crores
- b. Exposure of the Company to major commodities and intermediates:

Commodity Name / Intermediate Name	Exposure towards the particular commodity (₹ in Crores)	Exposure towards the particular commodity (Quantity in MTs)	% of such exposure hedged through commodity derivatives				
			Domestic Market		International Market		Total
			OTC	Exchange	OTC	Exchange	
EDC	343.48	1,44,760.93	Nil	Nil	Nil	Nil	Nil
Ethylene	259.36	41,046.54	Nil	Nil	Nil	Nil	Nil
VCM	607.43	1,10,623.25	Nil	Nil	Nil	Nil	Nil
PVC	1,679.16	2,39,187.66	Nil	Nil	Nil	Nil	Nil
Coal	71.06	1,69,470.00	Nil	Nil	Nil	Nil	Nil
NAPHTHA	34.81	10,070.85	Nil	Nil	Nil	Nil	Nil
Liquified Petroleum Gases	1.67	439.26	Nil	Nil	Nil	Nil	Nil
<b>Total exposure of the Company to commodities and intermediates</b>	<b>2,996.97</b>	<b>7,15,598.49</b>					

- c. Commodity risks faced by the Company during the year and how they have been managed - The Company is affected by the volatility of prices of certain commodity chemicals (Ethylene and PVC) and intermediates (EDC and VCM). Its operating activities involve the ongoing purchase of Vinyl Chloride Monomer ('VCM'), Ethylene and Ethylene Dichloride ('EDC'), all being petrochemical products for manufacturing of PVC and pipes & fittings and therefore require a continuous supply of these materials. Prices of PVC manufactured by the Company are monitored by company management and are adjusted to respond to change in import parity price of PVC in Indian market. Market price of input and output, generally get adjusted over a period of time. Accordingly, the company is exposed to the variation in prices over short term period.

#### Foreign exchange risk and hedging:

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

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

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

- The discretionary requirements of modified opinion(s) in the audit report, reporting of the internal auditor directly to the Audit Committee as specified in Part E of Schedule II, have been adopted.

- Sub-paras 2 to 10 of Para C of Schedule V;
- Regulations 17 to 27; and
- Regulation 46(2) (b) to (j)

## 8) Practicing Company Secretary's Certificate on Corporate Governance

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

## 9) General body meetings:

### a) The location and time where last three annual general meetings were held

Year	2016- 2017	2017- 2018	2018-19
Date of AGM	11/8/2017	29/09/2018	19/09/2019
Time	11.00 a.m.	11.00 a.m.	11.00 a.m.
Place of AGM	Kirloskar Institute of Advanced Management Studies, Gat No.356 & 357, Near Tata Foundry Maval Village, Dhamane, Taluka Maval, District Pune 410 506.	Kirloskar Institute of Advanced Management Studies, Gat No.356 & 357, Near Tata Foundry Maval Village, Dhamane, Taluka Maval, District Pune 410 506.	Kirloskar Institute of Advanced Management Studies, Gat No.356 & 357, Near Tata Foundry Maval Village, Dhamane, Taluka Maval, District Pune 410 506.

### b) The details of special resolutions passed in the previous three annual general meetings

Date of AGM	Item of special resolution
11.08.2017	To accord consent to the Board for issuing offer(s) or invitation(s) to subscribe to secured Non-Convertible Debentures ("NCDs") for a sum not exceeding ₹ 2,50,00,00,000/- (Rupees Two Hundred Fifty Crores Only) on a private placement basis in one or more tranches during a period of one year from the date of passing of this resolution within the overall borrowing limits of the Company, as approved by the members, from time to time.
11.08.2017	To accord consent to the Board for payment of commission to the directors other than managing director or whole time director of the company not exceeding one percent of the net profit of the Company calculated under provisions Section 198 of the Companies Act, 2013 with a cap of ₹ 2,00,00,000/- (Rupees Two Crore Only) for each financial year commencing from 1st April, 2016.
29.09.2018	To accord consent to continue the appointment of Mr. Dara N. Damania (DIN: 00403834) as an Independent Director of the Company on attaining age of more than 75 years.
19.09.2019	To give approval for issuing offer(s) or invitation(s) to subscribe to debt securities as defined under the SEBI (Issue and Listing of Debt Securities) Regulations, 2008, as amended from time to time, including Non-Convertible Debentures ("NCDs") for a sum not exceeding ₹ 2,50,00,00,000/- (Rupees two hundred fifty crore only) on a private placement basis in one or more tranches during a period of one year from the date of passing of this resolution within the overall borrowing limits of the Company, as approved by the members, from time to time.

All resolutions were passed by requisite majority.

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

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

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

No postal ballot conducted during the year under review.

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

No special resolution is proposed through postal ballot.

f) Procedure for postal ballot

No special resolution is proposed through postal ballot.

Means of communication:

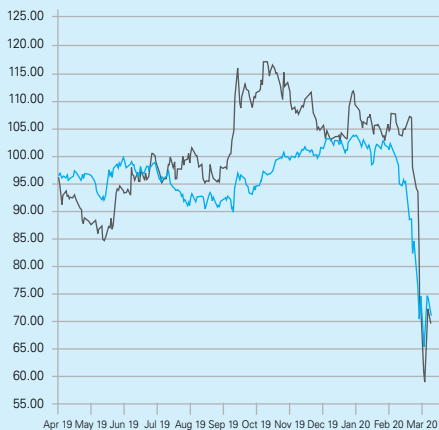
- The quarterly results were published during the year under review in Financial Express and Loksatta i.e. leading national and regional newspapers.
- The quarterly results are uploaded on the Company's website [www.finolexpipes.com](http://www.finolexpipes.com) and also available on the websites of the stock exchanges i.e. BSE and NSE.
- The official news releases of the Company are displayed on the BSE and NSE websites.
- Presentations made to institutional investors or analysts are available on the Company's website.
- The Management Discussion and Analysis Report is forming part of Annual Report.

10. General shareholder information:

A	Annual general meeting date, time and venue	Date: 19th September, 2020 Time: 11.00 a.m. Venue: The Company is conducting meeting through VC/OAVM pursuant to the MCA Circular dated 5th May, 2020 and as such there is no requirement to have a venue of the AGM. For details please refer to the Notice of this AGM.	
B	Financial year	Announcement of quarterly results of 2020-21 & annual general meeting	Quarterly results by 14th August, 2020, 14th November, 2020, 14th February, 2021 and 30th May, 2021 and annual general meeting by end of September, 2021.
C	Dividend Payment date	During the FY 2019-20, the Board of Directors declared an Interim Dividend of ₹ 10/- (i.e. 100%) per equity share of ₹ 10/-, which was paid on 20th March, 2020. The Board recommended to consider the said interim dividend as final dividend for FY 2019-20.	
D	Book closure period	Not Applicable	

E	The name and address of each stock exchange(s) at which the Company's securities are listed and a confirmation about payment of the listing fees	Equity Shares	Equity Shares				
		National Stock Exchange of India Limited 5, Exchange Plaza Bandra-Kurla Complex Bandra (East), Mumbai 400051	BSE Limited Registered Office: Floor 25 P.J.Towers Dalal Street Mumbai 400 001				
F	Stock Code:	NSE : Equity- FINPIPE BSE: Equity- 500940/FINOLEXIND					
G	Market Price data of Equity Shares- High, low during each month in last financial year 2019-2020	<b>Month</b>	<b>NSE</b>		<b>BSE</b>		
			<b>High ₹</b>	<b>Low ₹</b>	<b>High ₹</b>	<b>Low ₹</b>	
		Apr-19	509.40	455.05	509.00	455.55	
		May-19	505.00	440.50	508.80	440.10	
		Jun-19	524.00	484.05	525.00	485.00	
		Jul-19	542.00	495.00	544.70	495.00	
		Aug-19	535.80	497.50	535.00	499.10	
		Sep-19	623.75	497.00	625.00	486.00	
		Oct-19	626.90	569.10	630.00	566.00	
		Nov-19	617.80	563.00	635.00	564.75	
		Dec-19	590.00	536.00	590.00	537.75	
		Jan-20	591.90	535.25	600.00	536.00	
		Feb-20	585.00	445.80	585.80	535.20	
Mar-20	570.95	289.95	585.00	283.00			
H	Performance in comparison with broad based indices such as BSE Sensex, CRISIL Index etc.						

**Stock Performance**



— BSE — BSE Share Price

**Stock Performance**



— Nifty — NSE Share Price



I	In case the securities are suspended from trading, the directors' report shall explain the reasons thereof.	Not Applicable
J	Registrar to an issue and share transfer agent	KFin Technologies Pvt. Ltd. (RTA) Registered with SEBI Registration no. INR000000221 Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500 032, India.
K	Share transfer system	In terms of Regulation 40(1) of SEBI Listing Regulations, as amended, securities can be transferred only in dematerialized form w.e.f. April 1, 2019, except in case of request received for transmission or transposition of securities. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company. The share transfer committee attends to share transfer formalities normally thrice/ twice in a month as per requirement. Demat requests are confirmed within 21 days from the date of receipt of request, if found in order.

L	Distribution of shareholding as on 31st March, 2020	<b>Category</b>	<b>Total Investors</b>	<b>% of total B</b>	<b>Total Shares</b>	<b>% of total D</b>
		<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
		Below 5000	1,17,973	99.73	2,06,15,886	16.61
		Between 5001 and 10000	116	0.10	8,41,046	0.68
		Between 10001 and 20000	73	0.06	10,15,449	0.82
		Between 20001 and 30000	18	0.02	4,43,388	0.36

		Between 30001 and 40000	16	0.01	5,59,602	0.45
		Between 40001 and 50000	14	0.01	6,36,197	0.51
		Between 50001 and 100000	26	0.02	21,08,513	1.70
		Above 100001	57	0.05	9,78,75,300	78.87
		<b>Total</b>	<b>1,18,293</b>	<b>100.00</b>	<b>12,40,95,381</b>	<b>100.00</b>
M	Dematerialization of shares and liquidity as on 31st March, 2020	<b>Depository/ Physical</b>	<b>No. of shares</b>		<b>% of total shares</b>	
		NSDL	6,95,12,127		56.02	
		CDSL	4,75,83,767		38.34	
		Physical	69,99,487		5.64	
		<b>Total</b>	<b>12,40,95,381</b>		<b>100.00</b>	
		Shares are regularly traded on BSE and NSE.				
N	Outstanding GDR, ADR or warrants or convertible instruments, conversion date and likely impact on equity	No such issue made by the Company.				
O	Commodity price risk or foreign exchange risk and hedging activities	The details are included in this report under point no. 6.				
P	Plant locations	<ul style="list-style-type: none"> <li>• <u>PVC &amp; PVC Pipes Plant:</u> Ranpar – Pawas Road District Ratnagiri 415 616 Maharashtra</li> <li>• <u>PVC Pipes and Fittings Plants:</u> <ol style="list-style-type: none"> <li>1. Gat No.399, Urse, Taluka Maval, District – Pune 410 506, Maharashtra</li> <li>2. D 1/10 MIDC, Chinchwad, Pune 411019 Maharashtra</li> </ol> </li> <li>• <u>PVC Pipes Plant:</u> Village Masar, Taluka Padra, District Vadodara 391421, Gujarat</li> </ul>				

Q	Address for investor correspondence	KFin Technologies Private Limited, Unit : Finolex Industries Limited, Corporate Registry, Selenium Tower B, Plot No. 31 & 32,Gachibowli, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500 032, India.
R	List of all credit ratings obtained by the Company	<ul style="list-style-type: none"> <li>• <u>Short term - CRISIL / INDIA Ratings</u> CRISIL A1+ / IND A1+</li> <li>• <u>Long term - CRISIL / INDIA Ratings</u> CRISIL AA / IND AA</li> <li>• During the year under review, there is no revision in credit rating.</li> </ul>

## 11. Other disclosures:

	Disclosure required	
A	Disclosures on materially significant related party transactions that may have potential conflict with the interests of the listed entity at large	No such transactions
B	Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years	No such cases
C	Details of establishment of vigil mechanism/whistle blower policy, and affirmation that no personnel has been denied access to the audit committee	Vigil mechanism/whistle blower policy is in place. No personnel have been denied access to the Audit Committee.

	<b>Disclosure required</b>	
D	Details of compliance with mandatory requirements and adoption of the non-mandatory requirements	<p>The Company has complied with the applicable mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.</p> <p>The Company has adopted following non-mandatory requirements as specified in Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.</p> <ol style="list-style-type: none"> <li>The Company has an Executive Chairman.</li> <li>During 2019-20, there was no audit qualification in the Auditors' Report on the Company's Financial Statement.</li> <li>The Chairman and Managing Director of the Company are different persons.</li> <li>The internal auditor is a permanent invitee to the audit committee and regularly attends the meetings of the Audit Committee.</li> </ol>
E	Web link where policy for determining 'material' subsidiaries is disclosed	<a href="https://www.finolexpipes.com/investors/policies-code-of-conduct/">https://www.finolexpipes.com/investors/policies-code-of-conduct/</a>
F	Web link where policy on dealing with related party transactions is disclosed	<a href="https://www.finolexpipes.com/investors/policies-code-of-conduct/">https://www.finolexpipes.com/investors/policies-code-of-conduct/</a>
G	Disclosure of commodity price risks and commodity hedging activities	The details are included in this report under point no. 6.
H	Details of utilization of funds raised through preferential allotment or qualified institutions placement.	The Company has not raised any funds through preferential allotment or qualified institutions placement during 2019-20.
I	Certificate from a company secretary in practice that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority.	A certificate from a company secretary in practice dated 23rd June, 2020 is included in this report.
J	Where the Board had not accepted any recommendation of any committee of the Board which is mandatory required, in the relevant financial year.	There are no such instances where the Board had not accepted any recommendation of any committee of the Board during the financial year 2019-20.
K	Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.	The Company does not have any subsidiary company. Total fees for all services paid to the statutory auditors are given in note no. 33 of notes to accounts under heading Auditors' Remuneration.

	<b>Disclosure required</b>									
L	Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.	Details of complaints during the year 2019-20:								
		<table border="1"> <thead> <tr> <th><b>Particulars</b></th> <th><b>Number of Complaints</b></th> </tr> </thead> <tbody> <tr> <td>Number of complaints filed during the financial year</td> <td>Nil</td> </tr> <tr> <td>Number of complaints disposed of during the financial year</td> <td>Nil</td> </tr> <tr> <td>Number of complaints pending as on end of the financial year</td> <td>Nil</td> </tr> </tbody> </table>	<b>Particulars</b>	<b>Number of Complaints</b>	Number of complaints filed during the financial year	Nil	Number of complaints disposed of during the financial year	Nil	Number of complaints pending as on end of the financial year	Nil
<b>Particulars</b>	<b>Number of Complaints</b>									
Number of complaints filed during the financial year	Nil									
Number of complaints disposed of during the financial year	Nil									
Number of complaints pending as on end of the financial year	Nil									

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

Nil

# Practicing Company Secretary's Certificate

## Certificate of Non-Disqualification of Directors

[Pursuant to Regulation 34(3) and Schedule V Para C clause 10 (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

The Members

### **Finolex Industries Limited**

Regd. office

Gat No. 399, Village Urse, Taluka Maval,

Dist. Pune-410506

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Finolex Industries Limited (hereinafter referred to as 'the Company'), having CIN - L40108PN1981PLC024153 and having registered office at Gat No. 399, Village Urse, Taluka Maval, Dist. Pune-410506, produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal ([www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India and Ministry of Corporate Affairs.

<b>Sr. No.</b>	<b>Name of Director</b>	<b>DIN</b>	<b>Date of appointment in Company</b>
1	Mr. Prakash P. Chhabria	00016017	March 13, 1992
2	Mrs. Ritu P. Chhabria	00062144	March 21, 2015
3	Mrs. Kanchan U. Chitale	00007267	April 1, 2019
4	Mr. Saurabh S. Dhanorkar	00011322	August 11, 2017
5	Mr. Sanjay S. Math	01874086	February 4, 2012
6	Mr. Anil V. Whabi	00142052	August 26, 2016
7	Mr. Pradeep R. Rathi	00018577	September 20, 2019
8	Mr. Anami N. Roy	01361110	September 20, 2019
9	Ms. Bumika L. Batra	03502004	September 20, 2019
10	Dr. Deepak R. Parikh	06504537	September 20, 2019

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **SVD & Associates**  
Company Secretaries

**S. V. Deulkar**  
Partner  
FCS No: 1321  
CP No: 965

Place: Pune  
Date: 23rd June, 2020

# Independent Auditors' Report

To the Members of  
**Finolex Industries Limited**

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the Standalone Financial Statements of Finolex Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit and other comprehensive income, its changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's

Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

### Key Audit Matters

Key Audit matters are those matters that, in our professional judgement, were of most significance in our audit of Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be key audit matters to be communicated in our report.

#### a. Valuation of inventory

At the balance sheet date, the value of inventory amounted to ₹857.81 crores representing 44.45% of total equity and 30.47% of total assets. Inventories have been considered key audit matter due to the size of the balance, nature of the product, price volatility of raw material and finished product, process of manufacture and management



judgements involved. Refer note 2.8 to the Standalone Financial Statements for accounting policy for valuation of inventories.

### Principle Audit Procedures

- i. We have evaluated the design of internal controls relating to the process of inventory recording, verification and valuation.
- ii. We have reviewed the management's inventory verification process, taken cognisance and assessed the trend of past inventory differences and received confirmations from the sub-contractors for testing the assertion of existence due to the lockdown of factories at year end.
- iii. We have conducted analysis of net realisable value (NRV) and cost of inventory on a sample basis in order to ascertain that inventory is carried at lower of NRV and Cost.
- iv. We have evaluated on a test check basis the process followed by the management to identify non-moving, slow moving, obsolete inventory and we have evaluated on a test check basis the appropriateness of the estimates for impairment (if any) accounted for on such inventory.
- v. We have conducted cut off procedures on a test check basis to ensure completeness of inventory recorded in the books of account.
- vi. We have tested on a sample basis compliance of the cost formulae as specified in the accounting policy adopted by the company.

### b. Valuation of investments

At the balance sheet date, the value of current and non-current investments amounted to ₹584.66 crores representing 30.30% of total equity and 20.77% of the total assets. The net loss on fair valuation of investments amounted to ₹623.88 crores in the total comprehensive income. Investments have been considered as key audit matter due to the size of the balance, various recognition and subsequent measurement principles. Refer note 2.7 and 2.17 to the Standalone Financial Statements for its accounting policy.

### Principle Audit Procedures

- i. We have obtained independent external confirmations of all material current investments in order to test the assertion of existence, accuracy, valuation and completeness.
- ii. We have independently evaluated the fair values of listed and quoted non-current investments.
- iii. We have evaluated the fair value of unquoted non-current investments adopted by the management.
- iv. We have evaluated the process of the management to identify impairment (if any) for the investments measured at amortised cost.
- v. We have assessed the compliance of the recognition and subsequent measurement principles as specified in the accounting policy adopted by the company.

## Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Management Discussion and Analysis; Board of Directors' Report along with its Annexures and Corporate Governance Report included in the Annual Report, but does not include the Standalone Financial Statements and our auditor's report thereon. Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in

equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

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

In preparing the Standalone Financial Statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and

whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central

Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A; a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Standalone Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
- e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.
- g) As required by section 197 (16) of the Act; in our opinion and according to information and explanation provided to us, the remuneration paid by the Company to its directors is in accordance with the provisions of section 197 of the Act and remuneration paid to directors is not in excess of the limit laid down under this section.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has disclosed the impact of pending litigations

on its financial position in its Standalone Financial Statements – Refer Note 37.2;

- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **M/s P. G. Bhagwat**  
Chartered Accountants  
Firm Registration Number: 101118W

**Abhijeet Bhagwat**  
Partner  
Membership Number: 136835  
UDIN: 20136835AAAAABV3062

Pune  
June 23, 2020

## Annexure A to the Independent Auditors' Report

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

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets are being physically verified by the management at regular intervals based on the programme of verification which in our opinion is reasonable. Part of the major fixed assets has been verified by the management in the current year and discrepancies noticed on such physical verification were not material and the same have been properly dealt with in the books of account.
  - (c) The title deeds of immovable properties are held in the name of the Company.
- (ii) Physical verification of inventory has been conducted by the management during the current year. In our opinion, the interval of such verification is reasonable. Discrepancies noticed on physical verification were not material and the same have been properly dealt with in the books of account.
  - (iii) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act in the current year. Accordingly, clause (iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) According to the information and explanation provided to us, there are no loans, guarantees and security given by the Company, to Directors, covered under the provisions of section 185 of the Act. According to the information and explanations provided to us, provisions of section 186 of the Act have been complied with respect to loans, guarantees, investment and security.
  - (v) According to information and explanation provided to us, the Company has not accepted deposits, hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, are not applicable to it. According to information and explanation provided to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
  - (vi) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under sub-section (l) of section 148 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of records with a view to determine whether they are accurate and complete.
  - (vii) (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, goods and service tax,

cess and any other statutory dues with the appropriate authorities. According to the information and explanation provided to us, no undisputed amounts payable in respect of statutory dues were in arrears as at March 31, 2020, for a period more than six months from the date they became payable.

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

Name of the Statute	Nature of Dues	Amount (in crores)	Period to which the amount relates	Forum where dispute is pending
Customs Act, 1962	Customs Duty	21.16	2012-13, 2013-14	CESTAT
		00.13	2018-19	Commissioner
		00.45	2019-20	Commissioner
Central Excise Act, 1944	Excise Duty	46.36	1996-97, 2000-16	CESTAT
Finance Act, 1994	Service Tax	00.09	2001-02	High Court
		2.11	2008-09 to	CESTAT
		00.25	2015-16	Assistant
		1.25	October 2016 to	Commissioner
		3.16	June 2017	Appeals
Income Tax Act, 1961	Income tax	00.19	2012-13 to 2017-18	Commissioner High Court
			April to June 2017	
			2015-16	CIT Appeals

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

(ix) According to information and explanation provided to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) in the current year. The Company does not have any term loans in the current year. Accordingly, clause 3 (ix) of the Order for reporting

on application of money raised is not applicable to the Company.

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

(xi) According to the information and explanation provided to us, the managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by

the provisions of section 197 read with Schedule V to the Act.

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

(xiii) According to the information and explanation provided to us, all transactions with the related parties are in compliance with sections 177 and 188 of the Act wherever applicable and the details have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards. Refer note 36.

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

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

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

For **M/s P. G. Bhagwat**  
Chartered Accountants  
Firm Registration Number: 101118W

**Abhijeet Bhagwat**  
Partner  
Membership Number: 136835  
UDIN: 20136835AAAABV3062

Pune  
June 23, 2020



## Annexure B to the Independent Auditors' Report

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

### Report on the Internal Financial Controls

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

We have audited the internal financial controls over financial reporting of Finolex Industries Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditors' Responsibility

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

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

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

## Meaning of Internal Financial Controls Over Financial Reporting

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

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override

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

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **M/s P. G. Bhagwat**

Chartered Accountants

Firm Registration Number: 101118W

**Abhijeet Bhagwat**

Partner

Membership Number: 136835

UDIN: 20136835AAAAABV3062

Pune

June 23, 2020

# Standalone Balance Sheet

as at March 31, 2020

(All amounts in ₹ Crores unless otherwise stated)

Particulars	Note No	March 31, 2020	March 31, 2019
<b>A ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	3.1	1,015.29	948.93
(b) Capital work-in-progress	3.1	7.28	90.25
(c) Other Intangible assets	3.2	1.60	1.96
(d) Financial assets			
i) Investments	4	455.53	1,076.94
ii) Loans	5	2.63	2.90
iii) Other financial assets	6	6.66	12.47
(e) Tax assets (Net)	24	42.34	33.05
(f) Other non-current assets	7	57.63	54.85
<b>Total non-current assets</b>		<b>1,591.01</b>	<b>2,221.35</b>
<b>2 Current assets</b>			
(a) Inventories	8	857.81	620.47
(b) Financial assets			
i) Investments	9	129.13	226.09
ii) Trade receivables	10	73.17	74.31
iii) Cash and cash equivalents	11.1	57.29	6.52
iv) Bank balances other than (iii) above	11.2	35.92	21.52
v) Loans	12	0.90	0.57
vi) Other financial assets	13	16.56	60.54
(c) Other current assets	14	53.52	41.37
<b>Total current assets</b>		<b>1,224.30</b>	<b>1,051.39</b>
<b>Total assets</b>		<b>2,815.31</b>	<b>3,272.74</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>1 EQUITY</b>			
(a) Equity share capital	15	124.10	124.10
(b) Other equity	16	1,805.71	2,404.33
<b>Total equity</b>		<b>1,929.81</b>	<b>2,528.43</b>
<b>LIABILITIES</b>			
<b>2 Non-current liabilities</b>			
(a) Financial liabilities			
i) Other financial liabilities	17	0.14	0.34
(b) Provisions	18.1	26.72	20.58
(c) Deferred tax liabilities (Net)	24	115.82	151.33
(d) Government grants	19	51.44	57.67
<b>Total non-current liabilities</b>		<b>194.12</b>	<b>229.92</b>
<b>3 Current liabilities</b>			
(a) Financial liabilities			
i) Borrowings	20	282.67	89.50
ii) Trade payables	21		
- total outstanding dues of Micro, Small & Medium Enterprises (Refer Note 41)		1.18	2.19
- total outstanding dues of creditors other than Micro Enterprises & Small Enterprises		232.22	281.61
iii) Other financial liabilities	22	130.70	89.40
(b) Other current liabilities	23	35.36	43.05
(c) Provisions	18.2	3.01	2.40
(d) Government grants	19	6.24	6.24
<b>Total current liabilities</b>		<b>691.38</b>	<b>514.39</b>
<b>Total liabilities</b>		<b>885.50</b>	<b>744.31</b>
<b>Total equity and liabilities</b>		<b>2,815.31</b>	<b>3,272.74</b>
Notes to accounts form an integral part of the financial statements			
Corporate information & Significant accounting policies	1 to 2		
Other notes	3 to 45		

As per our report of even date

For **M/s. P.G. Bhagwat**

Chartered Accountants

FRN 101118W

**Abhijeet Bhagwat**

Partner

M.No. 136835

**Anil V. Whabi**

Director - Finance & CFO

DIN: 00142052

For **FINOLEX INDUSTRIES LIMITED**

**Prakash P. Chhabria**

Executive Chairman

DIN: 00016017

**Sanjay S. Math**

Managing Director

DIN: 01874086

**Ritu P. Chhabria**

Saurabh S. Dhanorkar

Kanchan U. Chitale

Anami N. Roy

Bhumika Batra

Pradeep R. Rath

Deepak R. Parikh

DIN: 00062144

DIN: 00011322

DIN: 00007267

DIN: 01361110

DIN: 03502004

DIN: 00018577

DIN: 06504537

Place: Pune

Date: June 23, 2020

Place: Pune

Date: June 23, 2020

# Statement of Standalone Profit and Loss

for the year ended March 31, 2020

(All amounts in ₹ Crores unless otherwise stated)

	Particulars	Note No	March 31, 2020	March 31, 2019
	<b>Income</b>			
I	Revenue from Operations	25	2,985.98	3,091.32
II	Other income	26	30.84	41.57
<b>III</b>	<b>Total Income (I+II)</b>		<b>3,016.82</b>	<b>3,132.89</b>
	<b>Expenses</b>			
	Cost of materials and components consumed	27	2,037.71	1,981.15
	Purchase of stock-in-trade		13.84	11.08
	Changes in inventories of finished goods, work-in-progress and stock in trade	28	(108.88)	(71.33)
	Employee benefits expenses	29	145.55	134.43
	Finance costs	30	11.91	12.27
	Depreciation and amortisation expense	31	73.81	70.08
	Other expenses	32	449.69	431.69
	<b>Total expenses (IV)</b>		<b>2,623.63</b>	<b>2,569.37</b>
V	Profit before exceptional items and tax (III-IV)		393.19	563.52
<b>VI</b>	<b>Exceptional items</b>	43	-	2.90
<b>VII</b>	<b>Profit before tax (V - VI)</b>		<b>393.19</b>	<b>535.62</b>
<b>VIII</b>	<b>Tax expense</b>			
	Current tax	24	103.56	174.19
	Deferred tax	24	(34.57)	11.63
	Total tax expense (VIII)		68.99	185.82
IX	Profit for the period (VII-VIII)		324.20	349.80
<b>X</b>	<b>Other Comprehensive Income (OCI)</b>			
<b>A</b>	<b>Items that will not be reclassified to profit or loss</b>			
	Re-measurement of defined benefit plans gain / (loss)		(3.38)	(4.72)
	Income tax effect	24	0.85	1.65
<b>A(i)</b>	Re-measurement of defined benefit plans net off income tax		(2.53)	(3.07)
	Equity instruments through OCI gain / (loss)		(621.15)	(412.60)
	Income tax effect	24	0.08	(20.67)
<b>A(ii)</b>	Equity instruments through OCI net off income tax		(621.07)	(433.27)
	Total Other Comprehensive Income [A(i)+A(ii)]		(623.60)	(436.34)
<b>XI</b>	<b>Total Comprehensive Income for the period (IX+X)</b>		<b>(299.40)</b>	<b>(86.54)</b>
<b>XII</b>	<b>Earnings per equity share having nominal value per share of ₹10</b>	34		
	Basic (₹)		26.13	28.19
	Diluted (₹)		26.13	28.19
	Other notes			
	Notes to accounts form an integral part of the financial statements			
	Corporate information & Significant accounting policies	1 to 2		
	Other notes	3 to 45		

As per our report of even date

For **M/s. P.G. Bhagwat**

Chartered Accountants

FRN 101118W

**Abhijeet Bhagwat**

Partner

M.No. 136835

**Anil V. Whabi**

Director - Finance & CFO

DIN: 00142052

For **FINOLEX INDUSTRIES LIMITED**

**Prakash P. Chhabria**

Executive Chairman

DIN: 00016017

**Sanjay S. Math**

Managing Director

DIN: 01874086

**Ritu P. Chhabria**

Saurabh S. Dhanorkar

Kanchan U. Chitale

Anami N. Roy

Bhumika Batra

Pradeep R. Rath

Deepak R. Parikh

DIN: 00062144

DIN: 00011322

DIN: 00007267

DIN: 01361110

DIN: 03502004

DIN: 00018577

DIN: 06504537

Place: Pune

Date: June 23, 2020

Place: Pune

Date: June 23, 2020

# Statement of Standalone Cash Flow

for the year ended March 31, 2020

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>I Cash flows from operating activities</b>		
Profit before tax	393.19	535.62
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation and amortisation expense	73.81	70.08
Balances written off / (written back)	(1.57)	(3.18)
Profit on sale of investments (net)	(8.92)	(7.16)
(Gain)/loss on fair valuation of investment	2.73	(8.30)
(Profit)/loss on sale of assets (net)	0.67	0.05
Dividend income	(10.92)	(10.05)
Finance income on investing activities	(4.87)	(7.78)
Exchange fluctuation (gain)/ loss - net	23.85	(0.75)
Finance costs	10.05	7.47
<b>Operating profit before working capital changes</b>	<b>478.02</b>	<b>576.00</b>
<b>Change in operating assets and liabilities</b>		
(Increase) / decrease in inventories	(237.35)	(8.92)
(Increase) / decrease in trade receivables	1.14	(31.17)
(Increase) / decrease in other bank balances	(14.40)	(4.91)
(Increase) / decrease in loans	(0.18)	(3.25)
(Increase) / decrease in other financial assets	47.87	(9.01)
(Increase) / decrease in other current assets	(12.20)	(2.26)
Increase / (decrease) in trade payables	(74.25)	34.08
Increase / (decrease) in provisions	3.37	3.40
Increase / (decrease) in government grants	(6.25)	(6.83)
Increase / (decrease) in other financial liabilities	43.74	21.95
Increase / (decrease) in other current liabilities	(19.62)	(1.14)
<b>Cash generated from working capital changes</b>	<b>(268.12)</b>	<b>(8.06)</b>
Less - Income tax paid	(112.84)	(176.97)
<b>Net cash inflow from operating activities</b>	<b>97.06</b>	<b>390.97</b>
<b>II Cashflow from investing activities</b>		
Proceeds from sale of property, plant and equipment	1.03	0.05
Payment for purchase of property, plant and equipment	(61.29)	(101.98)
Proceeds from sale of investments	9.18	8.47
Payment for purchase of investments	94.24	(152.20)
Dividend income	10.92	10.05
Finance income	4.87	7.78
<b>Net cashflow from investing activities</b>	<b>58.94</b>	<b>(227.84)</b>

# Statement of Standalone Cash Flow

for the year ended March 31, 2020

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>III Cashflow from financing activities</b>		
Finance costs	(11.12)	(7.07)
Proceeds from borrowings	193.17	(11.21)
Dividend paid to Company's shareholders (including DDT)	(287.28)	(145.15)
<b>Net cashflow from financing activities</b>	<b>(105.23)</b>	<b>(163.43)</b>
<b>IV Net increase / (decrease) in cash and cash equivalents at the end of the year (I+II+III)</b>	<b>50.77</b>	<b>(0.30)</b>
V Cash and cash equivalents at the beginning of the financial year	6.52	6.82
<b>VI Cash and cash equivalents at the end of the financial year (IV+V) (Refer note 11.1)</b>	<b>57.29</b>	<b>6.52</b>

## Components of cash and cash equivalents

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Balances with banks (current accounts)	36.99	6.22
Deposits with bank	20.00	-
Cash on hand	0.29	0.30
<b>Total Cash and cash equivalents</b>	<b>57.29</b>	<b>6.52</b>

The Company reports cashflows from activities using the indirect method as per Ind AS 7 "Statement of Cash Flows".

As per our report of even date

For **M/s. P.G. Bhagwat**

Chartered Accountants

FRN 101118W

**Abhijeet Bhagwat**

Partner

M.No. 136835

**Anil V. Whabi**

Director - Finance & CFO

DIN: 00142052

For **FINOLEX INDUSTRIES LIMITED**

**Prakash P. Chhabria**

Executive Chairman

DIN: 00016017

**Sanjay S. Math**

Managing Director

DIN: 01874086

**Ritu P. Chhabria**

**Saurabh S. Dhanorkar**

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DIN: 00062144

DIN: 00011322

DIN: 00007267

DIN: 01361110

DIN: 03502004

DIN: 00018577

DIN: 06504537

Place: Pune

Date: June 23, 2020

Place: Pune

Date: June 23, 2020

# Statement of Standalone Changes in Equity

for the year ended March 31, 2020

## A Other equity

For the year ended March 31, 2020

(All amounts in ₹ Crores unless otherwise stated)

	Reserves and Surplus				Items of OCI *	Total
	Securities premium	Retained earnings	General reserve	Capital Redemption Reserve	Equity instruments through OCI	
<b>As at 1 April 2019</b>	<b>151.27</b>	<b>1,409.47</b>	<b>394.50</b>	<b>25.18</b>	<b>423.91</b>	<b>2,404.33</b>
Profit for the period	-	324.20	-	-	-	324.20
Other Comprehensive Income for the year						
Remeasurement gains/ (losses) on defined benefit plan (Refer Note No 35)	-	(2.53)	-	-	-	(2.53)
Gains/ (losses) on equity instruments designated at FVTOCI#	-	-	-	-	(621.07)	(621.07)
<b>Total comprehensive income</b>	<b>151.27</b>	<b>1,731.14</b>	<b>394.50</b>	<b>25.18</b>	<b>(197.16)</b>	<b>2,104.93</b>
-Final dividend paid (Refer Note 16)	-	(124.10)	-	-	-	(124.10)
-Tax on above dividend (Refer Note 16)	-	(25.51)	-	-	-	(25.51)
-Interim dividend paid (Refer Note 16)	-	(124.10)	-	-	-	(124.10)
-Tax on above dividend (Refer Note 16)		(25.51)				(25.51)
<b>As at 31 March 2020</b>	<b>151.27</b>	<b>1,431.92</b>	<b>394.50</b>	<b>25.18</b>	<b>(197.16)</b>	<b>1,805.71</b>

# Statement of Standalone Changes in Equity

for the year ended March 31, 2020

## For the year ended March 31, 2019

(All amounts in ₹ Crores unless otherwise stated)

	Reserves and Surplus			Items of OCI *	Total	
	Securities premium	Retained earnings	General reserve	Capital Redemption Reserve		Equity instruments through OCI
<b>As at 1 April 2018</b>	151.27	1,212.35	394.50	25.18	857.18	2,640.47
Profit for the period	-	349.80	-	-	-	349.80
Other comprehensive income for the year						
Remeasurement gains /(losses) on defined benefit plan	-	(3.07)	-	-	-	(3.07)
Gains (losses) on equity instruments designated at FVTOCI#	-	-	-	-	(433.27)	(433.27)
<b>Total comprehensive income</b>	<b>151.27</b>	<b>1,559.08</b>	<b>394.50</b>	<b>25.18</b>	<b>423.91</b>	<b>2,553.94</b>
Dividends (Refer Note 16)	-	(124.10)	-	-	-	(124.10)
Dividend distribution tax (Refer Note 16)	-	(25.51)	-	-	-	(25.51)
<b>As at 31 March 2019</b>	<b>151.27</b>	<b>1,409.47</b>	<b>394.50</b>	<b>25.18</b>	<b>423.91</b>	<b>2,404.33</b>

\* Other comprehensive income

# Fair value through other comprehensive income

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

As per our report of even date

For **M/s. PG. Bhagwat**

Chartered Accountants

FRN 101118W

**Abhijeet Bhagwat**

Partner

M.No. 136835

**Anil V. Whabi**

Director - Finance & CFO

DIN: 00142052

Place: Pune

Date: June 23, 2020

Place: Pune

Date: June 23, 2020

For **FINOLEX INDUSTRIES LIMITED**

**Prakash P. Chhabria**

Executive Chairman

DIN: 00016017

**Sanjay S. Math**

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DIN: 00062144

DIN: 00011322

DIN: 00007267

DIN: 01361110

DIN: 03502004

DIN: 00018577

DIN: 06504537



# Notes to the Standalone Financial Statements

## 1. Corporate Information

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

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

## 2. Summary of significant accounting policies

### 2.1 Basis of Preparation

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

The financial statements were approved and were authorized for issue in accordance with a resolution of the Board of Directors on June 23, 2020.

### 2.2 Basis of measurement

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

### 2.3 Functional and presentation currency

The financial statements are presented in Indian rupees (₹) which is the

Company's functional currency. All financial information are rounded to the nearest crores (₹ 00, 00,000), unless otherwise indicated.

### 2.4 New and amended standards adopted by the company

The company has applied the following standards and amendments for the first time for the reporting period commencing from 1st April 2019: Ind AS 116, Leases.

### 2.5 Current or non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/non - current classification.

An asset is current when it is:

- a. Expected to be realised or intended to be sold or consumed in normal operating cycle
- b. Held primarily for the purpose of trading
- c. Expected to be realised within twelve months after the reporting period, or
- d. Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non - current.

A liability is current when it is:

- a. Expected to be settled in normal operating cycle
- b. Held primarily for the purpose of trading

## Notes to the Standalone Financial Statements

- c. Due to be settled within twelve months after the reporting period, or
- d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are treated as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

### 2.6 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, current assets, non-current assets, current liabilities, non-current liabilities and disclosure of the contingent liabilities at the end of each reporting period. Although these estimates are based on 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 value of assets or liabilities in future periods. These estimates are reviewed regularly and any change in estimates are adjusted prospectively.

In the process of applying the Company's accounting policies, management has made the following estimates, assumptions and judgements, which have significant effect on the amounts recognized in the financial statements:

- **Defined benefit plan**

The cost of defined benefit gratuity plan and present value of such obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the long-term nature of the plan, such estimates are subject to significant uncertainty. All assumption are reviewed at each reporting date.

- **Deferred tax asset:**

The recognition of deferred tax assets requires assessment of whether it is probable that sufficient future taxable profit will be available against which deferred tax asset can be utilized. The Company reviews at each balance sheet date the carrying amount of deferred tax assets.

- **Property, Plant and Equipment & Intangible Assets:**

The determination of depreciation and amortization charge depends on the useful lives for which judgements and estimations are required. The residual values, useful lives, and method of depreciation of property, plant and equipment and

## Notes to the Standalone Financial Statements

intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

- **Claims, Provisions and Contingent Liabilities:**

The Company has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

- **Fair Value Measurement of Financial Instruments:**

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs i.e. market-observable inputs are not available, the Company engages third party valuers, where required, to perform the valuation.

- **Impairment of financial assets:**

The impairment provisions for financial assets are based on

assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period

### 2.7 Fair value measurement

The Company measures financial instruments, such as non-current and current investments, at fair value, at each balance sheet date.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Quoted market prices, when available, are used as the measure of fair value. In cases where quoted market prices are not available, fair values are determined using present value estimates or other valuation techniques which maximize the use of relevant observable inputs and minimize the use of unobservable inputs, for example, the present value of estimated expected future cash flows using discount rates commensurate with the risks involved. Fair value estimation techniques normally incorporate assumptions that market participants would use in their estimates of values, future revenues, and future expenses, including assumptions about interest rates, default, prepayment and volatility. Because assumptions are inherently subjective in nature, the estimated fair values cannot be substantiated by comparison to

# Notes to the Standalone Financial Statements

independent market quotes and, in many cases, the estimated fair values would not necessarily be realised in an immediate sale or settlement of the instrument.

For cash and other liquid assets, the fair value is assumed to approximate to book value, given the short-term nature of these instruments. For those items with a stated maturity exceeding twelve months, fair value is calculated using a discounted cash flow methodology.

The financial instruments carried at fair value are categorized under the three levels of the Ind AS fair value hierarchy as follows:

**Level 1:** Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. This level of the fair value hierarchy provides the most reliable evidence of fair value and is used to measure fair value whenever available.

**Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs). These inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available in the circumstances, which include the Company's own data. The Company's

own data used to develop unobservable inputs is adjusted if information indicates that market participants would use different assumptions

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes (refer note 38 for detailed disclosures.)

## 2.8 Inventories

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

- Raw materials and traded goods Purchase cost on a moving weighted average basis and inward transportation. Refundable indirect taxes and discounts are excluded from cost.
- Finished goods and work in progress Cost of direct raw materials and labour and a proportion

## Notes to the Standalone Financial Statements

of manufacturing overheads based on normal operating capacity but excluding borrowing costs

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

### 2.9 Property, plant and equipment (PPE)

Items of property, plant and equipment are measured at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of property, plant and equipment comprises its purchase price, including import duties, and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Borrowing costs such as interest expenses and foreign exchange loss to the extent considered as part of borrowing costs (if any) directly attributable to the construction of a qualifying asset (asset that takes substantial period of time to get ready for use usually 12 months) are capitalised as part of the cost.

Parts of an item of property, plant and equipment having different useful lives, (if any) are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment under construction are disclosed as capital work-in-progress.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date are disclosed under "Other non-current assets".

#### Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit and loss as incurred.

#### Disposal

An item of property, plant and equipment is derecognized upon disposal or when no future benefits are expected from its use. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income/expenses in the statement of profit and loss.

#### Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in the statement of profit and loss generally on a straight-line basis over the estimated useful lives of each part of an

# Notes to the Standalone Financial Statements

item of property, plant and equipment as prescribed in Schedule II of the Act, which are as follows:

## Asset

Plant and machinery  
Building  
Factory Building  
Furniture and fixtures  
Office equipment's  
Vehicles

Useful life (in years)
3 to 25
60
30
10
5
8

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

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

## 2.10 Intangible assets and amortization

### Recognition and measurement

Intangible assets are recognised when the asset is identifiable, is within the control of the Company, it is probable that the future economic benefits that are attributable to the asset will flow to the Company and cost of the asset can be reliably measured.

Intangible assets acquired by the Company that have finite useful lives are measured at cost less accumulated

amortisation and any accumulated impairment losses.

### Research and development expenditure on new products:

Expenditure on research is expensed under respective heads of account in the period in which it is incurred. Development expenditure on new products is capitalised as intangible asset, if all of the following can be demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the Company has intention to complete the intangible asset and use or sell it;
- the Company has ability to use or sell the intangible asset;
- the manner in which the probable future economic benefits will be generated including the existence of a market for output of the intangible asset or intangible asset itself or if it is to be used internally, the usefulness of intangible assets;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the Company has ability to reliably measure the expenditure attributable to the intangible asset during its development.

Development expenditure that does not meet the above criteria is expensed

# Notes to the Standalone Financial Statements

in the period in which it is incurred. Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as Intangible assets under development.

## Subsequent measurement

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

## Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in statement of profit and loss on a straight-line basis over a period of 6 years from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

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

## 2.11 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer based on delivery terms i.e. when the customer is able to direct the use of the transferred goods or rendering of services and obtains substantially all of the remaining benefits at an amount that reflects the

consideration entitled in exchange for those goods or services. The Company is generally the principal as it typically controls the goods or services before transferring them to the customer

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

## Sale of goods

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

## Interest Income

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

The company presents interest income on financial assets at Fair Value Through Profit & Loss separately from fair value changes on financials assets.

## Dividends

Revenue is recognised when the Company's right to receive the payment

# Notes to the Standalone Financial Statements

is established, which is generally in the year when shareholders approve the dividend.

## 2.12 Finance costs

Finance costs are interest and other costs that an entity incurs in connection with the borrowing of funds. It also includes exchange differences in relation to the foreign currency borrowings to the extent those are regarded as an adjustment to the borrowing costs.

All other borrowing costs are expensed in the period in which they are incurred.

## 2.13 Foreign currency transactions:

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (functional currency). The financial statements are presented in ₹, which is also the company's functional and presentation currency.

### Transactions and balances

Transactions in foreign currencies are recorded at functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the

exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

## 2.14 Government Grant

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

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

## 2.15 Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based



## Notes to the Standalone Financial Statements

on the applicable income tax rate under the Income Tax Act, 1961 adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in statement of Profit and Loss, except to the extent that it relates to items recognised in the Other Comprehensive Income or in Equity. In which case, the tax is also recognised in Other Comprehensive Income or Equity

### Current income tax

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities; on the basis of the taxable profits computed for the current accounting period in accordance with Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### Deferred Tax

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of

assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

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

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

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

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

## Notes to the Standalone Financial Statements

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

### 2.16 Leases

Lease is a contract that provides to the customer (lessee) the right to use an asset for a period of time in exchange for consideration.

A lessee is required to recognize assets and liabilities for all leases with a term that is greater than 12 months, unless the underlying asset is of low value, and to recognize depreciation of leased assets separately from interest on lease liabilities in the statement of Profit and Loss.

#### Initial Measurement

##### Right to use asset

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition

required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

##### Lease liability

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

# Notes to the Standalone Financial Statements

## Subsequent measurement

### Right to use asset

Subsequently the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses.

### Lease Liability

Subsequently the Company measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability at the interest rate implicit in the lease, if that rate can be readily determined or the Company's incremental borrowing rate.
- reducing the carrying amount to reflect the lease payments made; and
- re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

In the current year the management has assessed the impact of Ind AS 116 and concluded them to be immaterial. Therefore no effects have been taken in the books of account.

## 2.17 Financial instruments

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

### 2.17.1 Financial assets

#### Classification

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair

value through comprehensive income ('FVTOCI') or fair value through other profit or loss ('FVTPL').

### Initial recognition and measurement

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

### Subsequent measurement

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

- a) At amortised cost
  - b) At fair value through Other Comprehensive Income ('FVTOCI')
  - c) At fair value through profit or loss ('FVTPL')
- (a) **Financial assets classified as measured at amortised cost**

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

- the financial asset is held within a business model whose objective is to hold financial

## Notes to the Standalone Financial Statements

assets in order to collect contractual cash flows and

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

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

The Company's investment in its Associate is measured at cost.

### (b) Financial assets classified as measured at FVTOCI

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

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

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

### (c) Financial assets classified as measured at FVTPL

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

# Notes to the Standalone Financial Statements

## De-recognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retain substantially all of the risks and rewards of ownership and it does not retain control of the financial asset

## Impairment of financial assets

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

- Financial assets measured at amortised cost
- Financial assets measured at FVTOCI, except investments in equity instruments designated as such by the Company.
- Trade receivables

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

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on

lifetime ECLs at each reporting date, right from its initial recognition.

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

## 2.17.2 Financial liabilities

### Classification

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

### Initial recognition and measurement

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

#### (a) Financial liabilities at FVTPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities

## Notes to the Standalone Financial Statements

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

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

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

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

### (b) Financial liabilities at amortised cost

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

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

### De-recognition

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

# Notes to the Standalone Financial Statements

## Offsetting of financial instruments

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

## 2.18 Impairment of non-financial assets

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

## 2.19 Cash and cash equivalents

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

Cash equivalents are short term, highly liquid investments that are readily

convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

## 2.20 Provisions and Contingent Liabilities

A Provision is recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources is expected to settle the obligation, in respect of which a reliable estimate can be made.

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

Contingent liability is disclosed in case of

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
- present obligation arising from past events, when no reliable estimate is possible
- a possible obligation arising from past events where the probability of outflow of resources is not remote.

Provisions and contingent liabilities are reviewed at each Balance Sheet date.

## 2.21 Provision for employment benefits

### Defined contribution plans

The Company has the following defined contribution plans: state governed provident fund scheme and

## Notes to the Standalone Financial Statements

employee state insurance scheme. The contributions paid and payable under the scheme are recognised in the period when the employee renders the related service.

### Defined benefit plans

The employees' gratuity fund scheme managed by the Life Corporations of India (LIC) is the Company's defined benefit plans. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit 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.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements

are not reclassified to profit or loss in subsequent periods.

In case of funded plans, the fair value of the plan's assets is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Past service cost is recognized as expenses on a straight-line basis over the average period until the benefits become vested. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognises the following changes in the net defined benefit obligation under 'employee benefit expenses' in the statement of profit and loss:

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

Refer Note 35 for additional disclosures relating to Company's defined benefit plan.

### Provision for compensated absences

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



# Notes to the Standalone Financial Statements

using projected unit credit method, as at each reporting date.

## 2.22 Earnings per share

Basic earnings per share are 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 as reduced by number of shares bought back, if any. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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.

## 2.23 Dividend to equity holders of the Company

Dividends paid (including income tax thereon) is recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

## 2.24 Segment reporting

Operating segments are reported in a manner consistent with the

internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decision.

Segment accounting policies are in line with the accounting policies of the Company.

### Standards issued but not yet effective:

#### 1. Amendments to Ind AS 40, Investment Property

The exposure draft on amendments to Ind AS 40 issued by the Institute of Chartered Accountants of India proposes to reinstate the fair value option thereby providing the entities an accounting policy choice to subsequently measure investment properties using either the cost model or the fair value model.

#### 2. Amendments to Ind AS 1 “Presentation of Financial Statements” and Ind AS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”

The exposure draft on amendments to Ind AS 1 and Ind AS 8 issued by the Institute of Chartered Accountants of India proposes to amend the definition of the term “Material” and to use a consistent definition of materiality throughout Indian Accounting Standards and

## Notes to the Standalone Financial Statements

the Conceptual Framework for Financial Reporting.

The amendment clarifies when information is material. In particular, the amendments clarify:

- i) that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- ii) the meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

### 3. Amendments to Ind AS 109, Financial Instruments and Ind AS 107 Financial Instruments: Disclosures -

#### Interest Rate Benchmark Reform

The exposure draft on amendments to Ind AS 109 and Ind AS 107 issued by the Institute of Chartered Accountants of India proposes amendments to modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty

caused by the Inter Bank Offer Rate (IBOR) reforms.

Additionally, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

### 4. Amendments to Ind AS 103, Business Combinations

The exposure draft on amendments to Ind AS 103 issued by the Institute of Chartered Accountants of India proposes to amend the definition of "Business." Proposed guidance provides that an acquisition should include an input and a substantive process that together significantly contribute to the ability to create outputs.

The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organised workforce. It is no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets and base the assessments on what has been acquired in its 'current state and condition'. The amendment also provides for an 'optional test', where substantially all of the fair value of

## Notes to the Standalone Financial Statements

gross assets is concentrated in a single asset (or group of similar assets), the assets acquired would not represent a business.

However, above mentioned exposure drafts have not been

notified by the Ministry of Corporate Affairs ('MCA') to be applicable from 1 April, 2020 as at the date of approval of these financial statements. The company intends to adopt those standards when they become effective.

# Notes to the Standalone Financial Statements

## 3.1. Property, plant and equipment

(All amounts in ₹ Crores unless otherwise stated)

Particulars	Gross Block		Accumulated Depreciation		Net Block				
	As at April 1, 2019	Additions	Disposals	As at March 31, 2020	As at April 1, 2019	Additions	Disposals	As at March 31, 2020	As at March 31, 2019
Freehold land	103.93	1.77	-	105.70	-	-	-	105.70	103.93
Leasehold land	1.01	-	-	1.01	0.34	0.01	-	0.35	0.66
Buildings	228.01	49.85	-	277.86	84.72	7.55	-	92.27	185.59
Plant and machinery	1,841.17	84.86	3.33	1,922.70	1,149.36	63.75	3.09	1,210.02	712.68
Office equipment	2.04	2.30	0.73	3.61	1.49	0.34	0.71	1.12	2.49
Furniture & fixtures	6.06	0.13	0.00	6.19	4.08	0.30	0.00	4.38	1.81
Vehicles	11.14	2.28	2.63	10.79	4.44	1.18	1.19	4.43	6.36
<b>Total</b>	<b>2,193.36</b>	<b>141.19</b>	<b>6.69</b>	<b>2,327.86</b>	<b>1,244.43</b>	<b>73.13</b>	<b>4.99</b>	<b>1,312.57</b>	<b>1,015.29</b>
Capital work-in-progress	90.25			7.28				7.28	90.25

(All amounts in ₹ Crores unless otherwise stated)

Particulars	Gross Block			Accumulated Depreciation			Net Block				
	As at April 1, 2018	Additions	Transfer-in/ (Transfer-out)	Disposals	As at March 31, 2019	As at April 1, 2018	Additions	Transfer-in/ (Transfer-out)	Disposals	As at March 31, 2019	As at March 31, 2019
Freehold land	69.94	33.99	-	-	103.93	-	-	-	-	-	103.93
Leasehold land	1.01	-	-	-	1.01	0.28	0.06	-	-	0.34	0.67
Buildings	219.81	792	0.28	-	228.01	78.36	6.14	0.21	-	84.72	143.29
Plant and machinery	1,747.93	94.54	(0.41)	0.90	1,841.17	1,089.30	61.13	(0.22)	0.85	1,149.36	691.81
Office equipment	1.91	0.17	-	0.04	2.04	1.17	0.35	-	0.03	1.49	0.55
Furniture & fixtures	5.99	0.07	-	0.003	6.06	3.78	0.30	-	0.00	4.08	1.98
Vehicles	11.24	0.05	-	0.16	11.14	3.26	1.30	-	0.11	4.44	6.70
<b>Total</b>	<b>2,057.82</b>	<b>136.76</b>	<b>(0.13)</b>	<b>1.09</b>	<b>2,193.36</b>	<b>1,176.14</b>	<b>69.29</b>	<b>(0.01)</b>	<b>0.99</b>	<b>1,244.43</b>	<b>948.93</b>
Capital work-in-progress	90.34				90.25					7.28	90.25

\* Amounts less than ₹50,000 are reported as "0.00"

## Notes to the Standalone Financial Statements

### 3.1. Property, plant and equipment (Contd..)

#### 1) Property ,plant and equipment pledged as security

Extension of second equitable mortgage, created in favour of Bank of India Consortium on pari passu basis in respect of immovable properties falling within the battery limit of the site of the Company's plant for manufacture of PVC Resin, situated at Village Golap, District Ratnagiri in the State of Maharashtra together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth. Also Refer Note 20 for the same.

#### Capital work-in-progress:

Capital work-in-progress ('CWIP') comprises cost of property, plant and equipment that are not yet installed and ready for their intended use at the balance sheet date.

#### Capital commitments

Refer Note 37.1 for disclosure of contractual commitments for the acquisition of Property, plant and equipment.

### 3.2. Intangible Assets

Particulars	(All amounts in ₹ Crores unless otherwise stated)									
	Gross Block			Accumulated Depreciation			Net Block			
	As at April 1, 2019	As at April 1, 2019	As at March 31, 2020	Additions	Transfer-in/ (Transfer-out)	Disposals	As at March 31, 2020	As at March 31, 2019		
Computer software	6.08	0.33	-	6.41	4.13	0.68	-	4.81	1.60	1.96

Particulars	(All amounts in ₹ Crores unless otherwise stated)										
	Gross Block			Accumulated Depreciation			Net Block				
	As at April 1, 2018	As at April 1, 2018	As at March 31, 2019	As at April 1, 2018	Transfer-in/ (Transfer-out)	Disposals	As at March 31, 2019	As at March 31, 2019			
Computer software	5.89	0.06	0.13	-	6.08	3.33	0.79	0.01	-	4.13	1.96

# Notes to the Standalone Financial Statements

## 4 Non-current investments

### List of investments under each category

(All amounts in ₹ Crores unless otherwise stated)

Particulars	No of shares *		Value of Investments	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Quoted and listed</b>				
<b>Investments in equity shares</b>				
<b>Investments designated at fair value through other comprehensive income (FVTOCI)</b>				
Equity Shares of ₹2 each in Finolex Cables Limited	2,21,87,075	2,21,87,075	439.03	1,060.16
<b>Investments designated at fair value through profit and loss (FVTPL)</b>				
Equity Shares of ₹2 each in Gulf Oil Corporation Limited	4,950	4,950	0.06	0.15
Equity Shares of ₹2 each in Gulf Oil Lubricants India Limited	4,950	4,950	0.26	0.42
Equity Shares of ₹10 each in Gold Crest Corporation Limited	12,400	12,400	0.08	0.08
			0.40	0.65
<b>Unquoted</b>				
<b>Investments designated at fair value through other comprehensive income (FVTOCI)</b>				
<b>Equity Shares of ₹10 each in</b>				
a) Finolex Infrastructure Limited	53,73,938	53,73,938	8.55	8.58
<b>Investments designated at fair value through profit and loss (FVTPL)</b>				
<b>Equity Shares of ₹10 each in</b>				
a) The Saraswat Co-op Bank Limited #	1,000	1,000	0.00	0.00
<b>Investments measured at cost</b>				
<b>Associate Companies</b>				
<b>Equity Shares of ₹10 each in</b>				
a) Finolex Plasson Industries Private Limited	46,35,000	46,35,000	7.50	7.50
b) Pawas Port Limited	49,994	49,994	0.05	0.05
			7.55	7.55
<b>Total</b>			455.53	1,076.94

\*Number of shares are in full figures

# The value of shares in full figures is ₹10,000/-

# Notes to the Standalone Financial Statements

## 4 Non-current investments (contd..)

The Company measures its investments in associates at cost, as per option provided by Ind AS 27 "Separate Financial Statements".

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Aggregate Cost value of quoted investments	102.67	102.67
Aggregate market value of quoted investments	439.43	1,060.81
Aggregate value of unquoted investments	16.10	16.13

### Fair Value disclosures

Fair value disclosures along with Fair value hierarchy disclosures for financial assets and liabilities are stated in Note 38.

### Risk Management Strategy

Refer Note 39 on financial risk management objectives and policies for financial instruments.

## 5 Non-current Loans

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Unsecured, considered good</b>		
Loans to employees	0.03	0.01
Security deposits	1.65	1.89
Other deposits	1.00	1.00
Significant increase in credit risk		
Credit impaired	-	-
Doubtful	-	-
	<b>2.68</b>	<b>2.90</b>
Less: Loss Allowance	-	-
<b>Total</b>	<b>2.68</b>	<b>2.90</b>

Security deposits comprise of deposits with various government agencies and others.

## 6 Other non-current financial assets

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Unsecured considered good</b>		
Claims receivable (under mega incentive schemes) (Refer Note 19)	8.66	12.47
<b>Total</b>	<b>8.66</b>	<b>12.47</b>

## Notes to the Standalone Financial Statements

### 7 Other non-current assets

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Unsecured considered good</b>		
Capital advances	5.80	3.07
Prepaid expenses	0.98	0.95
Balances with government authorities:		
-Excise, Service Tax, Customs	1.01	1.07
-VAT and sales tax	49.84	49.76
<b>Total</b>	<b>57.63</b>	<b>54.85</b>

### 8 Inventories

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Raw materials	333.03	209.18
Work-in-progress	53.53	44.96
Finished goods	402.07	302.28
Stock-in-trade	1.85	1.33
Stores and spares	62.97	57.77
Packing material	4.36	4.95
<b>Total</b>	<b>857.81</b>	<b>620.47</b>

- Raw materials include goods in transit of ₹24.42 Crores (₹5.64 Crores as at March 31, 2019)
- The above inventories are hypothecated against current borrowings. Also Refer Note 20.
- Refer Note 2.8 for basis of valuation of inventories.
- Write-back of inventories to net realisable value (net of reversal) amounted to ₹3.33 Crores (31 March 2019-write down: ₹0.46 Crores). These were recognised as an Income (March-2019 as Expense) during the year and included in material consumption and changes in inventories in the statement of profit and loss.
- Reversal of write down of inventories is mainly on account of movement in the ageing bucket of the such inventory.



# Notes to the Standalone Financial Statements

## 9 Current investments

(All amounts in ₹ Crores unless otherwise stated)

Particulars	No of units *		Value of investments	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Investment in Mutual Fund classified as fair value through profit and loss (FVTPL) Quoted but not listed</b>				
<b>Mutual Fund (MF) Units of ₹100 each</b>				
Aditya Birla Sun Life Cash Plus Direct Plan - Growth	-	4,82,429	-	14.42
Aditya Birla Sun Life Liquid Fund Direct Plan - Growth	-	4,16,601	-	12.52
ICICI Prudential Liquid Fund-Direct Plan-Growth	-	18,64,338	-	51.53
ICICI Prudential Money Market Fund Direct Growth				
DSP Equity Opportunities Fund Direct - Growth	6,64,939	6,64,939	11.87	15.60
DSP Mid Cap Fund Direct - Growth	26,93,061	26,93,061	12.65	15.49
Kotak Savings Fund Regular Growth	-	33,51,038	-	10.04
<b>Mutual Fund (MF) Units of ₹1,000 each</b>				
DSP Liquidity Fund - Direct Growth	-	1,53,120	-	40.94
HDFC Liquid Fund - Direct Plan - Growth	-	12,393	-	4.56
UTI Liquid Cash Plan Institutional Direct Plan - Growth	-	1,20,214	-	36.79
Kotak Liquid Direct Plan A Growth	-	63,955	-	24.20
DSP Overnight Fund Direct Growth	9,414	-	1.00	-
HDFC Overnight Fund Regular Growth	47,408	-	14.01	-
HDFC Overnight Fund Direct Growth	33,684	-	10.00	-
<b>Investment in Fixed Deposits classified at cost</b>				
8.18% FD with Bajaj Finance	-	-	79.60	-
	<b>34,48,506</b>	<b>98,22,086</b>	<b>129.13</b>	<b>226.09</b>

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Aggregate cost value of quoted investments	55.00	222.14
Aggregate market value of quoted investments	49.53	226.09
Aggregate value of unquoted investments	79.60	-

\* Number of units are in full figures

### Fair Value disclosures

Fair value disclosures along with Fair value hierarchy disclosures for financial assets and liabilities are stated in Note 38.

### Risk Management Strategy

Refer Note 39 on financial risk management objectives and policies for financial instruments.

# Notes to the Standalone Financial Statements

## 10 Trade receivables

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Unsecured, considered good</b>		
Related parties		
Others	73.17	74.31
Significant increase in credit risk	-	-
Credit impaired	-	-
Doubtful	-	-
	<b>73.17</b>	<b>74.31</b>
Less: Loss Allowance	-	-
<b>Total</b>	<b>73.17</b>	<b>74.31</b>

For terms and conditions relating to related party receivables, refer Note 36

Company's trade receivables consist of receivables from dealers and customers against sales of pipes and fittings and PVC resin. Trade receivables are mostly on terms of advance payment and credit period of 30 days is given selectively in few cases only. Company also charges interest @ 18% p.a in case of default in collection of trade receivables.

The above book debts are hypothecated against current borrowings. Also refer Note 20.

## 11.1 Cash and cash equivalents

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Balances with banks		
In current accounts	36.99	6.22
Deposits with original maturity of less than three months	20.00	-
Cash on hand	0.29	0.30
<b>Total</b>	<b>57.29</b>	<b>6.52</b>

## 11.2 Other bank balances

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Unpaid dividend accounts	32.42	21.52
Deposits with original maturity more than 3 months but less than 12 months	3.50	-
<b>Total</b>	<b>35.92</b>	<b>21.52</b>

## 12 Current Loans

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Unsecured, considered good		
Loans to Employees	0.31	0.31
Security deposits	0.59	0.26

# Notes to the Standalone Financial Statements

## 12 Current Loans (Contd..)

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020		March 31, 2019	
Significant increase in credit risk	-		-	
Credit impaired	-		-	
Doubtful	-		-	
	<b>0.90</b>		<b>0.57</b>	
Less: Loss Allowance	-		-	
<b>Total</b>	<b>0.90</b>		<b>0.57</b>	

## 13 Other current financial assets

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020		March 31, 2019	
Unsecured, considered good				
Advances to vendors*	<b>14.55</b>		40.13	
Other receivables	<b>2.01</b>		0.01	
	<b>16.56</b>		<b>40.14</b>	
Significant increase in credit risk	-		-	
Credit impaired	-		-	
Doubtful	-		-	
Less: Loss Allowance	-		-	
Claims receivable (under mega incentive schemes) (Refer Note 20)	-		20.40	
<b>Total</b>	<b>16.56</b>		<b>60.54</b>	

\* Advance has been given to vendor at an interest of 15% p.a.

## 14 Other current assets

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020		March 31, 2019	
<b>Unsecured, considered good</b>				
Advances to vendors	<b>28.64</b>		24.27	
Prepaid expenses	<b>6.03</b>		4.36	
GST receivables (net)	<b>18.85</b>		12.74	
<b>Total</b>	<b>53.52</b>		<b>41.37</b>	

## 15 Equity share capital

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020		March 31, 2019	
	No. of shares*	Amount	No. of shares*	Amount
<b>Authorised:</b>				
Equity shares of ₹10 each	<b>15,00,00,000</b>	<b>150.00</b>	15,00,00,000	150.00
Unclassified share capital	<b>8,50,00,000</b>	<b>85.00</b>	8,50,00,000	85.00
	<b>23,50,00,000</b>	<b>235.00</b>	<b>23,50,00,000</b>	<b>235.00</b>

# Notes to the Standalone Financial Statements

## 15 Equity share capital (Contd..)

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020		March 31, 2019	
	No. of shares*	Amount	No. of shares*	Amount
<b>Issued, subscribed and fully paid up:</b>				
Equity Shares of ₹10 each fully paid	12,40,95,381	124.10	12,40,95,381	124.10
	<b>12,40,95,381</b>	<b>124.10</b>	<b>12,40,95,381</b>	<b>124.10</b>

out of above 4,32,600 (March 31, 2019 - 4,32,600) shares are held by Finolex Industries Limited Employee Welfare trust under ESOP scheme

### Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period:

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020		March 31, 2019	
	No. of shares*	Amount	No. of shares*	Amount
At the beginning of the year	12,40,95,381	124.10	12,40,95,381	124.10
Add: Allotted during the year	-	-	-	-
<b>Outstanding at the end of the period</b>	<b>12,40,95,381</b>	<b>124.10</b>	<b>12,40,95,381</b>	<b>124.10</b>

### Terms/ Rights attached to equity shares:

The Company has only class of equity shares having a par value of ₹10 per share. Each holder of the equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

### Details of shareholders holding more than 5% shares in the Company

Particulars	March 31, 2020		March 31, 2019	
	No. of shares*	% holding	No. of shares*	% holding
<b>Equity shares of ₹10 each fully paid</b>				
Finolex Cables Limited	4,01,92,597	32.39%	4,01,92,597	32.39%
Orbit Electricals Private Limited	2,33,30,901	18.80%	2,33,30,901	18.80%

\* No. of shares are in full figures

# Notes to the Standalone Financial Statements

## 16 Other equity

(All amounts in ₹ Crores unless otherwise stated)

Particulars	Retained earnings	Capital Redemption Reserve	Share premium	General reserve	Other Comprehensive Income	Total
As at March 31, 2018	1,212.35	25.18	151.27	394.50	857.18	2,640.47
Add : Profit for the year	349.80	-	-	-	-	349.80
Add: Other comprehensive income for the year					(433.27)	(433.27)
Add/(less):Remeasurement gains/(losses) on defined benefit plan	(3.07)	-	-	-	-	(3.07)
Less: Appropriations						
-Dividend paid	(124.10)	-	-	-	-	(124.10)
-Tax on dividend paid	(25.51)	-	-	-	-	(25.51)
<b>As at March 31, 2019</b>	<b>1,409.47</b>	<b>25.18</b>	<b>151.27</b>	<b>394.50</b>	<b>423.91</b>	<b>2,404.33</b>
Add : Profit for the year	324.20	-	-	-	-	324.20
Add: Other comprehensive income for the year	-	-	-	-	(621.07)	(621.07)
Add/(less):Remeasurement gains/(losses) on defined benefit plan	(2.53)	-	-	-	-	(2.53)
Less: Appropriations						
-Final dividend paid	(124.10)	-	-	-	-	(124.10)
-Tax on above dividend	(25.51)	-	-	-	-	(25.51)
-Interim dividend paid	(124.10)	-	-	-	-	(124.10)
-Tax on above dividend	(25.51)	-	-	-	-	(25.51)
<b>As at March 31, 2020</b>	<b>1,431.92</b>	<b>25.18</b>	<b>151.27</b>	<b>394.50</b>	<b>(197.16)</b>	<b>1,805.71</b>

### 16.1 Nature and purpose of reserves

#### 1) Capital Redemption Reserve

During financial year ended March 31, 2002 and March 31, 2003, the Company bought back shares of the Company out of free reserves and in order to comply with the requirements of Company law the company created share capital buy back reserve to the extent of the face value of shares bought back.

#### 2) General reserve

Till April 1, 2013, the company was governed by provisions of the Companies Act of 1956. As per the requirements of this act read along with Companies (Transfer of Profit to Reserve) Rules, 1975, any company declaring dividend in excess of 10% of face value of equity share was mandatorily required to transfer specified % of amount to general reserve. Accordingly, the company has transferred amount to this reserve over the years to comply with the company law requirements.

### 16.2 Other comprehensive income, net of tax

The disaggregation of changes in OCI by each type of reserve

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Fair Valuation OCI reserve	(197.16)	423.91
<b>Total</b>	<b>(197.16)</b>	<b>423.91</b>

## Notes to the Standalone Financial Statements

### 16.3 Distribution made and proposed

(All amounts in ₹ Crores unless otherwise stated)

Cash dividends on Equity shares declared and paid	March 31, 2020	March 31, 2019
Final dividend for 2017-18: ₹10 per share	-	124.10
Dividend distribution tax on above final dividend	-	25.51
Final dividend for 2018-19: ₹10 per share	124.10	-
Dividend distribution tax on above final dividend	25.51	-
Interim dividend for 2019-20: ₹10 per share	124.10	-
Dividend distribution tax on above final dividend	25.51	-

### 16.4 Dividends proposed before annual general meeting but not recognised as a liability

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Proposed Dividend	-	124.10
Dividend per share (₹)	-	10.00

Proposed dividend on equity shares are subject to approval of the shareholders of their Company at the annual general meeting and are not recognised as a liability (including taxes thereon) as at March 31, 2019. The Board of Directors had declared Interim Dividend of ₹10 per share (Face Value of ₹10 each) on February, 27 2020 which is considered as final dividend for the year ended March 31, 2020.

## 17 Other non - current financial liabilities

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Security deposits	0.05	0.03
Dealer deposits	0.09	0.31
<b>Total</b>	<b>0.14</b>	<b>0.34</b>

## 19.1 Non-current provisions

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Provision for employee benefits</b>		
Gratuity (Refer Note 35)	18.26	14.02
Compensated absences (Refer Note 35)	8.46	6.56
<b>Total</b>	<b>26.72</b>	<b>20.58</b>

## 18.2 Current provisions

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Provision for employee benefits</b>		
Gratuity (Refer Note 35)	1.46	1.07
Compensated absences (Refer Note 35)	1.55	1.33
<b>Total</b>	<b>3.01</b>	<b>2.40</b>

# Notes to the Standalone Financial Statements

## 19 Government grants

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Non-current portion	51.44	57.67
Current portion	6.24	6.24
<b>Total</b>	<b>57.68</b>	<b>63.91</b>

- a) The company is entitled to receive Industrial Promotion Subsidy under the Package Scheme of Incentives, for the period from 1st April, 2011 to 31st March 2018. The aforesaid subsidy is in relation to investments in property, plant and equipment at Ratnagiri plant. Accordingly, the same has been classified as grant related to assets and the company is recognising revenue from grant over the life of the property, plant and equipment.

### Liability movement

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
As at the beginning of the year	63.91	70.74
Recognised during the year	-	-
Less: Amount reversed (excess claim accrued upto 31/3/17, now reversed)	-	(0.59)
Released to the statement of profit and loss	(6.24)	(6.24)
<b>As at the end of the year</b>	<b>57.68</b>	<b>63.91</b>

- b) The company has received the eligibility certificate for the industrial promotion subsidy under the package incentive scheme. The government grant receivable includes electricity duty refund of prior years amounting to ₹ Nil (March 31, 2019 - ₹5.39 Crores)

### Asset movement

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
As at the beginning of the year	32.87	61.89
Add: Grant accrued during the year	-	-
Less: Claim received during the year	(18.83)	(19.86)
Less: Amount reversed (excess claim accrued upto March 31, 2017, now reversed)	-	(1.03)
Less: Electricity duty adjusted against the current bill	(5.39)	(8.13)
<b>As at the end of the year</b>	<b>8.66</b>	<b>32.87</b>

Also refer note 6

# Notes to the Standalone Financial Statements

## 20 Current borrowings

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Acceptances from banks : Buyers Credit</b>		
Secured	266.88	78.81
Unsecured	15.79	10.69
<b>TOTAL</b>	<b>282.67</b>	<b>89.50</b>

### Details of terms of borrowings and security for the borrowings

The aggregate limits of working capital borrowings of ₹1,395.75 Crores (₹1,395.75 Crores as at March 31, 2019) from the Bank of India Consortium together with all interest, liquidated damages, costs, charges and other moneys payable under working capital consortium agreement/sanction letters are secured by:

- 1) Hypothecation of inventories and book debts; and
- 2) Extension of second equitable mortgage, created in favour of Bank of India Consortium on pari passu basis with other second charge holder by deposit of title deeds with Axis Bank Ltd (ABL), New Delhi. ABL acting as an agent for Bank of India Consortium, which ranks subsequent and subservient in rank of priority over the first equitable mortgages created by deposit of title deeds in respect of immovable properties falling within the battery limit of the site of the Company's plant for manufacture of PVC Resin, situated at Village Golap, District Ratnagiri in the State of Maharashtra together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth.

Refer Note 39 for discussion on Company's financial risk management policies and procedures.

## 21 Trade payables

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Trade payables</b>		
a) total outstanding dues of Micro Enterprises & Small Enterprises (Refer Note 41)	1.18	2.19
b) total outstanding dues of creditors other than Micro Enterprises & Small Enterprises	232.22	281.61
<b>Total</b>	<b>233.40</b>	<b>283.80</b>

Trade payables including related parties are non-interest bearing and are normally settled within 30 to 45 days.

Refer Note 39 for discussion on Company's financial risk management policies and procedures.



# Notes to the Standalone Financial Statements

## 22 Other current financial liabilities

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Interest accrued but not due	0.56	0.51
Salary and Reimbursements	22.93	23.51
Provision for expenses	74.79	43.86
Unpaid dividend	32.42	21.52
<b>Total</b>	<b>130.70</b>	<b>89.40</b>

Refer Note 39 for explanation on Company's financial risk management policies and procedures.

## 23 Other current liabilities

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Advances from customers	23.25	24.55
Statutory dues (includes indirect and withholding taxes)	12.11	18.50
<b>Total</b>	<b>35.36</b>	<b>43.05</b>

## 24 Income Taxes

During the year, section 115BAA has been newly introduced by the CBDT. As per this section, option is given to all existing companies to either pay Income tax as per existing rates ( i.e. 25% or 30% plus applicable surcharge and cess) or as per concessional rate of 22% plus applicable surcharge and cess. This new rate is available only if company forgoes certain exemptions and deductions. Since this new rate is beneficial, company has adopted the new tax rate of 25.168% (i.e. 22% including surcharge and cess) for computing income tax & deferred tax for year ended 31st Mar, 2020 (the rate for 31st March 2019 was 34.944%).

### A Composition of income tax expense is as follows:

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Statement of profit and loss</b>		
<b>Current tax</b>		
Current income tax charge	103.56	174.19
<b>Deferred tax</b>		
Relating to temporary differences	(34.57)	11.63
<b>Income tax expense reported in the statement of profit and loss</b>	<b>68.99</b>	<b>185.82</b>

# Notes to the Standalone Financial Statements

## 24 Income Taxes (contd..)

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Other Comprehensive Income</b>		
Deferred tax related to items recognised in OCI during the year:		
Remeasurement gains/ (losses) on defined benefit plans	0.85	1.65
Fair value changes of financial assets	0.08	(20.67)
<b>Income tax charged to OCI</b>	<b>0.93</b>	<b>(19.02)</b>

### B Reconciliation between tax expense and accounting profit multiplied by tax rate

Current taxes are measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Accounting profit before tax expense	393.19	535.62
At India's statutory tax rate	25.168%	34.944%
<b>Computed tax expense</b>	<b>98.96</b>	<b>187.17</b>
<b>Adjustments For:</b>		
Donations made disallowed as deductions	0.32	0.33
Corporate Social Responsibility Expenses	2.50	3.23
Provision for expenses not allowed in tax	1.22	-
Other non-deductible expenses	0.11	0.26
Dividend income accrued in current year exempt from tax	(2.75)	(3.51)
Agricultural income U/S.10(1) (Income from Mango Harvesting contract.)	(0.01)	(0.01)
Deduction allowed income tax	(0.17)	(4.89)
80IA disallowance under new tax regime	11.09	-
Impact of Change in rate	(42.27)	(0.02)
Other items	-	3.26
<b>At the effective tax rate</b>	<b>68.99</b>	<b>185.82</b>
Income tax expense reported in the statement of profit and loss	68.99	185.82

# Notes to the Standalone Financial Statements

## 24 Income Taxes (contd..)

### C Composition of deferred tax assets and deferred tax liabilities and deferred tax (expense)/income

(All amounts in ₹ Crores unless otherwise stated)

Particulars	Balance Sheet		Statement of Profit and Loss	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Deferred tax liabilities</b>				
Depreciation	(139.03)	(181.76)	42.73	(7.39)
Fair valuation of FVTOCI investment	(0.16)	(0.24)	-	-
Fair valuation of FVTPL investment	-	(1.38)	1.38	(1.38)
<b>Deferred tax assets</b>				
Deferred income	14.52	22.33	(7.81)	(2.38)
Fair valuation of FVTPL investment	1.37	-	1.37	(1.28)
Provision for Doubtful debts & advances	-	1.69	(1.69)	(0.37)
Leave encashment	2.52	2.76	(0.24)	0.96
Defined benefit obligation and others	4.97	5.27	(1.17)	0.22
<b>Deferred tax (expense)/income</b>	-	-	34.57	(11.63)
<b>Net deferred tax assets/(liabilities)</b>	<b>(115.82)</b>	<b>(151.33)</b>	-	-

### D Composition of deferred tax assets and deferred tax liabilities

Deferred taxes are measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period. The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

#### Reconciliation of deferred tax liabilities, net

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>As at the beginning of the year</b>	<b>(151.33)</b>	(120.68)
Tax (expense)/ income recognised in the statement of profit and loss	34.57	(11.63)
Tax (expense)/ income recognised in the OCI	0.93	(19.02)
<b>As at the end of the year</b>	<b>(115.82)</b>	<b>(151.33)</b>

# Notes to the Standalone Financial Statements

## 25 Income Taxes (contd..)

### E Composition of deferred tax (expense)/ income recognised in the statement of profit and loss

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Deferred tax income	35.98	(12.81)
Deferred tax expense	(1.41)	1.18
<b>Net deferred tax (expense)/ income</b>	<b>34.57</b>	<b>(11.63)</b>

## 25 Revenue from operations

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Revenue from contracts with customers</b>		
Sale of products	2,957.67	3,068.46
<b>Other operating revenue</b>		
a) Scrap sales	19.92	15.13
b) Recovery of port charges	2.15	1.94
c) Unwinding of deferred income (government grant) (Refer Note 19)	6.24	5.79
<b>Total</b>	<b>2,985.98</b>	<b>3,091.32</b>

## 26 Other income

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>I) Interest on</b>		
a) Overdue receivables from customers	0.08	0.14
b) Income Tax refund	-	3.94
c) Deposit with bank and financial institution	4.59	3.81
d) On advance to vendor	3.22	0.45
e) Others	0.28	0.05
<b>II) Dividend from non-current investments</b>		
a) Classified as fair value through FVTPL	0.01	0.01
b) Classified as fair value through FVTOCI	9.98	8.88
c) Classified as amortised cost	0.93	1.16
<b>III) Other non-operating income</b>		
a) Insurance claims received	0.91	1.26
b) Net gains/(losses) on fair value changes on investment classified as FVTPL	(2.73)	8.30
c) Net gain on sale of current investments (mutual funds) classified as FVTPL	8.92	7.16
d) Net foreign currency exchange gain on transaction and translations	-	0.75
e) Excess provision written back	1.35	1.34

# Notes to the Standalone Financial Statements

## 26 Other income (Contd..)

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
f) Credit balances written back	0.22	2.02
g) Others	3.08	2.30
<b>Total</b>	<b>30.84</b>	<b>41.57</b>

## 27 Cost of materials consumed

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Cost of raw materials consumed	2,007.31	1,952.61
Packing material consumed	30.40	28.54
<b>Total</b>	<b>2,037.71</b>	<b>1,981.15</b>

## 28 Changes in inventories of finished goods, work-in-progress and stock in trade

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Inventories at the end of the year</b>		
Work-in-progress	53.53	44.96
Finished goods	402.07	302.28
Stock-in-trade	1.85	1.33
<b>Sub Total (A)</b>	<b>457.45</b>	<b>348.57</b>
<b>Inventories at the beginning of the year</b>		
Work-in-progress	44.96	47.37
Finished goods	302.28	228.47
Stock-in-trade	1.33	1.40
<b>Sub Total (B)</b>	<b>348.57</b>	<b>277.24</b>
<b>Changes in inventories of finished goods, work-in-progress and stock in trade (B-A)</b>	<b>(108.88)</b>	<b>(71.33)</b>

## 29 Employee benefits expense

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Salaries, wages and bonus	123.61	115.16
Gratuity fund expenses (Refer Note 35)	2.53	1.72
Contribution to provident fund and other funds (refer Note 35)	4.84	3.96
Staff welfare expenses	14.57	13.59
<b>Total</b>	<b>145.55</b>	<b>134.43</b>

# Notes to the Standalone Financial Statements

## 30 Finance cost

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Interest expense on borrowings and others	3.55	6.29
Other borrowing costs	1.86	1.43
Exchange differences regarded as an adjustment to borrowing cost	6.50	4.55
<b>Total</b>	<b>11.91</b>	<b>12.27</b>

## 31 Depreciation and amortisation expense

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Depreciation on property, plant and equipment	73.13	69.29
Amortisation of intangible assets	0.68	0.79
<b>Total</b>	<b>73.81</b>	<b>70.08</b>

## 32 Other expenses

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Power and fuel	107.99	114.35
Stores and spares consumed	29.29	34.21
Other manufacturing expenses	104.20	106.00
Rent on Short term or low value leases	2.12	1.88
Rates and taxes	10.61	12.23
Insurance	9.12	3.79
Repairs & maintenance (buildings)	15.06	11.11
Repairs & maintenance (plant & machinery)	31.47	19.32
Repairs & maintenance (others)	2.63	2.18
Communication expenses	3.15	3.92
Traveling and conveyance	8.37	7.09
Directors' sitting fees	0.38	0.37
Commission to non-executive directors	1.00	0.98
Auditor's remuneration :		
-Statutory audit fees	0.29	0.29
-Tax audit fees	0.05	0.05
-Limited review	0.06	0.06
-GST audit fees	0.05	0.10
-Certification	0.03	0.03
-Out of pocket expenses	0.02	0.01
Advertisement, publicity and sales promotion	48.29	66.51
Freight outward expenses	1.62	1.01
Loss on sale of property, plant and equipment	0.67	0.05
Legal and professional fees	8.10	10.54
Donations	2.56	0.92
Corporate social responsibility (CSR)(refer note below)	11.92	9.24

# Notes to the Standalone Financial Statements

## 32 Other expenses (Contd..)

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Security expenses	8.03	6.44
Information technology maintenance	8.15	9.14
Net loss on foreign currency transactions and translations (other than considered as finance cost)	23.85	-
Miscellaneous expenses	10.61	9.87
<b>Total</b>	<b>449.69</b>	<b>431.69</b>

## CSR Contribution

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Contribution to Mukul Madhav Foundation Trust (related party)	11.42	9.13
Contribution to others	0.50	0.11
	11.92	9.24
a) Amount required to be spent during the period	9.61	8.50
<b>b) Amount spent during the year on:</b>	<b>11.92</b>	<b>9.24</b>
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	11.92	9.24

## 33 Segment Information

The Company is in the business of manufacturing of PVC resin and PVC pipes & fittings. The disclosure of financial information in respect of its Captive Power Plant as a separate segment is no longer material compared to the Company's overall operations and the management does not analyse its performance separately. Therefore as per Ind AS 108 "Operating Segments", the Company has decided to disclose only two segments i.e. PVC resin and PVC pipes & fittings. Accordingly, the figures of respective previous periods have been regrouped.

For management purposes, the Company is organised into business units based on their products and which has following two reportable segments :

- 1 PVC – engaged in producing and distributing PVC resin.
- 2 Pipes and fittings – engaged in producing and distributing pipes and fittings required principally in the agriculture and construction industries.

The company has allocated the CPP segment to PVC resin and PVC pipes & fittings segments on the basis of CPP units allocation to respective segment.

The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss that is measured consistently

# Notes to the Standalone Financial Statements

## 33 Segment Information (Contd..)

with profit or loss in the financial statements. The Company's financing (including finance costs and finance income) and income taxes are not allocated to operating segments.

### Year ended March 31, 2020

(All amounts in ₹ Crores unless otherwise stated)

Particulars	PVC	Pipes & fittings	Total segments	Adjustments and eliminations	Total
<b>Revenue</b>					
External customers	432.03	2,553.95	2,985.98	-	2,985.98
Inter-segment	1,247.13	-	1,247.13	(1,247.13)	-
<b>Total revenue</b>	<b>1,679.16</b>	<b>2,553.95</b>	<b>4,233.11</b>	<b>(1,247.13)</b>	<b>2,985.98</b>
<b>Income/(Expenses)</b>					
Depreciation and amortisation	(14.05)	(42.19)	(56.24)	-	(56.24)
<b>Segment profit</b>	<b>199.79</b>	<b>202.68</b>	<b>402.47</b>	<b>-</b>	<b>402.47</b>
<b>Total assets</b>	<b>959.33</b>	<b>1,022.21</b>	<b>1,981.54</b>	<b>-</b>	<b>1,981.54</b>
<b>Total liabilities</b>	<b>178.05</b>	<b>77.42</b>	<b>255.47</b>	<b>-</b>	<b>255.47</b>
<b>Other disclosures</b>					
Capital expenditure	8.77	45.97	54.74	-	54.74

### Year ended March 31, 2019

Particulars	PVC	Pipes & fittings	Total segments	Adjustments and eliminations	Total
<b>Revenue</b>					
External customers	516.52	2,574.80	3,091.32	-	3,091.32
Inter-segment	1,357.65	-	1,357.65	(1,357.65)	-
<b>Total revenue</b>	<b>1,874.17</b>	<b>2,574.80</b>	<b>4,448.97</b>	<b>(1,357.65)</b>	<b>3,091.32</b>
<b>Income/(Expenses)</b>					
Depreciation and amortisation	(12.65)	(39.84)	(52.49)	-	(52.49)
<b>Segment profit</b>	<b>377.28</b>	<b>182.82</b>	<b>560.10</b>	<b>-</b>	<b>560.10</b>
<b>Total assets</b>	<b>814.40</b>	<b>963.22</b>	<b>1,777.62</b>	<b>-</b>	<b>1,777.62</b>
<b>Total liabilities</b>	<b>209.76</b>	<b>91.87</b>	<b>301.63</b>	<b>-</b>	<b>301.63</b>
<b>Other disclosures</b>					
Capital expenditure	22.06	75.62	97.68	-	97.68

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below.

### Adjustments and eliminations

Finance income and costs, and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed for the entity as a whole.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed for the entity as a whole.

Capital expenditure consists of additions of property, plant and equipment and intangible assets and additions to capital work in progress.

Inter-segment revenues are eliminated on consolidation.



# Notes to the Standalone Financial Statements

## 33 Segment Information (Contd..)

### Reconciliation of profit

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Segment profit</b>	<b>402.47</b>	560.10
Unallocable income	29.33	39.29
Finance costs	(11.91)	(12.27)
Unallocable expense	(26.70)	(51.51)
<b>Profit before tax</b>	<b>393.19</b>	<b>535.62</b>

### Reconciliation of assets

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Segment operating assets</b>	<b>1,981.54</b>	1,777.62
Current tax assets	42.34	33.05
Financial assets carried at FVTPL	0.40	0.65
Financial assets carried at FVTOCI	439.03	1,060.17
Financial assets carried at cost	7.55	7.55
Current investments	129.13	226.09
Cash and cash equivalents (including other bank balances)	93.21	29.10
Other unallocated assets	122.12	138.52
<b>Total assets</b>	<b>2,815.31</b>	<b>3,272.74</b>

### Reconciliation of liabilities

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Segment operating liabilities</b>	<b>255.47</b>	301.63
Deferred tax liabilities	115.82	151.33
Trade payables	1.18	6.71
Short term borrowings	282.67	89.50
Financial liabilities at amortised cost	97.86	67.71
Interest accrued	0.56	0.51
Unpaid dividend	32.42	21.52
Statutory Dues	12.11	18.50
Provisions	29.73	22.98
Government Grant	57.68	63.91
<b>Total liabilities</b>	<b>885.50</b>	<b>744.31</b>

### Geographic information

In the year ended March 31, 2020, the Company has catered only to the needs of the Indian markets. As there was no export turnover during the year, there are no reportable geographical segments.

# Notes to the Standalone Financial Statements

## 34 Earnings Per Share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

There are no potential shares that have a dilutive effect on the EPS.

The following reflects the income and share data used in the basic EPS computation

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Basic</b>		
Profit for the year before Tax (in ₹ Crores)	393.19	535.62
Less : Attributable Tax thereto	68.99	185.82
Net profit / (loss) after tax (in ₹ Crores)	324.20	349.80
Weighted average number of equity shares	12.41	12.41
<b>Basic earnings/(loss) per share of ₹10 each</b>	<b>26.13</b>	<b>28.19</b>

## 35 Disclosure pursuant to Employee benefits

### A. Defined contribution plans:

Amount of ₹4.84 Crores (March 31, 2019: ₹3.96 Crores) is recognised as expenses and included in Note No. 29 "Employee benefit expense"

### B. Defined benefit plans:

The Company has Gratuity as post employment benefit which is in the nature of defined benefit plan.

The Company operates gratuity plan (funded) wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

The gratuity plan is governed by the payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

# Notes to the Standalone Financial Statements

## 35 Disclosure pursuant to Employee benefits (contd..)

### March 31, 2020 : Changes in defined benefit obligation and plan assets

(All amounts in ₹ Crores unless otherwise stated)

Particulars	April 1, 2019		Gratuity cost charged to statement of profit and loss		Benefit paid	Remeasurement gains/(losses) in other comprehensive income					Contributions by employer	March 31, 2020
	Service cost	Net interest (expense) / income	Sub-total included in statement of profit and loss (Note 30)	Return on plan assets (excluding amounts included in net interest expense)		Actuarial changes arising from demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI			
Defined benefit obligation	(19.25)	(1.41)	(2.79)	1.61	-	-	(1.89)	(1.49)	(3.38)	-	(23.81)	
Fair value of plan assets	4.16	(0.06)	0.32	(1.61)	-	-	(0.01)	0.01	-	1.28	4.09	
<b>Total benefit liability</b>	<b>(15.09)</b>	<b>(1.47)</b>	<b>(2.53)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1.90)</b>	<b>(1.48)</b>	<b>(3.38)</b>	<b>1.28</b>	<b>(19.72)</b>	

### March 31, 2019 : Changes in defined benefit obligation and plan assets

(All amounts in ₹ Crores unless otherwise stated)

Particulars	April 1, 2018		Cost charged to statement of profit and loss		Benefit paid	Remeasurement gains/(losses) in other comprehensive income					Contributions by employer	March 31, 2019
	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 30)	Return on plan assets (excluding amounts included in net interest expense)		Actuarial changes arising from demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI			
Defined benefit obligation	(13.33)	(0.95)	(1.01)	(1.96)	0.78	-	(0.70)	(2.01)	(2.01)	(4.73)	-	(19.25)
Fair value of plan assets	3.62	(0.05)	0.29	0.24	(0.78)	-	-	0.02	(0.02)	0.01	1.07	4.16
<b>Total benefit liability</b>	<b>(9.72)</b>	<b>(1.01)</b>	<b>(0.72)</b>	<b>(1.72)</b>	<b>-</b>	<b>-</b>	<b>(0.70)</b>	<b>(2.03)</b>	<b>(2.03)</b>	<b>(4.72)</b>	<b>1.07</b>	<b>(15.09)</b>

# Notes to the Standalone Financial Statements

## 35 Disclosure pursuant to Employee benefits (contd..)

The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
	Insured managed funds (LIC)	4.09
(%) of total plan assets	100%	100%

The principal assumptions used in determining above defined benefit obligations for the Group's plans is shown below:

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
	Discount rate	6.10%
Future salary increase	8.00%	8.00%
Expected rate of return on plan assets	7.50%	7.80%
Expected average remaining working lives (in years)		
Gratuity	9.26	9.33
Compensated absences	9.26	9.33
Withdrawal rate (based on grade and age of employees)		
Gratuity	7.00%	7.00%
Compensated absences	7.00%	7.00%

A quantitative sensitivity analysis for significant assumption is as shown below:

### Gratuity

(All amounts in ₹ Crores unless otherwise stated)

Particulars	Sensitivity level	(increase) / decrease in defined benefit obligation (Impact)	
		March 31, 2020	March 31, 2019
Discount rate	1% increase	1.38	1.05
	1% decrease	(1.55)	(1.18)
Future salary increase	1% increase	(1.29)	(0.99)
	1% decrease	1.18	0.90
Withdrawal rate	1% increase	0.14	0.03
	1% decrease	(0.15)	(0.03)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in one significant assumption at a time, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

The same method has been applied for the sensitivity analysis as when calculating the recognised defined benefit obligation.

# Notes to the Standalone Financial Statements

## 35 Disclosure pursuant to Employee benefits (contd..)

The followings are the expected future benefit payments for the defined benefit plan :

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Within the next 12 months (next annual reporting period)	4.88	4.13
Between 2 and 5 years	10.35	8.89
Beyond 5 years	17.34	15.76
<b>Total expected payments</b>	<b>32.57</b>	<b>28.78</b>

**Weighted average duration of defined plan obligation (based on discounted cash flows)**

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
	Years	Years
Gratuity	9.13	8.56

**The followings are the expected contributions to planned assets for the next year:**

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Gratuity	1.46	1.07

## Risk Exposure And Asset Liability Matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

### 1. Liability Risks

#### a. Asset-Liability Mismatch Risk-

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

#### b. Discount Rate Risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

# Notes to the Standalone Financial Statements

## 35 Disclosure pursuant to Employee benefits (contd..)

### c. Future Salary Escalation and Inflation Risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

## 2. Asset Risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

The company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

## C. Other long-term employment benefits

The Company has compensated absences plan which is covered by other long-term employee benefits.

### March 31, 2020 : Changes in defined benefit obligation of compensated absences

(All amounts in ₹ Crores unless otherwise stated)

	April 1, 2019	Cost charged to statement of profit and loss				Benefit paid	Contributions by employer	March 31, 2020
		Service cost	Interest cost	Actuarial changes arising from various assumption	Sub-total included in statement of profit and loss (Note 30)			
<b>Compensated absences</b>								
Defined benefit obligation	(7.89)	(1.23)	(0.53)	(2.04)	(3.80)	1.68	-	(10.01)
<b>Benefit liability</b>	(7.89)	(1.23)	(0.53)	(2.04)	(3.80)	1.68	-	(10.01)

# Notes to the Standalone Financial Statements

## 35 Disclosure pursuant to Employee benefits (contd..)

### March 31, 2019 : Changes in defined benefit obligation of compensated absences

(All amounts in ₹ Crores unless otherwise stated)

Particulars	April 1, 2018	Cost charged to statement of profit and loss				Benefit paid	Contributions by employer	March 31, 2019
		Service cost	Interest cost	Actuarial changes arising from various assumption	Sub-total included in statement of profit and loss (Note 30)			
<b>Compensated absences</b>								
Defined benefit obligation	(5.15)	(0.76)	(0.35)	(3.01)	(4.12)	1.37	-	(7.89)
<b>Benefit liability</b>	(5.15)	(0.76)	(0.35)	(3.01)	(4.12)	1.37	-	<b>(7.89)</b>

## 36. Related party transactions

Related parties have been identified on the basis of requirement of Ind AS 24 'Related Party Disclosures' and representation made by the Key Management Personnel and taken on record by the Board.

### A. Names of the related party and nature of relationship where control exists

There are no parties where control exists.

### B. Name of the related parties with whom transactions have been entered into

Name of the related party	Nature of relationship
Orbit Electricals Private Limited	Enterprise controlled by Key Management Personnel
Finolex Plasson Industries Private Limited	Associate company
Finolex Cables Limited	Enterprise wherein the Company is an associate
Mukul Madhav Foundation (Trust)	Enterprises over which Key Management Personnel or their relatives exercise significant influence
Finolex Infrastructure Private Limited	Enterprise over which Key Management Personnel or their relatives exercise significant influence
Mrs. Ritu P. Chhabria	Relative of Key Management Personnel
Ms. Gayatri P. Chhabria	Relative of Key Management Personnel

### C. Key Management Personnel:

Name of the related party	Nature of relationship
Mr. Prakash P. Chhabria	Executive Chairman
Mr. Anil V. Whabi	Director Finance & CFO
Mr. Sanjay S. Math	Managing Director

# Notes to the Standalone Financial Statements

## 36. Related party transactions (contd..)

### D. Transactions with Related Parties

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>I. Sales, services and other income</b>		
<b>Sale of goods</b>		
Finolex Plasson Industries Private Limited	20.54	20.20
<b>Dividend Received</b>		
Finolex Cables Limited	9.98	8.87
Finolex Plasson Industries Private Limited	0.93	1.16
<b>II. Expenses</b>		
<b>Services received</b>		
Mrs. Ritu P. Chhabria (Sitting fees)	0.03	0.04
Mrs. Ritu P. Chhabria (commission)	0.13	0.12
Ms. Gayatri Chhabria (Salary)	0.05	-
<b>Dividend paid</b>		
Finolex Cables Limited	80.39	40.19
Orbit Electricals Private Limited	46.66	23.33

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Contribution towards corporate social responsibility</b>		
Mukul Madhav Foundation	11.42	8.86
<b>Amounts outstanding</b>		
<b>Due to</b>		
Finolex Plasson Industries Private Limited	0.10	0.13

### Terms and conditions of transactions with related parties

Transaction entered into with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

### Commitments with related parties

The company has not provided any commitment to the related party as at March 31, 2020 (March 31, 2019: ₹ Nil)

### Transactions and balances outstanding with key management personnel

Compensation of key management personnel of the Company



# Notes to the Standalone Financial Statements

## 36. Related party transactions (contd..)

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Short-term employee benefits:</b>		
<b>Salary and perquisites</b>	5.38	5.11
Mr. Prakash P. Chhabria	2.83	2.70
Mr. Sanjay S. Math	1.28	1.21
Mr. Anil V. Whabi	1.27	1.20
<b>Commission:</b>	7.50	9.03
Mr. Prakash P. Chhabria	5.00	7.14
Mr. Sanjay S. Math	1.50	1.26
Mr. Anil V. Whabi	1.00	0.63
<b>Post employment benefits:</b>	0.09	0.08
Mr. Prakash P. Chhabria	0.05	0.05
Mr. Sanjay S. Math	0.02	0.02
Mr. Anil V. Whabi	0.02	0.01
<b>Other long term benefits:</b>	0.82	0.57
Mr. Prakash P. Chhabria	0.66	0.45
Mr. Sanjay S. Math	0.13	0.04
Mr. Anil V. Whabi	0.04	0.09
<b>Total compensation</b>	13.79	14.79
The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.		
<b>Post employment benefits payable:</b>	2.69	2.28
Mr. Prakash P. Chhabria	2.38	2.03
Mr. Sanjay S. Math	0.21	0.16
Mr. Anil V. Whabi	0.11	0.09
<b>Other long term benefits payable:</b>	0.82	0.57
Mr. Prakash P. Chhabria	0.66	0.45
Mr. Sanjay S. Math	0.13	0.04
Mr. Anil V. Whabi	0.04	0.09
<b>Total long term benefits payable</b>	3.52	2.85

## 37. Commitments and contingencies

### 37.1 Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided (net of capital advances) for amounted to ₹ 28.38 Crores as at March 31, 2020 (₹9.20 Crores as at March 31, 2019).

# Notes to the Standalone Financial Statements

## 37. Commitments and contingencies (contd..)

### 37.2 Contingent liabilities

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Claims against the Company not acknowledged as debt</b>		
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	0.10	0.10
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	3.98	6.03
c) Excise/Customs/Service Tax in respect of which either show cause notice is received or the Company/Department is in appeal	78.01	82.94
d) Sales Tax matters in respect of which either show cause notice is received or the Company/Department is in appeal	3.27	3.27
e) Consumer Protection matters in respect of which customers have gone for recovery on account of quality claims.	0.27	1.39

## 38. Fair value of financial assets and liabilities

This note explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised & measured at i. fair value ii. measured at amortised cost and for which fair values are considered to be same as the amortised costs disclosed in the financial statements. They are further classified them into Level 1 to Level 3 as required by the accounting standard and described in the significant accounting policies of the Company. Further, the note describes valuation techniques used, key inputs to valuations and quantitative information about significant unobservable inputs for fair value measurements.

# Notes to the Standalone Financial Statements

## 38. Fair value of financial assets and liabilities (Contd..)

Classification of Financial instruments by Category and into Fair value Level of Hierarchy as at March 31, 2020

(All amounts in ₹ Crores unless otherwise stated)

Particulars	Amortised Cost	FVTPL			FVTOCI		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Non-current investments:</b>							
<b>Investment in equity shares of:</b>							
<b>Quoted</b>							
Equity instruments	-	0.40	-	-	439.03	-	-
<b>UnQuoted</b>							
Equity instruments	7.55	-	-	-	-	-	8.55
<b>Current investments:</b>							
Investments in units of mutual funds	-	49.53	-	-	-	-	-
Deposit with Non Banking Financial institutions	79.60	-	-	-	-	-	-
Trade and other receivables	73.17	-	-	-	-	-	-
Loans	3.57	-	-	-	-	-	-
Cash & cash equivalents	57.29	-	-	-	-	-	-
Other bank balances	35.92	-	-	-	-	-	-
Other financial assets	25.22	-	-	-	-	-	-
<b>Total</b>	<b>282.32</b>	<b>49.93</b>	<b>-</b>	<b>-</b>	<b>439.03</b>	<b>-</b>	<b>8.55</b>
<b>Financial liabilities</b>							
Borrowings	282.67	-	-	-	-	-	-
Trade and other payables	233.40	-	-	-	-	-	-
Other financial liabilities	130.84	-	-	-	-	-	-
<b>Total</b>	<b>646.91</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2019:

(All amounts in ₹ Crores unless otherwise stated)

Particulars	Amortised Cost	FVTPL			FVTOCI		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Non-current investments:</b>							
<b>Investment in equity shares of:</b>							
<b>Quoted</b>							
Equity instruments	-	0.65	-	-	1,060.16	-	-
<b>UnQuoted</b>							
Equity instruments	7.55	-	-	-	-	-	8.58
<b>Current investments:</b>							
Investments in units of mutual funds	-	226.09	-	-	-	-	-
Deposit with Non Banking Financial institutions	-	-	-	-	-	-	-
Trade and other receivables	74.31	-	-	-	-	-	-
Loans	3.47	-	-	-	-	-	-
Cash & cash equivalents	6.52	-	-	-	-	-	-
Other bank balances	21.52	-	-	-	-	-	-
Other financial assets	73.01	-	-	-	-	-	-
<b>Total</b>	<b>186.38</b>	<b>226.74</b>	<b>-</b>	<b>-</b>	<b>1,060.16</b>	<b>-</b>	<b>8.58</b>
<b>Financial liabilities</b>							
Borrowings	89.50	-	-	-	-	-	-
Trade and other payables	283.80	-	-	-	-	-	-
Other financial liabilities	89.74	-	-	-	-	-	-
<b>Total</b>	<b>463.04</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Notes to the Standalone Financial Statements

## 38. Fair value of financial assets and liabilities (Contd..)

### Valuation techniques used to determine the fair value of each financial instrument:

#### Fair value of financial instruments classified at amortised cost:

The management assessed that the fair values of cash and bank, loans, trade receivables, accrued interest, trade payables, borrowings, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Carrying value of non-current financial liabilities are considered to be same as their fair value due to discounting at rate which are an approximation of incremental borrowing rate. Further, company's non-current financial assets are appearing in the books at fair value since the same are interest bearing hence discounting of the same is not required.

#### Fair value of financial instruments classified at FVTPL:

These financial instruments consist of investment in quoted equity instruments and units of mutual funds. The fair value of quoted equity instruments is based on the respective quoted price in the active markets as at the measurement date and fair value of investment in mutual funds is determined using the quoted price ( NAV ) of the respective units in the active market at the measurement date.

#### Fair value of financial instruments classified at FVTOCI:

These financial instruments consist of investment in equity instruments. The fair value of quoted equity instruments is based on the respective quoted price in the active markets as at the measurement date. The fair value of investments in unquoted equity shares has been estimated using the net asset method. The valuation requires to consider the cost of replacement of an asset as an indication of the fair market value of that asset.

During the year ended 31 March 2020 and 31 March 2019, there were no transfers between Level 1 and Level 2 fair value measurements.

The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. In addition, the Company internally reviews valuations, including independent price validation for certain instruments.

#### Valuation inputs used in Level 3 and sensitivity of inputs to fair value:

# Notes to the Standalone Financial Statements

## 38. Fair value of financial assets and liabilities (Contd..)

(All amounts in ₹ Crores unless otherwise stated)

Particulars	As at March 2020	As at March 2019	Valuation technique adopted	Significant unobservable inputs	Weighted average range		Sensitivity of Input to FV
					As at March 2020	As at March 2019	
Non Current Investments - Unquoted equity shares	8.55	8.58	Net asset method	Recknor rate	890-1160	890-1160	Increase/ (decrease) in the rate would decrease/(increase) the fair value.

## 39. Financial risk management objective and policies

Risk Category	Exposure arising from	Measurement	Management
Credit risk	Cash and bank balances, Trade receivables, and other Financial assets.	Ageing analysis, credit ratings	Diversification of bank deposits, portfolio diversification for investments, credit limits.
Liquidity risk	Borrowings, Trade payables and other financial liabilities	Rolling cash flow forecasts	Senior management ensures that the future cash flow needs are met through cash flow from the operating activities and short term borrowings from banks.
Market risk-interest rate risk	No risk since compny has no exposure of long term borrowings	Not applicable	Not applicable
Market risk-currency risk	Recognised Financial liabilities not denominated in ₹	Sensitivity analysis	Natural hedging
Market risk-price risk	Investments	Sensitivity analysis	Portfolio diversification

The Company's principal financial liabilities comprise short term borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, trade receivables and cash and cash equivalents that arrive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks. The Company's management is supported by a risk management committee that advises on financial risks and the

# Notes to the Standalone Financial Statements

## 39. Financial risk management objective and policies (Contd..)

appropriate financial risk governance framework. The risk management committee provides assurance to the Company's management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company's policies appetite. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

### i) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company evaluates credit risk with respect to trade receivables as significantly low, as its payment terms are mostly advance basis.

#### a) Trade Receivables

The Company evaluates credit risk with respect to trade receivables as significantly low, as its payment terms are mostly advance basis.

#### b) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Company monitors ratings, credit spread and financial strength of its counter parties. Based on ongoing assessment company adjust it's exposure to various counterparties. Company's maximum exposure to credit risk for the other components of balance sheet is the carrying amount as disclosed below:

(All amounts in ₹ Crores unless otherwise stated)

Particulars	Asset group	Internal rating	Carrying amount net of impairment provision	
			As at March 31 2020	As at March 31 2019
Financial assets for which credit risk has not increased significantly from inception	Investments	A	584.66	1,303.03
	Loans	A	3.57	3.47
	Other financial assets	A	25.22	73.01

# Notes to the Standalone Financial Statements

## 39. Financial risk management objective and policies (Contd..)

### ii) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash flow and collateral obligations without incurring unacceptable losses. Company's objective is to, at all time maintain optimum levels of liquidity to meet its cash and collateral requirements. Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including overdraft, debt from domestic and international banks at optimised cost. Company enjoys strong access to domestic and international capital market across debt, equity and hybrids.

The table summarises the maturity profile of group's financial liabilities based on contractual undiscounted payments.

#### As at March 31, 2020

Particulars	On demand	< 3 months	3-12 months	1-5 years	Total
Short term borrowings	-	282.67	-	-	282.67
Trade payables	36.20	197.20	-	-	233.40
Other financial liabilities	52.95	30.43	47.32	0.13	130.84

#### As at March 31, 2019

Particulars	On demand	< 3 months	3-12 months	1-5 years	Total
Short term borrowings	-	89.50	-	-	89.50
Trade Payables	1.03	282.77	-	-	283.80
Other financial liabilities	35.40	31.34	22.66	0.34	89.74

### iii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk interest rate risk, currency risk and other price risk such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, trade and other payables, trade receivables, investments, other financial liabilities.

The sensitivity analysis in the following sections relate to the position as at 31 March 2020 and 31 March 2019. The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. The sensitivity

## Notes to the Standalone Financial Statements

### 39. Financial risk management objective and policies (Contd..)

analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt, proportion of financial instruments in foreign currencies are all constant at 31 March 2020.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity, other post retirement obligations and provisions Company's activities expose it to variety of financial risks, including effect of changes in foreign currency exchange rate and interest rate.

#### a) Foreign currency risk

Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities on account of import of raw materials.

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

#### Details of foreign currency exposures

(All amounts in ₹ Crores unless otherwise stated)

Nature of exposure	Currency	As at	As at
		March 31, 2020	March 31, 2019
<b>Financial liabilities</b>			
Borrowings (Secured)	USD	3.53	1.14
Borrowings (Unsecured)	USD	0.21	0.15
Interest on borrowings	USD	0.01	0.01
Trade payables	USD	1.99	2.74
Trade payables	EURO	0.01	-

#### Currency wise net exposure (liabilities - assets)

(All amounts in ₹ Crores unless otherwise stated)

Currency	Amount in Foreign Currency	
	31 March 2020	31 March 2019
USD	5.74	4.04
EURO	0.01	-



# Notes to the Standalone Financial Statements

## 39. Financial risk management objective and policies (Contd..)

### Sensitivity Analysis

The following tables demonstrate the sensitivity to a reasonably possible change in USD & EURO exchange rates, with all other variables held constant. The impact on the company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The impact on the company's pre-tax equity is due to changes in the profit before tax.

Particulars	March 31, 2020	March 31, 2019
<b>Net unhedged exposure in ₹</b>		
USD	434.09	279.61
EURO	0.64	-
<b>Sensitivity</b>		
USD-change by 4% (4.45% in 2018-19)	2.76	3.08
EURO-change by 4% (NA in 2018-19)	2.99	-
<b>Impact on profit after tax or equity (₹ Strengthen)</b>		
USD	11.83	8.10
EURO	0.02	-
<b>Impact on profit after tax or equity (₹ Weaken)</b>		
USD	(11.83)	(8.10)
EURO	(0.02)	-

(EUR- Euro, USD - US Dollar)

Calculation of Average % change in foreign currency

Currency	31-Mar-15	31-Mar-16	31-Mar-17	31-Mar-18	31-Mar-19	31-Mar-20
EUR	67.51	75.10	69.25	80.78	77.67	82.77
USD	62.59	66.33	64.84	65.18	69.16	75.67

Currency	% Change 2015-16	% Change 2016-17	% Change 2017-18	% Change 2018-19	% Change 2019-20	Average change
EUR	10%	-8%	14%	-4%	6%	4%
USD	6%	-2%	1%	6%	9%	4%

### b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has short term borrowings with fixed interest rates and hence the future cash-flows of relevant financial instrument are not affected by changes in market interest rate.

# Notes to the Standalone Financial Statements

## 39. Financial risk management objective and policies (Contd..)

### c) Price risk

#### i) Commodity Price risk

The Company is affected by the volatility of prices of certain commodity chemicals ( Ethylene and PVC) and intermediates (EDC and VCM). Its operating activities involve the ongoing purchase of Vinyl Chloride Monomer ('VCM'), Ethylene and Ethylene Dichloride ('EDC'), all being petrochemical products for manufacturing of PVC and pipes and fittings and therefore require a continuous supply of these materials. Prices of PVC manufactured by the Company are monitored by company management and are adjusted to respond to change in import parity price of PVC in Indian market. Market price of input and output, generally get adjusted over a period of time. Accordingly, the company is exposed to the variation in prices over short term period.

#### Commodity price sensitivity

The following table shows the effect of price changes for VCM, Ethylene EDC after the impact of hedge accounting:

Particulars	Change in year-end price	Effect on profit before tax
<b>March 31, 2020</b>		
VCM	+5%	30.37
	-5%	(30.37)
Ethylene	+5%	12.97
	-5%	(12.97)
EDC	+5%	17.17
	-5%	(17.17)
<b>March 31, 2019</b>		
VCM	+5%	28.00
	-5%	(28.00)
Ethylene	+5%	13.78
	-5%	(13.78)
EDC	+5%	11.84
	-5%	(11.84)

#### ii) Equity price risk

The Company's listed and unlisted equity securities are susceptible to market-price risk arising from uncertainties about future values of the investment securities. The equity securities held by the Company are strategic in nature. The Company's Board of Directors reviews and approves all equity investment decisions.

# Notes to the Standalone Financial Statements

## 39. Financial risk management objective and policies (Contd..)

At the reporting date, the exposure to unlisted equity securities at fair value was ₹8.55 Crores . A decrease of 10% in the fair value will have an impact of approximately ₹0.85 Crores on OCI. An increase of 10% in the value of the securities would also impact OCI.

At the reporting date, the exposure to listed equity securities at fair value was ₹439.43 Crores. A decrease of 10% on the NSE market index could have an impact of approximately ₹43.90 Crores on OCI and ₹0.04 Crores on Profit and loss or equity attributable to the Company. An increase of 10% in the value of the listed securities would also impact OCI, profit and loss and equity.

## 40. Capital management

Capital includes equity shares and other equity attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. Company monitors capital using a gearing ratio, which is total debt divided by total capital plus other equity.

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Borrowings-Buyer's credit	282.67	89.50
<b>Debt</b>	<b>282.67</b>	89.50
Share Capital	124.10	124.10
Other equity	1,805.71	2,404.33
<b>Equity</b>	<b>1,929.81</b>	2,528.43
<b>Debt/equity ratio</b>	<b>14.65%</b>	3.54%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2019.

## Notes to the Standalone Financial Statements

### 41. Details of dues to Micro and Small Enterprises as defined under MSMED Act, 2006 (as amended)

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Principal amount outstanding as on year end *	1.18	2.19
Principal amount outstanding and overdue out of above	0.07	0.39
Interest due on above	0.00	0.01
Interest paid	-	-
Payment made beyond appointment date during the year	9.44	6.32
Interest due and payable for overdue payments made during the year	0.05	0.05
Total Interest accrued and remaining unpaid	0.06	0.06
Amount of further interest remaining due and payable in succeeding years	0.14	0.08

\* Mainly includes retention money

### 42. Disclosure pursuant to Ind AS 116 "Leases"

From April 1, 2019, Ind AS 116 - 'Leases' has become effective and the management of the Company has opted for the modified retrospective method along with the transition option to recognise Right-of-Use asset (ROU) at an amount equal to the lease liability. However, in the current year the management has assessed the impact of Ind AS 116 and concluded them to be immaterial. Therefore no effects have been taken in the books of account.

### 43. Exceptional item

Exceptional item in year ended March 31, 2019 represents settlement of derivative claims against the Company disclosed as contingent liability as at March 31, 2018. There are no more claims or liabilities on account of derivatives.

# Notes to the Standalone Financial Statements

## 44. Impact of lockdown due to Novel Corona Virus

The Company's factories which had to suspend operations temporarily from the March 23, 2020, due to Government's directives relating to the Novel Corona Virus causing Covid 19, have resumed operations in phased manner at different plants from April 29, 2020 onwards in accordance with the guidelines and norms prescribed by the Government authorities.

The Company has evaluated the impact of Covid 19 on the operations of the Company, inventories, investments, property, plant & equipment, current borrowings and trade payables. The management has considered the possible effects, if any, on the carrying amounts of these assets and liabilities up to the date of approval of these results. Based on the information from the internal and external sources; the management estimates to recover the carrying amount of these assets and currently does not anticipate any material impairment.

## 45. Previous year comparatives

Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification / disclosure. The management of the Company has decided to present its financial statement in crores in current year as against the earlier presentation in lakhs.

As per our report of even date

For **M/s. PG. Bhagwat**

Chartered Accountants

FRN 101118W

**Abhijeet Bhagwat**

Partner

M.No. 136835

**Anil V. Whabi**

Director - Finance & CFO

DIN: 00142052

Place: Pune

Date: June 23, 2020

For **FINOLEX INDUSTRIES LIMITED**

**Prakash P. Chhabria**

Executive Chairman

DIN: 00016017

**Sanjay S. Math**

Managing Director

DIN: 01874086

Place: Pune

Date: June 23, 2020

**Ritu P. Chhabria**

**Saurabh S. Dhanorkar**

**Kanchan U. Chitale**

**Anami N. Roy**

**Bhumika Batra**

**Pradeep R. Rathi**

**Deepak R. Parikh**

DIN: 00062144

DIN: 00011322

DIN: 00007267

DIN: 01361110

DIN: 03502004

DIN: 00018577

DIN: 06504537

# Independent Auditors' Report

To the Members of  
**Finlex Industries Limited**

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying Consolidated Financial Statements of Finlex Industries Limited ("the Company") and its Associate, which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company and its Associate as at March 31, 2020, of the consolidated profit and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs")

specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its Associate in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

### Key Audit Matters

Key Audit matters are those matters that, in our professional judgement, were of most significance in our audit of Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of Consolidated Financial Statement as a whole, and forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be key audit matters to be communicated in our report with respect to the Company.

#### a. Valuation of inventory

At the balance sheet date the value of inventory amounted to ₹ 857.81 crores representing 43.19% of total equity and 29.67 % of the total assets. Inventories

have been considered key audit matter due to the size of the balance, nature of the product, price volatility of raw material and finished product, process of manufacture and management judgements involved. Refer note 2.10 to the Consolidated Financial Statements for accounting policy for valuation of inventories.

#### **Principle Audit Procedures**

- i. We have evaluated the design of internal controls relating to the process of inventory recording and valuation.
- ii. We have reviewed the management's inventory verification process, taken cognisance and assessed the trend of past inventory differences and received confirmations from the sub-contractors for testing the assertion of existence due to the lockdown of factories at year end.
- iii. We have conducted analysis of net realisable value (NRV) and cost of inventory on a sample basis in order to ascertain that inventory is carried at lower of NRV and Cost.
- iv. We have evaluated on a test check basis the process followed by the management to identify non-moving, slow moving, obsolete inventory and we have evaluated on a test check basis the appropriateness of the estimates for impairment (if any) accounted for on such inventory.
- v. We have conducted cut off procedures on a test check basis ensure completeness of inventory recording in the books of account.

- vi. We have tested on a sample basis compliance of the cost formulae as specified in the accounting policy adopted by the company.

#### **b. Valuation of investments**

At the balance sheet date the value of current and non-current investments amounted to ₹ 660.69 crores representing 33.27% of total equity and 22.85% of the total assets. The net loss on fair valuation of investments amounted to ₹ 623.88 crores in the total comprehensive income. Investments have been considered as key audit matter due to the size of the balance, various recognition and subsequent measurement principles. Refer note 2.8, 2.9 and 2.19 to the Consolidated Financial Statements for its accounting policy.

#### **Principle Audit Procedures**

- i. We have obtained independent external confirmations of all material current investments in order to test the assertion of existence, accuracy, valuation and completeness.
- ii. We have independently evaluated the fair values of listed and quoted non-current investments.
- iii. We have evaluated the fair value of unquoted non-current investments adopted by the management.
- iv. We have evaluated the process of the management to identify impairment (if any) for the investments measured at amortised cost.
- v. We have assessed the compliance of the recognition and subsequent measurement principles as

specified in the accounting policy adopted by the company.

### **Other Information**

The Company's Board of Directors is responsible for the other information. The other information comprises the Management Discussion and Analysis; Board of Directors' Report along with its Annexures and Corporate Governance Report included in the Annual Report but does not include the Consolidated Financial Statements and our Auditors' Report thereon. Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

The Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance (including

other comprehensive income), the consolidated statement of changes in equity and consolidated cash flows of the Company and its Associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The respective Board of Directors of the Company and its Associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and its Associate and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the Company and its Associate are responsible for assessing the ability of the Company and its Associate to continue as a going



concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its Associate or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Company and its Associate are responsible for overseeing the financial reporting process of the Company and its Associate.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial

Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its Associate has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company and its Associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures

in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its Associate to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its Associate to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the Financial Statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities (if any) included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Company

and its Associate included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Other Matters**

The management of the Company has not consolidated an immaterial Associate which has not started operations in which it holds 49.99 % equity shares amounting to ₹ 0.05 crores.

Our audit opinion is not modified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
  - d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards /Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
- e) On the basis of the written representations received from the directors of the Company and its Associate as on March 31, 2020 taken on record by the Board of Directors of the Company, none of the directors of the Company or its Associate, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and its Associate and the operating effectiveness of such controls, refer to our separate Report in Annexure I.
- g) As required by section 197 (16) of the Act; in our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Company to its directors is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director by the Company is not in excess of the limit laid down under section 197 of the Act. The provisions of section 197 of the Act is not applicable to the Associate being a Private Company.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of

our information and according to the explanations given to us:

- (i) The Consolidated Financial Statements disclose the impact of pending litigations as at March 31, 2020 on the consolidated financial position of the Company and its Associate– Refer Note 37.2 to the Consolidated Financial Statements.
- (ii) The Company and its Associate did not have any material foreseeable losses on long-term contracts including derivative contracts as at March 31, 2020.
- (iii) There has been no delay in transferring amounts, required

to be transferred, to the Investor Education and Protection Fund by the Company and its Associate during the year ended March 31, 2020.

For **M/s P G Bhagwat**

Chartered Accountants

Firm Registration Number: 101118W

**Abhijeet Bhagwat**

Partner

Membership Number: 136835

UDIN: 20136835AAAABW4072

Pune

June 23, 2020

## Annexure I to the Independent Auditors' Report

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

### **Report on the Internal Financial Controls with reference to Consolidated Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to the Consolidated Financial Statements of Finolex Industries Limited ("the Company") and its Associate as of March 31, 2020 in conjunction with our audit of the Consolidated Financial Statements of the Company and its Associate for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated Financial Statements included obtaining an understanding of internal financial with reference to Consolidated Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating

effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company and its Associate's internal financial controls with reference to Consolidated Financial Statements.

### **Meaning of Internal Financial Controls Over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, the Company and its Associate has, in all material respects, adequate internal financial controls with reference to Consolidated Financials Statements and such internal financial controls with reference to Consolidated Financial Statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India.

For **M/s P G Bhagwat**

Chartered Accountants

Firm Registration Number: 101118W

**Abhijeet Bhagwat**

Partner

Membership Number: 136835

UDIN: 20136835AAAABW4072

Pune

June 23, 2020

# Consolidated Balance Sheet

as at March 31, 2020

(All amounts in ₹ Crores unless otherwise stated)

Particulars	Note No	March 31, 2020	March 31, 2019
<b>A ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	3.1	1,015.29	948.93
(b) Capital work-in-progress	3.1	7.28	90.25
(c) Other Intangible assets	3.2	1.60	1.96
(d) Investments accounted using Equity method	4.1	83.52	66.41
(e) Financial assets			
i) Investments	4	448.04	1,069.44
ii) Loans	5	2.68	2.90
iii) Other financial assets	6	8.66	12.47
(f) Tax assets (Net)	24	42.34	33.05
(g) Other non-current assets	7	57.63	54.85
<b>Total non-current assets</b>		<b>1,667.04</b>	<b>2,280.26</b>
<b>2 Current assets</b>			
(a) Inventories	8	857.81	620.47
(b) Financial assets			
i) Investments	9	129.13	226.09
ii) Trade receivables	10	73.17	74.31
iii) Cash and cash equivalents	11.1	57.29	6.52
iv) Bank balances other than (iii) above	11.2	35.92	21.52
v) Loans	12	0.90	0.57
vi) Other financial assets	13	16.56	60.54
(c) Other current assets	14	53.52	41.37
<b>Total current assets</b>		<b>1,224.30</b>	<b>1,051.39</b>
<b>Total assets</b>		<b>2,891.34</b>	<b>3,331.65</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>1 EQUITY</b>			
(a) Equity share capital	15	124.10	124.10
(b) Other equity	16	1,861.88	2,452.10
<b>Total equity</b>		<b>1,985.98</b>	<b>2,576.20</b>
<b>LIABILITIES</b>			
<b>2 Non-current liabilities</b>			
(a) Financial liabilities			
i) Other financial liabilities	17	0.14	0.34
(b) Provisions	18.1	26.72	20.58
(c) Deferred tax liabilities (Net)	24	136.68	162.47
(d) Government grants	19	51.44	57.67
<b>Total non-current liabilities</b>		<b>213.98</b>	<b>241.06</b>
<b>3 Current liabilities</b>			
(a) Financial liabilities			
i) Borrowings	20	282.67	89.50
ii) Trade payables	21		
- total outstanding dues of Micro, Small & Medium Enterprises (Refer Note 41)		1.18	2.19
- total outstanding dues of creditors other than Micro Enterprises & Small Enterprises		232.22	281.61
iii) Other financial liabilities	22	130.70	89.40
(b) Other current liabilities	23	35.36	43.05
(c) Provisions	18.2	3.01	2.40
(d) Government grants	19	6.24	6.24
<b>Total current liabilities</b>		<b>691.38</b>	<b>514.39</b>
<b>Total liabilities</b>		<b>905.36</b>	<b>755.45</b>
<b>Total equity and liabilities</b>		<b>2,891.34</b>	<b>3,331.65</b>
Notes to accounts form an integral part of the financial statements			
Corporate information & Significant accounting policies			
Other notes	1 to 2		
	3 to 46		

As per our report of even date

For **M/s. P.G. Bhagwat**

Chartered Accountants

FRN 101118W

**Abhijeet Bhagwat**

Partner

M.No. 136835

**Anil V. Whabi**

Director - Finance & CFO

DIN: 00142052

For **FINOLEX INDUSTRIES LIMITED**

**Prakash P. Chhabria**

Executive Chairman

DIN: 00016017

**Sanjay S. Math**

Managing Director

DIN: 01874086

**Ritu P. Chhabria**

Saurabh S. Dhanorkar

Kanchan U. Chitale

Anami N. Roy

Bhumika Batra

Pradeep R. Rathi

Deepak R. Parikh

DIN: 00062144

DIN: 00011322

DIN: 00007267

DIN: 01361110

DIN: 03502004

DIN: 00018577

DIN: 06504537

Place: Pune

Date: June 23, 2020

Place: Pune

Date: June 23, 2020

# Statement of Consolidated Profit and Loss

for the year ended March 31, 2020

(All amounts in ₹ Crores unless otherwise stated)

Particulars	Note No	March 31, 2020	March 31, 2019
<b>Income</b>			
I Revenue from Operations	25	2,985.98	3,091.32
II Other income	26	29.91	40.41
<b>III Total Income (I+II)</b>		<b>3,015.89</b>	<b>3,131.73</b>
<b>IV Expenses</b>			
Cost of materials and components consumed	27	2,037.71	1,981.15
Purchase of stock-in-trade		13.84	11.08
Changes in inventories of finished goods, work-in-progress and stock in trade	28	(108.88)	(71.33)
Employee benefits expenses	29	145.55	134.43
Finance costs	30	11.91	12.27
Depreciation and amortisation expense	31	73.81	70.08
Other expenses	32	449.69	431.69
<b>Total expenses (IV)</b>		<b>2,623.63</b>	<b>2,569.37</b>
<b>V Profit before exceptional items and tax (III-IV)</b>		<b>392.26</b>	<b>562.36</b>
VI Exceptional items	44	-	27.90
<b>VII Profit before share of profit/(loss) of an associate and tax (V-VI)</b>		<b>392.26</b>	<b>534.46</b>
<b>VIII Share of profit/(loss) of an associate before tax</b>		<b>25.56</b>	<b>14.01</b>
<b>IX Profit before tax including share of associate (VII+VIII)</b>		<b>417.82</b>	<b>548.47</b>
<b>X Tax expense</b>			
Current tax	24	111.42	180.57
(Excess) / short provision of earlier year(s)		(0.21)	(2.09)
Deferred tax	24	(26.04)	2.74
<b>Total tax expense (X)</b>		<b>85.17</b>	<b>181.22</b>
<b>XI Profit for the period (IX-X)</b>		<b>332.65</b>	<b>367.25</b>
<b>XII Other Comprehensive Income (OCI)</b>			
<b>A Items that will not be reclassified to profit or loss</b>			
Re-measurement of defined benefit plans gain / (loss)		(3.38)	(4.72)
Income tax effect	24	0.85	1.65
<b>A(i) Re-measurement of defined benefit plans net off income tax</b>		<b>(2.53)</b>	<b>(3.07)</b>
<b>Equity instruments through OCI gain / (loss)</b>		<b>(621.15)</b>	<b>(412.60)</b>
Income tax effect	24	0.08	(20.67)
<b>A(ii) Equity instruments through OCI net off income tax</b>		<b>(621.07)</b>	<b>(433.27)</b>
<b>A(iii) Share of other comprehensive income of associate accounted for using the equity method (net of tax)</b>		<b>0.22</b>	<b>0.01</b>
<b>Total Other Comprehensive Income [A(i)+A(ii)+A(iii)]</b>		<b>(623.38)</b>	<b>(436.33)</b>
<b>XIII Total Comprehensive Income for the period (XI+XII)</b>		<b>(290.73)</b>	<b>(69.08)</b>
<b>XIV Earnings per equity share having nominal value per share of ₹10</b>	34		
Basic (₹)		26.81	29.59
Diluted (₹)		26.81	29.59
Notes to accounts form an integral part of the financial statements			
Corporate information & Significant accounting policies	1 to 2		
Other notes	3 to 46		

As per our report of even date

For **M/s. P.G. Bhagwat**

Chartered Accountants

FRN 101118W

**Abhijeet Bhagwat**

Partner

M.No. 136835

**Anil V. Whabi**

Director - Finance & CFO

DIN: 00142052

For **FINOLEX INDUSTRIES LIMITED**

**Prakash P Chhabria**

Executive Chairman

DIN: 00016017

**Sanjay S. Math**

Managing Director

DIN: 01874086

**Ritu P Chhabria**

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DIN: 00062144

DIN: 00011322

DIN: 00007267

DIN: 01361110

DIN: 03502004

DIN: 00018577

DIN: 06504537

Place: Pune

Date: June 23, 2020

Place: Pune

Date: June 23, 2020



# Statement of Consolidated Cash Flow

for the year ended March 31, 2020

(All amounts in ₹ Crores unless otherwise stated)

Sr Particulars No	March 31, 2020	March 31, 2019
<b>I Cash flows from operating activities</b>		
Profit before tax	417.82	548.47
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Share of (Profit)/Loss from associate before tax	(25.56)	(14.01)
Depreciation and amortisation expense	73.81	70.08
Balances written off / (written back)	(1.57)	(3.18)
Profit on sale of investments (net)	(8.92)	(7.16)
(Gain)/loss on fair valuation of investment	2.73	(8.30)
(Profit)/loss on sale of assets (net)	0.67	0.05
Dividend income	(9.99)	(8.89)
Finance income on investing activities	(4.87)	(7.78)
Exchange fluctuation (gain)/ loss - net	23.85	(0.75)
Finance costs	10.05	7.47
<b>Operating profit before working capital changes</b>	<b>478.01</b>	<b>576.00</b>
<b>Change in operating assets and liabilities</b>		
(Increase) / decrease in inventories	(237.35)	(8.92)
(Increase) / decrease in trade receivables	1.14	(31.17)
(Increase) / decrease in other bank balances	(14.40)	(4.91)
(Increase) / decrease in loans	(0.18)	(3.25)
(Increase) / decrease in other financial assets	47.87	(9.01)
(Increase) / decrease in other current assets	(12.20)	(2.26)
Increase / (decrease) in trade payables	(74.25)	34.08
Increase / (decrease) in provisions	3.37	3.40
Increase / (decrease) in government grants	(6.25)	(6.83)
Increase / (decrease) in other financial liabilities	43.74	21.95
Increase / (decrease) in other current liabilities	(19.62)	(1.14)
<b>Cash generated from working capital changes</b>	<b>(268.12)</b>	<b>(8.06)</b>
Less - Income tax paid	(112.84)	(176.97)
<b>Net cash inflow from operating activities</b>	<b>97.06</b>	<b>390.97</b>
<b>II Cashflow from investing activities</b>		
Proceeds from sale of property, plant and equipment	1.03	0.05
Payment for purchase of property, plant and equipment	(61.29)	(101.98)
Proceeds from sale of investments	9.18	8.47
Payment for purchase of investments	94.24	(152.20)
Dividend income	10.92	10.05
Finance income	4.87	7.78
<b>Net cashflow from investing activities</b>	<b>58.94</b>	<b>(227.84)</b>

# Statement of Consolidated Cash Flow

for the year ended March 31, 2020

(All amounts in ₹ Crores unless otherwise stated)

Sr Particulars No	March 31, 2020	March 31, 2019
<b>III Cashflow from financing activities</b>		
Finance costs	(11.12)	(7.07)
Proceeds from borrowings	193.17	(11.21)
Dividend paid to Company's shareholders (including DDT)	(287.28)	(145.15)
<b>Net cashflow from financing activities</b>	<b>(105.23)</b>	<b>(163.43)</b>
<b>IV Net increase / (decrease) in cash and cash equivalents at the end of the year (I+II+III)</b>	<b>50.77</b>	<b>(0.30)</b>
V Cash and cash equivalents at the beginning of the financial year	6.52	6.82
<b>VI Cash and cash equivalents at the end of the financial year (IV+V) (Refer note 11.1)</b>	<b>57.29</b>	<b>6.52</b>

## Components of cash and cash equivalents

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Balances with banks (current accounts)	36.99	6.22
Deposits with bank	20.00	-
Cash on hand	0.29	0.30
<b>Total Cash and cash equivalents</b>	<b>57.29</b>	<b>6.52</b>

The Company reports cashflows from activities using the indirect method as per Ind AS 7 "Statement of Cash Flows".

As per our report of even date

For **M/s. P.G. Bhagwat**

Chartered Accountants

FRN 101118W

**Abhijeet Bhagwat**

Partner

M.No. 136835

**Anil V. Whabi**

Director - Finance & CFO

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For **FINOLEX INDUSTRIES LIMITED**

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DIN: 03502004

DIN: 00018577

DIN: 06504537

Place: Pune

Date: June 23, 2020

Place: Pune

Date: June 23, 2020

# Statement of Consolidated changes in Equity

for the year ended March 31, 2020

## A Other equity

For the year ended March 31, 2020

(All amounts in ₹ Crores unless otherwise stated)

	Reserves and Surplus				Items of OCI *	Total
	Securities premium	Retained earnings	General reserve	Capital Redemption Reserve	Equity instruments through OCI	
<b>As at 1 April 2019</b>	<b>151.27</b>	<b>1,457.24</b>	<b>394.50</b>	<b>25.18</b>	<b>423.91</b>	<b>2,452.10</b>
Profit for the period	-	332.65	-	-	-	332.65
Other Comprehensive Income for the year						
Remeasurement gains/ (losses) on defined benefit plan (Refer Note 35)	-	(2.53)	-	-	-	(2.53)
Gains/ (losses) on equity instruments designated at FVTOCI#	-	-	-	-	(621.07)	(621.07)
Add: Share in OCI of associate	-	0.22	-	-	-	0.22
Less: share in lease adjustment	-	(0.09)	-	-	-	(0.09)
<b>Total comprehensive income</b>	<b>151.27</b>	<b>1,787.49</b>	<b>394.50</b>	<b>25.18</b>	<b>(197.16)</b>	<b>2,161.28</b>
-Final dividend paid (refer Note 16)	-	(124.10)	-	-	-	(124.10)
-Tax on above dividend includes share in DDT of associate (refer Note 16)	-	(25.70)	-	-	-	(25.70)
-Interim dividend paid (refer Note 16)	-	(124.10)	-	-	-	(124.10)
-Tax on above dividend (refer Note 16)		(25.51)				(25.51)
<b>As at 31 March 2020</b>	<b>151.27</b>	<b>1,488.09</b>	<b>394.50</b>	<b>25.18</b>	<b>(197.16)</b>	<b>1,861.88</b>

# Statement of Consolidated changes in Equity

for the year ended March 31, 2020

**For the year ended March 31, 2019**

(All amounts in ₹ Crores unless otherwise stated)

	Reserves and Surplus			Items of OCI *	Total	
	Securities premium	Retained earnings	General reserve	Capital Redemption Reserve		Equity instruments through OCI
<b>As at 1 April 2018</b>	151.27	1,242.91	394.50	25.18	857.18	2,671.03
Profit for the period	-	367.25	-	-	-	367.25
Other comprehensive income for the year						
Remeasurement gains /(losses) on defined benefit plan	-	(3.07)	-	-	-	(3.07)
Gains (losses) on equity instruments designated at FVTOCI#	-	-	-	-	(433.27)	(433.27)
Add: Share in OCI of associate		0.01				0.01
<b>Total comprehensive income</b>	<b>151.27</b>	<b>1,607.09</b>	<b>394.50</b>	<b>25.18</b>	<b>423.91</b>	<b>2,601.95</b>
Dividends (Refer Note 16)	-	(124.10)	-	-	-	(124.10)
Dividend distribution tax (Refer Note 16)	-	(25.75)	-	-	-	(25.75)
<b>As at 31 March 2019</b>	<b>151.27</b>	<b>1,457.24</b>	<b>394.50</b>	<b>25.18</b>	<b>423.91</b>	<b>2,452.10</b>

\* Other comprehensive income

# Fair value through other comprehensive income

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

As per our report of even date

For **M/s. P.G. Bhagwat**

Chartered Accountants

FRN 101118W

For **FINOLEX INDUSTRIES LIMITED**

**Abhijeet Bhagwat**

Partner

M.No. 136835

**Prakash P. Chhabria**

Executive Chairman

DIN: 00016017

**Ritu P. Chhabria**

**Saurabh S. Dhanorkar**

**Kanchan U. Chitale**

**Anami N. Roy**

**Bhumika Batra**

**Pradeep R. Rathi**

**Deepak R. Parikh**

DIN: 00062144

DIN: 00011322

DIN: 00007267

DIN: 01361110

DIN: 03502004

DIN: 00018577

DIN: 06504537

**Anil V. Whabi**

Director - Finance & CFO

DIN: 00142052

**Sanjay S. Math**

Managing Director

DIN: 01874086

Place: Pune

Date: June 23, 2020

Place: Pune

Date: June 23, 2020

# Notes to the Consolidated Financial Statements

## 1. Corporate Information

The consolidated financial statements comprise financial statements of Finolex Industries Limited ('the Company') and its Associate for the year ended March 31, 2020.

The Company is incorporated and domiciled in India and its equity shares are listed on Bombay Stock Exchange and National Stock Exchange. Its registered office is situated at Gat No.399, Village Urse, Taluka Maval, District Pune, India. The company is engaged in the business of manufacturing PVC pipes & fittings and PVC resin.

Its Associate, Finolex Plasson Industries Private Limited is also a company incorporated and domiciled in India. The Company is engaged in manufacturing of micro irrigation systems, fittings, accessories and range of irrigation components and offers a wide range of products suitable for different sectors of agricultural activity.

## 2. Summary of significant accounting policies

### 2.1 Basis of Preparation

The financial statements of the Company and its Associate have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) read with the Companies Indian Accounting Standards Rules, 2015 as amended and other relevant provisions of the Act.

The financial statements were approved and were authorized for issue

in accordance with a resolution of the Board of Directors on June 23, 2020.

### 2.2 Basis of measurement

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

### 2.3 Functional and presentation currency

The financial statements are presented in Indian rupees (₹) which is the Company's functional currency. All financial information are rounded to the nearest crores (₹ 00,00,000), unless otherwise indicated.

### 2.4 New and amended standards adopted by the company

The company has applied the following standards and amendments for the first time for their reporting period commencing from 1st April 2019: Ind AS 116, Leases.

### 2.5 Current or non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/non - current classification.

An asset is current when it is:

- a. Expected to be realised or intended to be sold or consumed in normal operating cycle
- b. Held primarily for the purpose of trading
- c. Expected to be realised within twelve months after the reporting period, or

# Notes to the Consolidated Financial Statements

- d. Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

- a. Expected to be settled in normal operating cycle
- b. Held primarily for the purpose of trading
- c. Due to be settled within twelve months after the reporting period, or
- d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are treated as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

## 2.6 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, current assets, non-

current assets, current liabilities, non-current liabilities and disclosure of the contingent liabilities at the end of each reporting period. Although these estimates are based on 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 value of assets or liabilities in future periods. These estimates are reviewed regularly and any change in estimates are adjusted prospectively.

In the process of applying the Company's accounting policies, management has made the following estimates, assumptions and judgements, which have significant effect on the amounts recognized in the financial statements:

### - Defined benefit plan

The cost of defined benefit gratuity plan and present value of such obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the long-term nature of the plan, such estimates are subject to significant uncertainty. All assumption are reviewed at each reporting date.

### -Deferred tax asset:

The recognition of deferred tax assets requires assessment of whether it is probable that sufficient future taxable profit will be available against which

## Notes to the Consolidated Financial Statements

deferred tax asset can be utilized. The Company reviews at each balance sheet date the carrying amount of deferred tax assets.

### -Property, Plant and Equipment & Intangible Assets:

The determination of depreciation and amortization charge depends on the useful lives for which judgements and estimations are required. The residual values, useful lives, and method of depreciation of property, plant and equipment and intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

### -Claims, Provisions and Contingent Liabilities:

The Company has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

### -Fair Value Measurement of Financial Instruments:

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In

estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs i.e. market-observable inputs are not available, the Company engages third party valuers, where required, to perform the valuation.

### -Impairment of financial assets:

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

## 2.7 Cash and cash equivalents

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

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

## 2.8 Investment in Associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

## Notes to the Consolidated Financial Statements

The considerations made in determining whether significant influence are similar to those necessary to determine control over the subsidiaries.

The Company's investments in its Associate are accounted for using the equity method. Under the equity method, the investment in an Associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the Associate, since the acquisition date. Goodwill relating to the Associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Company's share of the results of operations of the Associate. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

If an entity's share of losses of an Associate equals or exceeds its interest in the associate (which includes any long term interest that, in substance, form part of the Company's net investment in the Associate), the entity discontinues recognising its share of further losses. Additional losses

are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. If the Associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Company's share of profit or loss of an Associate is shown on the face of the statement of profit and loss.

The financial statements of the Associate are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its Associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the Associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence



## Notes to the Consolidated Financial Statements

and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

### 2.9 Fair value measurement

The Company measures financial instruments, such as non-current and current investments, at fair value, at each balance sheet date.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Quoted market prices, when available, are used as the measure of fair value. In cases where quoted market prices are not available, fair values are determined using present value estimates or other valuation techniques which maximize the use of relevant observable inputs and minimize the use of unobservable inputs, for example, the present value of estimated expected future cash flows using discount rates commensurate with the risks involved. Fair value estimation techniques normally incorporate assumptions that market participants would use in their estimates of values, future revenues, and future expenses, including assumptions about interest rates, default, prepayment and volatility. Because assumptions are inherently subjective in nature, the estimated fair values cannot be substantiated by comparison to independent market quotes and, in many cases, the estimated fair values would not necessarily be realised in an immediate sale or settlement of the instrument.

For cash and other liquid assets, the fair value is assumed to approximate to

book value, given the short-term nature of these instruments. For those items with a stated maturity exceeding twelve months, fair value is calculated using a discounted cash flow methodology.

The financial instruments carried at fair value are categorized under the three levels of the Ind AS fair value hierarchy as follows:

Level 1: Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. This level of the fair value hierarchy provides the most reliable evidence of fair value and is used to measure fair value whenever available.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). These inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available in the circumstances, which include the Company's own data. The Company's own data used to develop unobservable inputs is adjusted if information indicates that market participants would use different assumptions.

For assets and liabilities that are recognised in the financial statements

# Notes to the Consolidated Financial Statements

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summaries accounting policy for fair value. Other fair value related disclosures are given in the relevant notes (refer note 38 for detailed disclosures.)

## 2.10 Inventories

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

- Raw materials Purchase cost on a moving weighted average basis
- Finished goods and work in progress Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs

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

## 2.11 Property, plant and equipment (PPE)

Items of property, plant and equipment are measured at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of property, plant and equipment comprises its purchase price, including import duties, and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Borrowing costs such as interest expenses directly attributable to the construction of a qualifying asset are capitalised as part of the cost.

Parts of an item of property, plant and equipment having different useful lives, (if any) are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment under construction are disclosed as capital work-in-progress.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date are disclosed under "Other non-current assets".

### Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within

## Notes to the Consolidated Financial Statements

the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit and loss as incurred.

### Disposal

An item of property, plant and equipment is derecognized upon disposal or when no future benefits are expected from its use. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income/expenses in the statement of profit and loss.

### Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in the statement of profit and loss generally on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment as prescribed in Schedule II of the Act, which are as follows:

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

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

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

## 2.12 Intangible assets and amortization

### Recognition and measurement

Intangible assets are recognised when the asset is identifiable, is within the control of the Company, it is probable that the future economic benefits that are attributable to the asset will flow to the Company and cost of the asset can be reliably measured.

Intangible assets acquired by the Company that have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Research and development expenditure on new products:

Expenditure on research is expensed under respective heads of account in the period in which it is incurred. Development expenditure on new products is capitalised as intangible

# Notes to the Consolidated Financial Statements

asset, if all of the following can be demonstrated:

- a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- b) the Company has intention to complete the intangible asset and use or sell it;
- c) the Company has ability to use or sell the intangible asset;
- d) the manner in which the probable future economic benefits will be generated including the existence of a market for output of the intangible asset or intangible asset itself or if it is to be used internally, the usefulness of intangible assets;
- e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- f) the Company has ability to reliably measure the expenditure attributable to the intangible asset during its development.

Development expenditure that does not meet the above criteria is expensed in the period in which it is incurred. Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as Intangible assets under development.

## Subsequent measurement

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

## Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in statement of profit and loss on a straight-line basis over a period of 6 years from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

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

## 2.13 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer based on delivery terms i.e. when the customer is able to direct the use of the transferred goods or rendering of services and obtains substantially all of the remaining benefits at an amount that reflects the consideration entitled in exchange for those goods or services. The Company is generally the principal as it typically controls the goods or services before transferring them to the customer.

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

### Sale of goods

Revenue from sale of goods is recognised when the significant control

# Notes to the Consolidated Financial Statements

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

## Interest Income

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

The company presents interest income on financial assets at Fair Value through Profit & Loss separately from fair value changes on financials assets.

## Dividends

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

## 2.14 Finance costs

Finance costs are interest and other costs that an entity incurs in connection with the borrowing of funds. It also includes exchange differences in relation to the foreign currency borrowings to the extent those are regarded as an adjustment to the borrowing costs.

All other borrowing costs are expensed in the period in which they are incurred.

## 2.15 Foreign currency transactions:

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (functional currency). The financial statements are presented in INR, which is also the company's functional and presentation currency.

### Transactions and balances

Transactions in foreign currencies are recorded at functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is

# Notes to the Consolidated Financial Statements

recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

## 2.16 Government Grant

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

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

## 2.17 Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate under the Income Tax Act, 1961 adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognized in statement of Profit and Loss, except to the extent that it relates to items recognised in the Other Comprehensive Income or in Equity. In which case, the tax is also recognised in Other Comprehensive Income or Equity.

## Current income tax

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities; on the basis of the taxable profits computed for the current accounting period in accordance with Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## Deferred Tax

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

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

## Notes to the Consolidated Financial Statements

available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

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

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

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

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

### 2.18 Leases

Lease is a contract that provides to the customer (lessee) the right to use an

asset for a period of time in exchange for consideration.

A lessee is required to recognize assets and liabilities for all leases with a term that is greater than 12 months, unless the underlying asset is of low value, and to recognize depreciation of leased assets separately from interest on lease liabilities in the statement of Profit and Loss.

#### Initial Measurement

##### Right to use asset

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

# Notes to the Consolidated Financial Statements

## Lease liability

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

## Subsequent measurement

### Right to use asset

Subsequently the Company measures the right-of-use asset at cost less any

accumulated depreciation and any accumulated impairment losses.

### Lease Liability

Subsequently the Company measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability at the interest rate implicit in the lease, if that rate can be readily determined or the Company's incremental borrowing rate.
- reducing the carrying amount to reflect the lease payments made; and
- re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

In the current year the management has assessed the impact of Ind AS 116 and concluded them to be immaterial. Therefore no effects have been taken in the books of account.

## 2.19 Financial instruments

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

### 2.19.1 Financial assets

#### Classification

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



# Notes to the Consolidated Financial Statements

## Initial recognition and measurement

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

## Subsequent measurement

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

- a) At amortised cost
  - b) At fair value through Other Comprehensive Income ('FVTOCI')
  - c) At fair value through profit or loss ('FVTPL')
- (a) Financial assets classified as measured at amortised cost**

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of

principal and interest on the principal amount outstanding.

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

**(b) Financial assets classified as measured at FVTOCI**

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

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

Such instruments are measured at fair value at initial recognition as

## Notes to the Consolidated Financial Statements

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

### (c) Financial assets classified as measured at FVTPL

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

### De-recognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in

which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retain substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

### Impairment of financial assets

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

- Financial assets measured at amortised cost
- Financial assets measured at FVTOCI, except investments in equity instruments designated as such by the Company.
- Trade receivables

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

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

For recognition of impairment loss on other financial assets and credit exposure, the Company determines that whether there has been a significant increase in the credit

# Notes to the Consolidated Financial Statements

risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

## 2.19.2 Financial liabilities

### Classification

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

### Initial recognition and measurement

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

#### (a) Financial liabilities at FVTPL

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

relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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

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

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

#### (b) Financial liabilities at amortised cost

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

# Notes to the Consolidated Financial Statements

profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

## De-recognition

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

## Offsetting of financial instruments

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

## 2.20 Impairment of non-financial assets

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

## 2.21 Provisions and Contingent Liabilities

A Provision is recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources is expected to settle the obligation, in respect of which a reliable estimate can be made.

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

## Notes to the Consolidated Financial Statements

Contingent liability is disclosed in case of

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
- present obligation arising from past events, when no reliable estimate is possible
- a possible obligation arising from past events where the probability of outflow of resources is not remote.

Provisions and contingent liabilities are reviewed at each Balance Sheet date.

### 2.22 Provision for employment benefits

#### Defined contribution plans

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

#### Defined benefit plans

The employees' gratuity fund scheme managed by the Life Corporations of India (LIC) is the Company's defined benefit plans. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit 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.

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

In case of funded plans, the fair value of the plan's assets is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Past service cost is recognized as expenses on a straight-line basis over the average period until the benefits become vested. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

# Notes to the Consolidated Financial Statements

The Company recognises the following changes in the net defined benefit obligation under 'employee benefit expenses' in the statement of profit and loss:

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

Refer Note 35 for additional disclosures relating to Company's defined benefit plan.

## Provision for compensated absences

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

## 2.23 Earnings per share

Basic earnings per share are 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 as reduced by number of shares bought back, if any. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares

outstanding, without a corresponding change in resources.

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.

## 2.24 Dividend to equity holders of the Company

Dividends paid (including income tax thereon) is recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

## 2.25 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decision.

Segment accounting policies are in line with the accounting policies of the Company.

Standards issued but not yet effective:

### 1. Amendments to Ind AS 40, Investment Property

The exposure draft on amendments to Ind AS 40 issued by the Institute of Chartered Accountants of India

## Notes to the Consolidated Financial Statements

proposes to reinstate the fair value option thereby providing the entities an accounting policy choice to subsequently measure investment properties using either the cost model or the fair value model.

### 2. Amendments to Ind AS 1 “Presentation of Financial Statements” and Ind AS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”

The exposure draft on amendments to Ind AS 1 and Ind AS 8 issued by the Institute of Chartered Accountants of India proposes to amend the definition of the term “Material” and to use a consistent definition of materiality throughout Indian Accounting Standards and the Conceptual Framework for Financial Reporting.

The amendment clarifies when information is material. In particular, the amendments clarify:

- i) that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- ii) the meaning of ‘primary users of general-purpose financial statements’ to whom those financial statements are directed, by defining them as ‘existing and potential investors,

lenders and other creditors’ that must rely on general purpose financial statements for much of the financial information they need.

### 3. Amendments to Ind AS 109, Financial Instruments and Ind AS 107 Financial Instruments: Disclosures -

#### Interest Rate Benchmark Reform

The exposure draft on amendments to Ind AS 109 and Ind AS 107 issued by the Institute of Chartered Accountants of India proposes amendments to modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the Inter Bank Offer Rate (IBOR) reforms.

Additionally, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

### 4. Amendments to Ind AS 103, Business Combinations

The exposure draft on amendments to Ind AS 103 issued by the Institute of Chartered Accountants of India proposes to amend the definition of “Business”. Proposed guidance provides that an acquisition should include an input and a substantive process that together significantly contribute to the ability to create outputs.

## Notes to the Consolidated Financial Statements

The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organised workforce. It is no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets and base the assessments on what has been acquired in its 'current state and condition'. The amendment also

provides for an 'optional test', where substantially all of the fair value of gross assets is concentrated in a single asset (or group of similar assets), the assets acquired would not represent a business.

However, above mentioned exposure drafts have not been notified by the Ministry of Corporate Affairs ('MCA') to be applicable from 1 April, 2020 as at the date of approval of these financial statements. The company intends to adopt those standards when they become effective.



# Notes to Consolidated financial statements

## 3.1. Property, plant and equipment

(All amounts in ₹ Crores unless otherwise stated)

Particulars	Gross Block			Accumulated Depreciation			Net Block		
	As at April 1, 2019	Additions	Disposals	As at March 31, 2020	As at April 1, 2019	Additions	Disposals	As at March 31, 2020	As at March 31, 2019
Freehold land	103.93	1.77	-	105.70	-	-	-	105.70	103.93
Leasehold land	1.01	-	-	1.01	0.34	0.01	-	0.35	0.67
Buildings	228.01	49.85	-	277.86	84.72	7.55	-	92.27	143.29
Plant and machinery	1,841.17	84.86	3.33	1,922.70	1,149.36	63.76	3.09	1,210.02	691.81
Office equipment	2.04	2.30	0.73	3.61	1.49	0.34	0.71	1.12	0.55
Furniture & fixtures	6.06	0.13	0.00	6.19	4.08	0.30	0.00	4.38	1.98
Vehicles	11.14	2.28	2.63	10.79	4.44	1.18	1.19	4.43	6.70
<b>Total</b>	<b>2,193.36</b>	<b>141.19</b>	<b>6.70</b>	<b>2,327.86</b>	<b>1,244.43</b>	<b>73.13</b>	<b>4.99</b>	<b>1,312.57</b>	<b>948.93</b>
Capital work-in-progress	90.25			728				728	90.25

(All amounts in ₹ Crores unless otherwise stated)

Particulars	Gross Block			Accumulated Depreciation			Net Block			
	As at April 1, 2018	Additions	Transfer-in/ (Transfer-out)	Disposals	As at March 31, 2019	As at April 1, 2018	Additions	Disposals	As at March 31, 2019	As at March 31, 2019
Freehold land	69.94	33.99	-	-	103.93	-	-	-	-	103.93
Leasehold land	1.01	-	-	-	1.01	0.28	0.06	-	-	0.34
Buildings	219.81	7.92	0.28	0.28	228.01	78.36	6.14	0.21	-	84.72
Plant and machinery	1,747.93	94.54	(0.41)	0.90	1,841.17	1,089.30	61.13	(0.22)	0.85	1,149.36
Office equipment	1.91	0.17	-	0.04	2.04	1.17	0.35	-	0.03	1.49
Furniture & fixtures	5.99	0.07	-	0.003	6.06	3.78	0.30	-	0.00	4.08
Vehicles	11.24	0.05	-	0.16	11.14	3.26	1.30	-	0.11	4.44
<b>Total</b>	<b>2,057.82</b>	<b>136.76</b>	<b>(0.13)</b>	<b>1.09</b>	<b>2,193.36</b>	<b>1,176.14</b>	<b>69.29</b>	<b>(0.01)</b>	<b>0.99</b>	<b>1,244.43</b>
Capital work-in-progress	90.34				90.25					90.25

\* Amounts less than ₹ 50,000 are reported as "0.00"

## Notes to Consolidated financial statements

### 3.1. Property, plant and equipment (Contd..)

#### 1) Property, plant and equipment pledged as security

Extension of second equitable mortgage, created in favour of Bank of India Consortium on pari passu basis in respect of immovable properties falling within the battery limit of the site of the Company's plant for manufacture of PVC Resin, situated at Village Golap, District Ratnagiri in the State of Maharashtra together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth. Also refer Note 20 for the same.

#### Capital work-in-progress:

Capital work-in-progress ('CWIP') comprises cost of property, plant and equipment that are not yet installed and ready for their intended use at the balance sheet date.

#### Capital commitments

Refer Note 37.1 for disclosure of contractual commitments for the acquisition of Property, plant and equipment.

### 3.2. Intangible Assets

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	As at April 1, 2019	Additions	Disposals	As at March 31, 2020	As at April 1, 2019	Additions	Disposals	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
	6.08	0.33	-	6.41	4.13	0.68	-	4.81	1.60	1.96
Computer software										

(All amounts in ₹ Crores unless otherwise stated)

Particulars	Gross Block			Accumulated Depreciation			Net Block				
	As at April 1, 2018	Additions	Transfer-in/ (Transfer-out)	Disposals	As at March 31, 2019	As at April 1, 2018	Additions	Transfer-in/ (Transfer-out)	Disposals	As at March 31, 2019	As at March 31, 2019
	5.89	0.06	0.13	-	6.08	3.33	0.79	0.01	-	4.13	1.96
Computer software											

(All amounts in ₹ Crores unless otherwise stated)

# Notes to Consolidated financial statements

## 4 Non-current investments

### List of investments under each category

(All amounts in ₹ Crores unless otherwise stated)

Particulars	No of shares *		Value of Investments	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Quoted and listed</b>				
<b>Investments in equity shares</b>				
<b>Investments designated at fair value through other comprehensive income (FVTOCI)</b>				
Equity Shares of ₹2 each in Finolex Cables Limited	2,21,87,075	2,21,87,075	439.03	1,060.16
<b>Investments designated at fair value through profit and loss (FVTPL)</b>				
Equity Shares of ₹2 each in Gulf Oil Corporation Limited	4,950	4,950	0.06	0.15
Equity Shares of ₹2 each in Gulf Oil Lubricants India Limited	4,950	4,950	0.26	0.42
Equity Shares of ₹10 each in Gold Crest Corporation Limited	12,400	12,400	0.08	0.08
			0.40	0.65
<b>Unquoted</b>				
<b>Investments designated at fair value through other comprehensive income (FVTOCI)</b>				
<b>Equity Shares of ₹10 each in</b>				
a) Finolex Infrastructure Limited	53,73,938	53,73,938	8.55	8.58
<b>Investments designated at fair value through profit and loss (FVTPL)</b>				
<b>Equity Shares of ₹10 each in</b>				
a) The Saraswat Co-op Bank Limited #	1,000	1,000	0.00	0.00
<b>Investments measured at cost</b>				
<b>Associate Companies</b>				
<b>Equity Shares of ₹10 each in</b>				
a) Pawas Port Limited	49,994	49,994	0.05	0.05
<b>Total</b>			<b>448.04</b>	<b>1,069.44</b>

\*Number of shares are in full figures

#The value of shares in full figures is ₹ 10,000/-

# Notes to Consolidated financial statements

## 4.1 Investments accounted using Equity method

(All amounts in ₹ Crores unless otherwise stated)

Particulars	No of shares *		Value of Investments	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Investments measured at amortised cost</b>				
<b>Associate Companies</b>				
<b>Equity Shares of ₹10 each in</b>				
a) Finolex Plasson Industries Private Limited	46,35,000	46,35,000	66.41	59.02
Dividend received			(0.93)	(1.16)
Share in dividend distribution tax			(0.19)	(0.24)
Share in current year profits			25.56	14.01
Share in tax expenses			(7.46)	(5.22)
Share in current year OCI			0.22	0.01
Share in Ind AS 116 adjustment to retained earnings			(0.09)	-
<b>Total value of investment in associate</b>			<b>83.52</b>	<b>66.41</b>

The Company measures its investments in associates at cost, as per option provided by Ind AS 27 "Separate Financial Statements".

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Aggregate Cost value of quoted investments	102.67	102.67
Aggregate market value of quoted investments	439.43	1,060.81
Aggregate value of unquoted investments	8.60	8.63

### Fair Value disclosures

Fair value disclosures along with Fair value hierarchy disclosures for financial assets and liabilities are stated in Note 38.

### Risk Management Strategy

Refer Note 39 on financial risk management objectives and policies for financial instruments.

# Notes to Consolidated financial statements

## 5 Non-current Loans

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Unsecured, considered good</b>		
Loans to employees	0.03	0.01
Security deposits	1.65	1.89
Other deposits	1.00	1.00
Significant increase in credit risk		
Credit impaired	-	-
Doubtful	-	-
	2.68	2.90
Less: Loss Allowance	-	-
<b>Total</b>	<b>2.68</b>	<b>2.90</b>

Security deposits comprise of deposits with various government agencies and others.

## 6 Other non-current financial assets

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Unsecured considered good</b>		
Claims receivable (under mega incentive schemes) (Refer Note 19)	8.66	12.47
<b>Other deposits</b>		
Unsecured, considered good	-	-
Doubtful	-	-
	-	-
Less: Provision for doubtful deposits	-	-
	-	-
<b>Total</b>	<b>8.66</b>	<b>12.47</b>

## 7 Other non-current assets

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Unsecured considered good</b>		
Capital advances	5.80	3.07
Prepaid expenses	0.98	0.95
Balances with government authorities:		
-Excise, Service Tax, Customs	1.01	1.07
-VAT and sales tax	49.84	49.76
<b>Total</b>	<b>57.63</b>	<b>54.85</b>

## Notes to Consolidated financial statements

### 8 Inventories

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
	Raw materials	333.03
Work-in-progress	53.53	44.96
Finished goods	402.07	302.28
Stock-in-trade	1.85	1.33
Stores and spares	62.97	57.77
Packing material	4.37	4.95
<b>Total</b>	<b>857.81</b>	<b>620.47</b>

- Raw materials include goods in transit of ₹ 24.42 Crores (₹ 5.64 Crores as at March 31, 2019).
- The above inventories are hypothecated against current borrowings. Also refer Note 20.
- Refer Note 2.10 for basis of valuation of inventories.
- Write-back of inventories to net realisable value (net of reversal) amounted to ₹ 3.33 Crores (31 March 2019-write down: ₹ 0.46 Crores). These were recognised as an Income (March-2019 as Expense) during the year and included in material consumption and changes in inventories in the statement of profit and loss.
- Reversal of write down of inventories is mainly on account of movement in the ageing bucket of the such inventory.

### 9 Current investments

(All amounts in ₹ Crores unless otherwise stated)

Particulars	No of units *		Value of investments	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Investment in Mutual Fund classified as fair value through profit and loss (FVTPL) Quoted but not listed</b>				
<b>Mutual Fund (MF) Units of ₹100 each</b>				
Aditya Birla Sun Life Cash Plus Direct Plan - Growth	-	4,82,429	-	14.42
Aditya Birla Sun Life Liquid Fund Direct Plan - Growth	-	4,16,601	-	12.52
ICICI Prudential Liquid Fund-Direct Plan-Growth	-	18,64,338	-	51.53
DSP Equity Opportunities Fund Direct - Growth	6,64,939	6,64,939	11.87	15.60
DSP Mid Cap Fund Direct - Growth	26,93,061	26,93,061	12.65	15.49
Kotak Savings Fund Regular Growth	-	33,51,038	-	10.04

# Notes to Consolidated financial statements

## 9 Current investments (Contd..)

(All amounts in ₹ Crores unless otherwise stated)

Particulars	No of units *		Value of investments	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Mutual Fund (MF) Units of ₹1,000 each</b>				
DSP Liquidity Fund - Direct Growth	-	1,53,120	-	40.94
HDFC Liquid Fund - Direct Plan - Growth	-	12,393	-	4.56
UTI Liquid Cash Plan Institutional Direct Plan - Growth	-	1,20,214	-	36.79
Kotak Liquid Direct Plan A Growth	-	63,955	-	24.20
DSP Overnight Fund Direct Growth	9,414	-	1.00	-
HDFC Overnight Fund Regular Growth	47,408	-	14.01	-
HDFC Overnight Fund Direct Growth	33,684	-	10.00	-
<b>Investment in Fixed Deposits classified at cost</b>				
8.18% FD with Bajaj Finance	-	-	79.60	-
	<b>34,48,506</b>	<b>98,22,086</b>	<b>129.13</b>	<b>226.09</b>

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Aggregate Cost value of quoted investments	55.00	222.14
Aggregate market value of quoted investments	49.53	226.09
Aggregate value of unquoted investments	79.60	-

\* Number of units are in full figures

### Fair Value disclosures

Fair value disclosures along with Fair value hierarchy disclosures for financial assets and liabilities are stated in Note 38.

### Risk Management Strategy

Refer Note 39 on financial risk management objectives and policies for financial instruments.

## 10 Trade receivables

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Unsecured, considered good</b>		
Others	73.17	74.31
Significant increase in credit risk	-	-
Credit impaired	-	-
Doubtful	-	-
	<b>73.17</b>	<b>74.31</b>
Less: Loss Allowance	-	-
<b>Total</b>	<b>73.17</b>	<b>74.31</b>

For terms and conditions relating to related party receivables, refer Note 36

# Notes to Consolidated financial statements

## 10 Trade receivables (Contd..)

Company's trade receivables consist of receivables from dealers and customers against sales of pipes and fittings and PVC resin. Trade receivables are mostly on terms of advance payment and credit period of 30 days is given selectively in few cases only. Company also charges interest @ 18% p.a in case of default in collection of trade receivables.

The above book debts are hypothecated against current borrowings. Also refer Note 20.

### 11.1 Cash and cash equivalents

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Balances with banks</b>		
In current accounts	36.99	6.22
Deposits with original maturity of less than three months	20.00	-
<b>Cash on hand</b>	0.29	0.30
<b>Total</b>	<b>57.29</b>	<b>6.52</b>

### 11.2 Other bank balances

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Unpaid dividend accounts	32.42	21.52
Deposits with original maturity more than 3 months but less than 12 months	3.50	-
<b>Total</b>	<b>35.92</b>	<b>21.52</b>

## 12 Current Loans

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Unsecured, considered good</b>		
Loans to Employees	0.31	0.31
Security deposits	0.59	0.26
Significant increase in credit risk	-	-
Credit impaired	-	-
Doubtful	-	-
	0.90	0.57
Less: Loss Allowance	-	-
<b>Total</b>	<b>0.90</b>	<b>0.57</b>



# Notes to Consolidated financial statements

## 13 Other current financial assets

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020		March 31, 2019	
	No. of shares*	Amount	No. of shares*	Amount
Unsecured, considered good				
Advances to vendors*		14.55		40.13
Other receivables		2.01		0.01
		16.56		40.14
Significant increase in credit risk		-		-
Credit impaired		-		-
Doubtful		-		-
Less: Loss Allowance		-		-
Claims receivable (under mega incentive schemes) (Refer Note 19)		-		20.40
<b>Total</b>		<b>16.56</b>		<b>60.54</b>

\* Advance has been given to vendor at an interest of 15% p.a.

## 14 Other current assets

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020		March 31, 2019	
	No. of shares*	Amount	No. of shares*	Amount
<b>Unsecured, considered good</b>				
Advances to vendors		28.64		24.27
Prepaid expenses		6.03		4.36
GST receivables (net)		18.85		12.74
<b>Total</b>		<b>53.52</b>		<b>41.37</b>

## 15 Equity share capital

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020		March 31, 2019	
	No. of shares*	Amount	No. of shares*	Amount
<b>Authorised:</b>				
Equity shares of ₹10 each	15,00,00,000	150.00	15,00,00,000	150.00
Unclassified share capital	8,50,00,000	85.00	8,50,00,000	85.00
	<b>23,50,00,000</b>	<b>235.00</b>	<b>23,50,00,000</b>	<b>235.00</b>
<b>Issued, subscribed and fully paid up:</b>				
Equity Shares of ₹10 each fully paid	12,40,95,381	124.10	12,40,95,381	124.10
	<b>12,40,95,381</b>	<b>124.10</b>	<b>12,40,95,381</b>	<b>124.10</b>

Out of above 4,32,600 (March 31, 2019 - 4,32,600) shares are held by Finolex Industries Limited Employee Welfare trust under ESOP scheme

# Notes to Consolidated financial statements

## 15 Equity share capital (Contd..)

### Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period:

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020		March 31, 2019	
	No. of shares*	Amount	No. of shares*	Amount
At the beginning of the year	12,40,95,381	124.10	12,40,95,381	124.10
Add: Allotted during the year	-	-	-	-
<b>Outstanding at the end of the period</b>	<b>12,40,95,381</b>	<b>124.10</b>	<b>12,40,95,381</b>	<b>124.10</b>

### Terms/ Rights attached to equity shares:

The Company has only class of equity shares having a par value of ₹10 per share. Each holder of the equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

### Details of shareholders holding more than 5% shares in the Company

Particulars	March 31, 2020		March 31, 2019	
	No. of shares*	% holding	No. of shares*	% holding
<b>Equity shares of ₹ 10 each fully paid</b>				
Finolex Cables Limited	4,01,92,597	32.39%	4,01,92,597	32.39%
Orbit Electricals Private Limited	2,33,30,901	18.80%	2,33,30,901	18.80%

\* No. of shares are in full figures

## 16 Other equity

(All amounts in ₹ Crores unless otherwise stated)

Particulars	Retained earnings	Capital Redemption Reserve	Securities premium	General reserve	Other Comprehensive Income	Total
As at March 31, 2018	1,242.91	25.18	151.27	394.50	857.18	2,671.03
Add : Profit for the year including share of associate	367.25	-	-	-	-	367.25
Add: Other comprehensive income for the year					(433.27)	(433.27)
Add/(less): Remeasurement gains/(losses) on defined benefit plan	(3.07)	-	-	-	-	(3.07)
Add: Share in OCI of associate	0.01	-	-	-	-	0.01
Less: Appropriations						

# Notes to Consolidated financial statements

## 16 Other equity (Contd..)

(All amounts in ₹ Crores unless otherwise stated)

Particulars	Retained earnings	Capital Redemption Reserve	Securities premium	General reserve	Other Comprehensive Income	Total
-Dividend paid	(124.10)	-	-	-	-	(124.10)
-Tax on dividend paid (includes share in DDT of associate)	(25.75)	-	-	-	-	(25.75)
<b>As at March 31, 2019</b>	<b>1,457.24</b>	<b>25.18</b>	<b>151.27</b>	<b>394.50</b>	<b>423.91</b>	<b>2,452.10</b>
Add : Profit for the year including share of associate	332.65	-	-	-	-	332.65
Add: Other comprehensive income for the year	-	-	-	-	(621.07)	(621.07)
Add/(less):Remeasurement gains/(losses) on defined benefit plan	(2.53)	-	-	-	-	(2.53)
Add: Share in OCI of associate	0.22	-	-	-	-	0.22
Less: share in lease adjustment	(0.09)	-	-	-	-	(0.09)
Less: Appropriations						
-Final dividend paid	(124.10)	-	-	-	-	(124.10)
-Tax on dividend paid (includes share in DDT of associate)	(25.70)	-	-	-	-	(25.70)
-Interim dividend paid	(124.10)					(124.10)
-Tax on above dividend	(25.51)					(25.51)
<b>As at March 31, 2020</b>	<b>1,488.09</b>	<b>25.18</b>	<b>151.27</b>	<b>394.50</b>	<b>(197.16)</b>	<b>1,861.88</b>

### 16.1 Nature and purpose of reserves

#### 1) Capital Redemption Reserve

During financial year ended March 31, 2002 and March 31, 2003, the company bought back shares of the company out of free reserves and in order to comply with the requirements of company law the company created share capital buy back reserve to the extent of the face value of shares bought back.

#### 2) General reserve

Till April 1, 2013, the company was governed by provisions of the Companies Act of 1956. As per the requirements of this act read along with Companies (Transfer of Profit to Reserve) Rules, 1975, any company declaring dividend in excess of 10% of face value of equity share was mandatorily required to transfer specified % of amount to general reserve. Accordingly, the company has transferred amount to this reserve over the years to comply with the company law requirements.

# Notes to Consolidated financial statements

## 16 Other equity (Contd..)

### 16.2 Other comprehensive income, net of tax

The disaggregation of changes in OCI by each type of reserve

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Fair Valuation OCI reserve	(197.16)	423.91
<b>Total</b>	<b>(197.16)</b>	<b>423.91</b>

### 16.3 Distribution made and proposed

(All amounts in ₹ Crores unless otherwise stated)

Cash dividends on Equity shares declared and paid	March 31, 2020	March 31, 2019
Final dividend for 2017-18: ₹10 per share	-	124.10
Dividend distribution tax on above final dividend	-	25.51
Final dividend for 2018-19: ₹10 per share	124.10	-
Dividend distribution tax on above final dividend	25.51	-
Interim dividend for 2019-20: ₹10 per share	124.10	-
Dividend distribution tax on above final dividend	25.51	-

### 16.4 Dividends proposed before annual general meeting but not recognised as a liability

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Proposed Dividend	-	124.10
Dividend per share (₹)	-	10.00

Proposed dividend on equity shares are subject to approval of the shareholders of their Company at the annual general meeting and are not recognised as a liability (including taxes thereon) as at March 31, 2019. The Board of Directors had declared Interim Dividend of ₹ 10 per share (Face Value of ₹ 10 each) on February, 27 2020 which is considered as final dividend for the year ended March 31, 2020.

## 17 Other non - current financial liabilities

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Security deposits	0.05	0.03
Dealer deposits	0.09	0.31
<b>Total</b>	<b>0.14</b>	<b>0.34</b>

# Notes to Consolidated financial statements

## 18.1 Non-current provisions

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Provision for employee benefits</b>		
Gratuity (Refer Note 35)	18.26	14.02
Compensated absences (Refer Note 35)	8.46	6.56
<b>Total</b>	<b>26.72</b>	<b>20.58</b>

## 18.2 Current provisions

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Provision for employee benefits</b>		
Gratuity (Refer Note 35)	1.46	1.07
Compensated absences (Refer Note 35)	1.55	1.33
<b>Total</b>	<b>3.01</b>	<b>2.40</b>

## 19 Government grants

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Non-current portion	51.44	57.67
Current portion	6.24	6.24
<b>Total</b>	<b>57.68</b>	<b>63.91</b>

- a) The company is entitled to receive Industrial Promotion Subsidy under the Package Scheme of Incentives, for the period from 1st April, 2011 to 31st March 2018. The aforesaid subsidy is in relation to investments in property, plant and equipment at Ratnagiri plant. Accordingly, the same has been classified as grant related to assets and the company is recognising revenue from grant over the life of the property, plant and equipment.

### Liability movement

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>As at the beginning of the year</b>	<b>63.91</b>	<b>70.74</b>
Recognised during the year	-	-
Less: Amount reversed (excess claim accrued upto March 31, 2017, now reversed)	-	(0.59)
Released to the statement of profit and loss	(6.24)	(6.24)
<b>As at the end of the year</b>	<b>57.68</b>	<b>63.91</b>

# Notes to Consolidated financial statements

## 19 Government grants (Contd..)

- b) The company has received the eligibility certificate for the industrial promotion subsidy under the package incentive scheme. The government grant receivable includes electricity duty refund of prior years amounting to ₹ Nil (March 31, 2019 - ₹ 5.39 Crores)

### Asset movement

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>As at the beginning of the year</b>	<b>32.87</b>	61.89
Add: Grant accrued during the year	-	-
Less: Claim received during the year	<b>(18.83)</b>	(19.86)
Less: Amount reversed (excess claim accrued upto March 31, 2017, now reversed)	-	(1.03)
Less: Electricity duty adjusted against the current bill	<b>(5.39)</b>	(8.13)
<b>As at the end of the year</b>	<b>8.66</b>	<b>32.87</b>

Also refer note 6

## 20 Current borrowings

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Acceptances from banks : Buyers Credit</b>		
Secured	<b>266.88</b>	78.81
Unsecured	<b>15.79</b>	10.69
<b>Total</b>	<b>282.67</b>	<b>89.50</b>

### Details of terms of borrowings and security for the borrowings

The aggregate limits of working capital borrowings of ₹ 1,395.75 Crores (₹ 1,395.75 Crores as at March 31, 2019) from the Bank of India Consortium together with all interest, liquidated damages, costs, charges and other moneys payable under working capital consortium agreement/sanction letters are secured by:

- 1) Hypothecation of inventories and book debts; and
- 2) Extension of second equitable mortgage, created in favour of Bank of India Consortium on pari passu basis with other second charge holder by deposit of title deeds with Axis Bank Ltd (ABL), New Delhi. ABL acting as an agent for Bank of India Consortium, which ranks subsequent and subservient in rank of priority over the first equitable mortgages created by deposit of title deeds in respect of immovable properties falling within the battery limit of the site of the Company's plant for manufacture of PVC Resin, situated at Village Golap, District Ratnagiri in the State of Maharashtra together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth.

Refer Note 39 for discussion on Company's financial risk management policies and procedures.

# Notes to Consolidated financial statements

## 21 Trade payables

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Trade payables</b>		
a) total outstanding dues of Micro Enterprises & Small Enterprises (Refer Note 41)	1.18	2.19
b) total outstanding dues of creditors other than Micro Enterprises & Small Enterprises	232.22	281.61
<b>Total</b>	<b>233.40</b>	<b>283.80</b>

Trade payables including related parties are non-interest bearing and are normally settled within 30 to 45 days.

Refer Note 39 for discussion on Company's financial risk management policies and procedures.

## 22 Other current financial liabilities

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Interest accrued but not due	0.56	0.51
Salary and Reimbursements	22.93	23.51
Provision for expenses	74.79	43.86
Unpaid dividend	32.42	21.52
<b>Total</b>	<b>130.70</b>	<b>89.40</b>

Refer Note 39 for explanation on Company's financial risk management policies and procedures.

## 23 Other current liabilities

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Advances from customers	23.25	24.55
Statutory dues (includes indirect and withholding taxes)	12.11	18.50
<b>Total</b>	<b>35.36</b>	<b>43.05</b>

## 24 Income Taxes

During the year, section 115BAA has been newly introduced by the CBDT. As per this section, option is given to all existing companies to either pay Income tax as per existing rates ( i.e. 25% or 30% plus applicable surcharge and cess) or as per concessional rate of 22% plus applicable surcharge and cess. This new rate is available only if company

# Notes to Consolidated financial statements

## 24 Income Taxes

forgoes certain exemptions and deductions. Since this new rate is beneficial, company has adopted the new tax rate of 25.168% (i.e. 22% including surcharge and cess) for computing income tax & deferred tax for year ended 31st Mar, 2020 (the rate for 31st March 2019 was 34.944%)

### A Composition of income tax expense is as follows:

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Statement of profit and loss</b>		
<b>Current tax</b>		
Current income tax charge	111.42	180.57
Adjustments in the period for current tax of prior periods	(0.21)	(2.09)
<b>Deferred tax</b>		
Relating to temporary differences	(26.05)	2.74
<b>Income tax expense reported in the statement of profit and loss</b>	<b>85.17</b>	<b>181.22</b>
<b>Other Comprehensive Income</b>		
Deferred tax related to items recognised in OCI during the year:		
Remeasurement gains/ (losses) on defined benefit plans	0.85	1.65
Fair value changes of financial assets	0.08	(20.67)
<b>Income tax charged to OCI</b>	<b>0.93</b>	<b>(19.02)</b>

### B Reconciliation between tax expense and accounting profit multiplied by tax rate

Current taxes are measured using the tax rates that have been enacted or substantively

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Accounting profit before tax expense	392.26	534.46
At India's statutory tax rate	25.168%	34.944%
<b>Computed tax expense</b>	<b>98.72</b>	<b>186.76</b>
<b>Adjustments For:</b>		
Donations made disallowed as deductions	0.32	0.33
Corporate Social Responsibility Expenses	2.50	3.23
Provision for expenses not allowed in tax	1.22	-
Other non-deductible expenses	0.11	0.26
Dividend income accrued in current year exempt from tax	(2.75)	(3.51)



# Notes to Consolidated financial statements

## 24 Income Taxes (Contd..)

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
	Agricultural income U/S.10(1) (Income from Mango Harvesting contract.)	(0.01)
Deduction allowed income tax	(0.17)	(4.89)
80IA diallowance under new tax regime	11.09	-
Impact of Change in rate	(42.27)	(0.02)
Deferred tax on consolidation	0.19	(0.93)
Other items	16.23	-
<b>At the effective tax rate</b>	<b>85.17</b>	<b>181.22</b>
Income tax expense reported in the statement of profit and loss	85.17	181.22

## C Composition of deferred tax assets and deferred tax liabilities and deferred tax (expense)/income

(All amounts in ₹ Crores unless otherwise stated)

Particulars	Balance Sheet		Statement of Profit and Loss	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	<b>Deferred tax liabilities</b>			
Depreciation	(139.03)	(181.76)	42.73	(7.39)
Fair valuation of FVTOCI investment	(0.16)	(0.24)	-	-
Fair valuation of FVTPL investment	-	(1.38)	1.38	(1.38)
		-		
<b>Deferred tax assets</b>				
Deferred income	14.52	22.33	(7.81)	(2.38)
Fair valuation of FVTPL investment	1.37	-	1.37	(1.28)
Provision for Doubtful debts & advances	-	1.69	(1.69)	(0.37)
Deferred Tax on consolidation	(19.87)	(11.14)	(8.53)	8.89
Leave encashment	2.52	2.76	(0.24)	0.96
Defined benefit obligation and others	4.97	5.27	(1.17)	0.22
<b>Deferred tax (expense)/income</b>			<b>26.04</b>	<b>(2.74)</b>
<b>Net deferred tax assets/ (liabilities)</b>	<b>(135.68)</b>	<b>(162.47)</b>		

# Notes to Consolidated financial statements

## 24 Income Taxes (Contd..)

### D Composition of deferred tax assets and deferred tax liabilities

Deferred taxes are measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period. The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

#### Reconciliation of deferred tax liabilities, net

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>As at the beginning of the year</b>	<b>(162.47)</b>	(141.64)
Tax (expense)/ income recognised in the statement of profit and loss	26.04	(2.74)
Share of associate in OCI	(0.18)	0.93
Tax (expense)/ income recognised in the OCI	0.93	(19.02)
<b>As at the end of the year</b>	<b>(135.68)</b>	<b>(162.47)</b>

### E Composition of deferred tax (expense)/ income recognised in the statement of profit and loss

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Deferred tax income	35.98	(12.81)
Deferred tax expense	(9.93)	10.07
<b>Net deferred tax (expense)/ income</b>	<b>26.04</b>	<b>(2.74)</b>

## 25 Revenue from operations

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Revenue from contracts with customers</b>		
Sale of products	2,957.67	3,068.46
<b>Other operating revenue</b>		
a) Scrap sales	19.92	15.13
b) Recovery of port charges	2.15	1.94
c) Unwinding of deferred income (government grant) (Refer Note 19)	6.24	5.79
<b>Total</b>	<b>2,985.98</b>	<b>3,091.32</b>

# Notes to Consolidated financial statements

## 26 Other income

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>I) Interest on</b>		
a) Overdue receivables from customers	0.08	0.14
b) Income Tax refund	-	3.94
c) Deposit with bank and financial institution	4.59	3.81
d) On advance to vendor	3.22	0.45
e) Others	0.28	0.05
<b>II) Dividend from non-current investments</b>		
a) Classified as fair value through FVTPL	0.01	0.01
b) Classified as fair value through FVTOCI	9.05	7.72
c) Classified as amortised cost	0.93	1.16
<b>III) Other non-operating income</b>		
a) Insurance claims received	0.91	1.26
b) Net gains/(losses) on fair value changes on investment classified as FVTPL	(2.73)	8.30
c) Net gain on sale of current investments (mutual funds) classified as FVTPL	8.92	7.16
d) Net foreign currency exchange gain on transaction and translations	-	0.75
e) Excess provision written back	1.35	1.34
f) Credit balances written back	0.22	2.02
g) Others	3.08	2.30
<b>Total</b>	<b>29.91</b>	<b>40.41</b>

## 27 Cost of materials consumed

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Cost of raw materials consumed	2,007.31	1,952.61
Packing material consumed	30.40	28.54
<b>Total</b>	<b>2,037.71</b>	<b>1,981.15</b>

## 28 Changes in inventories of finished goods, work-in-progress and stock in trade

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Inventories at the end of the year</b>		
Work-in-progress	53.53	44.96
Finished goods	402.07	302.28
Stock-in-trade	1.85	1.33
<b>Sub Total (A)</b>	<b>457.45</b>	<b>348.57</b>

## Notes to Consolidated financial statements

### 28 Changes in inventories of finished goods, work-in-progress and stock in trade (Contd..)

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Inventories at the beginning of the year</b>		
Work-in-progress	44.96	47.37
Finished goods	302.28	228.47
Stock-in-trade	1.33	1.40
<b>Sub Total (B)</b>	<b>348.57</b>	<b>277.24</b>
<b>Changes in inventories of finished goods, work-in-progress and stock in trade (B-A)</b>	<b>(108.88)</b>	<b>(71.33)</b>

### 29 Employee benefits expense

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Salaries, wages and bonus	123.61	115.16
Gratuity fund expenses (refer Note 35)	2.53	1.72
Contribution to provident fund and other funds (refer Note 35)	4.84	3.96
Staff welfare expenses	14.57	13.59
<b>Total</b>	<b>145.55</b>	<b>134.43</b>

### 30 Finance cost

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Interest expense on borrowings and others	3.55	6.29
Other borrowing costs	1.86	1.43
Exchange differences regarded as an adjustment to borrowing cost	6.50	4.55
<b>Total</b>	<b>11.91</b>	<b>12.27</b>

### 31 Depreciation and amortisation expense

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Depreciation on property, plant and equipment	73.13	69.29
Amortisation of intangible assets	0.68	0.79
<b>Total</b>	<b>73.81</b>	<b>70.08</b>

# Notes to Consolidated financial statements

## 32 Other expenses

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Power and fuel	107.99	114.35
Stores and spares consumed	29.29	34.21
Other manufacturing expenses	104.20	106.00
Rent on Short term or low value leases	2.12	1.88
Rates and taxes	10.61	12.23
Insurance	9.12	3.79
Repairs & maintenance (buildings)	15.06	11.11
Repairs & maintenance (plant & machinery)	31.47	19.32
Repairs & maintenance (others)	2.63	2.18
Communication expenses	3.15	3.92
Travelling and conveyance	8.37	7.09
Directors' sitting fees	0.38	0.37
Commission to non-executive directors	1.00	0.98
Auditor's remuneration :		
-Statutory audit fees	0.29	0.29
-Tax audit fees	0.05	0.05
-Limited review	0.06	0.06
-GST audit fees	0.05	0.10
-Certification	0.03	0.03
-Out of pocket expenses	0.02	0.01
Advertisement, publicity and sales promotion	48.29	66.51
Freight outward expenses	1.62	1.01
Loss on sale of property, plant and equipment	0.67	0.05
Legal and professional fees	8.10	10.54
Donations	2.56	0.92
Corporate social responsibility (CSR)(refer note below)	11.92	9.24
Security expenses	8.03	6.44
Information technology maintenance	8.15	9.14
Net loss on foreign currency transactions and translations (other than considered as finance cost)	23.85	-
Miscellaneous expenses	10.61	9.87
<b>Total</b>	<b>449.69</b>	<b>431.69</b>

## CSR Contribution

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Contribution to Mukul Madhav Foundation Trust (related party)	11.42	9.13
Contribution to others	0.50	0.11
	11.92	9.24
a) Amount required to be spent during the period	9.61	8.50
<b>b) Amount spent during the year on:</b>	11.92	9.24
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	11.92	9.24

# Notes to Consolidated financial statements

## 33 Segment Information

The Company is in the business of manufacturing of PVC resin and PVC pipes & fittings. The disclosure of financial information in respect of its Captive Power Plant as a separate segment is no longer material compared to the Company's overall operations and the management does not analyse its performance separately. Therefore as per Ind AS 108 "Operating Segments", the Company has decided to disclose only two segments i.e. PVC resin and PVC pipes & fittings. Accordingly, the figures of respective previous periods have been regrouped.

For management purposes, the Company is organised into business units based on their products and which has following two reportable segments :

- 1 PVC – engaged in producing and distributing PVC resin
- 2 Pipes and fittings – engaged in producing and distributing pipes and fittings required principally in the agriculture and construction industries

The company has allocated the CPP segment to PVC resin and PVC pipes & fittings segments on the basis of CPP units allocation to respective segment.

The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss that is measured consistently with profit or loss in the financial statements. The Company's financing (including finance costs and finance income) and income taxes are not allocated to operating segments.

### Year ended March 31, 2020

(All amounts in ₹ Crores unless otherwise stated)

Particulars	PVC	Pipes & fittings	Total segments	Adjustments and eliminations	Total
<b>Revenue</b>					
External customers	432.03	2,553.95	2,985.98	-	2,985.98
Inter-segment	1,247.13	-	1,247.13	(1,247.13)	-
<b>Total revenue</b>	<b>1,679.16</b>	<b>2,553.95</b>	<b>4,233.11</b>	<b>(1,247.13)</b>	<b>2,985.98</b>
<b>Income/(Expenses)</b>					
Depreciation and amortisation	(14.05)	(42.19)	(56.24)	-	(56.24)
<b>Segment profit</b>	<b>199.79</b>	<b>202.68</b>	<b>402.47</b>	<b>-</b>	<b>402.47</b>
<b>Total assets</b>	<b>959.33</b>	<b>1,022.21</b>	<b>1,981.54</b>	<b>-</b>	<b>1,981.54</b>
<b>Total liabilities</b>	<b>178.05</b>	<b>77.42</b>	<b>255.47</b>	<b>-</b>	<b>255.47</b>
<b>Other disclosures</b>					
Capital expenditure	8.77	45.97	54.74	-	54.74

# Notes to Consolidated financial statements

## 33 Segment Information (Contd..)

Year ended March 31, 2019

Particulars	PVC	Pipes & fittings	Total segments	Adjustments and eliminations	Total
<b>Revenue</b>					
External customers	516.52	2,574.80	3,091.32		3,091.32
Inter-segment	1,357.65	-	1,357.65	(1,357.65)	-
<b>Total revenue</b>	<b>1,874.17</b>	<b>2,574.80</b>	<b>4,448.97</b>	<b>(1,357.65)</b>	<b>3,091.32</b>
<b>Income/(Expenses)</b>					
Depreciation and amortisation	(12.65)	(39.84)	(52.49)	-	(52.49)
<b>Segment profit</b>	377.28	182.82	560.10	-	560.10
<b>Total assets</b>	<b>814.40</b>	<b>963.22</b>	<b>1,777.62</b>	-	<b>1,777.62</b>
<b>Total liabilities</b>	<b>209.76</b>	<b>91.87</b>	<b>301.63</b>	-	<b>301.63</b>
					-
<b>Other disclosures</b>					
Capital expenditure	22.06	75.62	97.68	-	97.68

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below.

### Adjustments and eliminations

Finance income and costs, and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed for the entity as a whole.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed for the entity as a whole.

Capital expenditure consists of additions of property, plant and equipment and intangible assets and additions to capital work in progress.

Inter-segment revenues are eliminated on consolidation.

### Reconciliation of profit

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Segment profit</b>	<b>402.47</b>	560.10
Unallocable income	<b>29.33</b>	39.29
Finance costs	<b>(11.91)</b>	(12.27)
Unallocable expense	<b>(26.70)</b>	(51.51)
<b>Profit before tax</b>	<b>393.19</b>	<b>535.62</b>

# Notes to Consolidated financial statements

## 33 Segment Information (Contd..)

### Reconciliation of assets

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Segment operating assets</b>	<b>1,981.54</b>	1,777.62
Current tax assets	42.34	33.05
Financial assets carried at FVTPL	0.40	0.65
Financial assets carried at FVTOCI	439.03	1,060.17
Financial assets carried at cost	0.05	7.55
Current investments	129.13	226.09
Cash and cash equivalents (including other bank balances)	93.21	29.10
Other unallocated assets	205.65	197.43
<b>Total assets</b>	<b>2,891.34</b>	<b>3,331.65</b>

### Reconciliation of liabilities

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Segment operating liabilities</b>	<b>255.47</b>	301.63
Deferred tax liabilities	135.68	162.47
Trade payables	1.18	6.71
Short term borrowings	282.67	89.50
Financial liabilities at amortised cost	97.86	67.71
Interest accrued	0.56	0.51
Unpaid dividend	32.42	21.52
Statutory Dues	12.11	18.50
Provisions	29.73	22.98
Government Grant	57.68	63.91
<b>Total liabilities</b>	<b>905.36</b>	<b>755.44</b>

### Geographic information

In the year ended March 31, 2020, the Company has catered only to the needs of the Indian markets. As there was no export turnover during the year, there are no reportable geographical segments.



# Notes to Consolidated financial statements

## 34 Earnings Per Share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

There are no potential shares that have a dilutive effect on the EPS.

The following reflects the income and share data used in the basic EPS computation

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Basic</b>		
Profit for the year before Tax (in ₹ Crores)	417.82	548.47
Less : Attributable Tax thereto	85.17	181.22
Net profit / (loss) after tax (in ₹ Crores)	332.66	367.25
Weighted average number of equity shares	12.41	12.41
<b>Basic earnings/(loss) per share of ₹ 10 each</b>	<b>26.81</b>	<b>29.59</b>

## 35 Disclosure pursuant to Employee benefits

### A. Defined contribution plans:

Amount of ₹ 4.84 Crores (March 31, 2019: ₹ 3.96 Crores) is recognised as expenses and included in Note No. 30 Employee benefit expense”

### B. Defined benefit plans:

The Company has Gratuity as post employment benefit which is in the nature of defined benefit plan.

The Company operates gratuity plan (funded) wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

The gratuity plan is governed by the payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member’s length of service and salary at retirement age.

# Notes to the Standalone Financial Statements

## 35 Disclosure pursuant to Employee benefits (Contd..)

### March 31, 2020 : Changes in defined benefit obligation and plan assets

(All amounts in ₹ Crores unless otherwise stated)

Particulars	April 1, 2019		Remeasurement gains/(losses) in other comprehensive income				Benefit paid		Remeasurement gains/(losses) in other comprehensive income				Contributions by employer		March 31, 2020
	Service cost	Net interest (expense) / Income	Sub-total included in statement of profit and loss (Note 30)	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	March 31, 2020
Gratuity															
Defined benefit obligation	(19.25)	(1.41)	(2.79)	1.61	-	(1.89)	(3.38)	-	-	(1.89)	(1.49)	(3.38)	-	-	(23.81)
Fair value of plan assets	4.16	(0.06)	0.26	(1.61)	-	(0.01)	-	-	-	(0.01)	0.01	-	-	1.28	4.09
<b>Total benefit liability</b>	<b>(15.09)</b>	<b>(1.47)</b>	<b>(2.53)</b>	<b>-</b>	<b>-</b>	<b>(1.90)</b>	<b>(3.38)</b>	<b>-</b>	<b>-</b>	<b>(1.90)</b>	<b>(1.48)</b>	<b>(3.38)</b>	<b>1.28</b>	<b>1.28</b>	<b>(19.72)</b>

### March 31, 2019 : Changes in defined benefit obligation and plan assets

(All amounts in ₹ Crores unless otherwise stated)

Particulars	April 1, 2018		Remeasurement gains/(losses) in other comprehensive income				Benefit paid		Remeasurement gains/(losses) in other comprehensive income				Contributions by employer		March 31, 2019
	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 30)	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	March 31, 2019
Gratuity															
Defined benefit obligation	(13.33)	(0.95)	(1.96)	0.78	(0.70)	(2.01)	(4.73)	-	-	(2.01)	(2.01)	(4.73)	-	-	(19.25)
Fair value of plan assets	3.62	(0.05)	0.24	(0.78)	-	0.02	0.01	-	-	0.02	(0.02)	0.01	1.07	1.07	4.16
<b>Total benefit liability</b>	<b>(9.72)</b>	<b>(1.01)</b>	<b>(1.72)</b>	<b>-</b>	<b>(0.70)</b>	<b>(1.99)</b>	<b>(4.72)</b>	<b>1.07</b>	<b>-</b>	<b>(1.99)</b>	<b>(2.03)</b>	<b>(4.72)</b>	<b>1.07</b>	<b>1.07</b>	<b>(15.09)</b>

# Notes to Consolidated financial statements

## 35 Disclosure pursuant to Employee benefits (Contd..)

**The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:**

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
	Insured managed funds (LIC)	4.09
(%) of total plan assets	100%	100%

**The principal assumptions used in determining above defined benefit obligations for the Group's plans is shown below:**

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
	Discount rate	6.10%
Future salary increase	8.00%	8.00%
Expected rate of return on plan assets	7.50%	7.80%
Expected average remaining working lives (in years)		
Gratuity	9.26	9.33
Compensated absences	9.26	9.33
Withdrawal rate (based on grade and age of employees)		
Gratuity	7.00%	7.00%
Compensated absences	7.00%	7.00%

**A quantitative sensitivity analysis for significant assumption is as shown below:**

### Gratuity

(All amounts in ₹ Crores unless otherwise stated)

Particulars	Sensitivity level	(increase) / decrease in defined benefit obligation (Impact)	
		March 31, 2020	March 31, 2019
Discount rate	1% increase	1.33	1.05
	1% decrease	(1.55)	(1.18)
Future salary increase	1% increase	(1.29)	(0.99)
	1% decrease	1.18	0.90
Withdrawal rate	1% increase	0.14	0.03
	1% decrease	(0.15)	(0.03)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in one significant assumption at a time, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

The same method has been applied for the sensitivity analysis as when calculating the recognised defined benefit obligation.

# Notes to Consolidated financial statements

## 35 Disclosure pursuant to Employee benefits (Contd..)

The followings are the expected future benefit payments for the defined benefit plan :

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Within the next 12 months (next annual reporting period)	4.88	4.13
Between 2 and 5 years	10.35	8.89
Beyond 5 years	17.34	15.76
<b>Total expected payments</b>	<b>32.57</b>	<b>28.78</b>

**Weighted average duration of defined plan obligation (based on discounted cash flows)**

Particulars	March 31, 2020	March 31, 2019
	Years	Years
Gratuity	9.13	8.56

The followings are the expected contributions to planned assets for the next year:

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Gratuity	1.46	1.07

## Risk Exposure And Asset Liability Matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

### 1. Liability Risks

#### a. Asset-Liability Mismatch Risk-

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

#### b. Discount Rate Risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

# Notes to Consolidated financial statements

## 35 Disclosure pursuant to Employee benefits (Contd..)

### c. Future Salary Escalation and Inflation Risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

### 2. Asset Risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

The company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

### C. Other long-term employment benefits

The Company has compensated absences plan which is covered by other long-term employee benefits.

#### March 31, 2020 : Changes in defined benefit obligation of compensated absences

(All amounts in ₹ Crores unless otherwise stated)

	April 1, 2019		Cost charged to statement of profit and loss		Benefit paid	Contributions by employer	March 31, 2020
	Service cost	Interest cost	Actuarial changes arising from various assumption	Sub-total included in statement of profit and loss (Note 30)			
<b>Compensated absences</b>							
Defined benefit obligation	(7.89)	(1.23)	(0.53)	(2.04)	(3.80)	1.68	- (10.01)
<b>Benefit liability</b>	(7.89)	(1.23)	(0.53)	(2.04)	(3.80)	1.68	- (10.01)

# Notes to Consolidated financial statements

## 35 Disclosure pursuant to Employee benefits (Contd..)

### March 31, 2019 : Changes in defined benefit obligation of compensated absences

(All amounts in ₹ Crores unless otherwise stated)

Particulars	April 1, 2018	Cost charged to statement of profit and loss			Benefit paid	Contributions by employer	March 31, 2019
	Service cost	Interest cost	Actuarial changes arising from various assumption	Sub-total included in statement of profit and loss (Note 30)			
<b>Compensated absences</b>							
Defined benefit obligation	(5.15)	(0.76)	(0.35)	(3.01)	1.37	-	(7.89)
<b>Benefit liability</b>	(5.15)	(0.76)	(0.35)	(3.01)	1.37	-	<b>(7.89)</b>

## 36. Related party transactions

Related parties have been identified on the basis of requirement of Ind AS 24 'Related Party Disclosures' and representation made by the Key Management Personnel and taken on record by the Board.

### A. Names of the related party and nature of relationship where control exists

There are no parties where control exists.

### B. Name of the related parties with whom transactions have been entered into

Name of the related party	Nature of relationship
Orbit Electricals Private Limited	Enterprise controlled by Key Management Personnel
Finolex Plasson Industries Private Limited	Associate company
Finolex Cables Limited	Enterprise wherein the Company is an associate
Mukul Madhav Foundation (Trust)	Enterprises over which Key Management Personnel or their relatives exercise significant influence
Finolex Infrastructure Private Limited	Enterprise over which Key Management Personnel or their relatives exercise significant influence
Mrs. Ritu P. Chhabria	Relative of Key Management Personnel
Ms. Gayatri P. Chhabria	Relative of Key Management Personnel

### C. Key Management Personnel:

Name of the related party	Nature of relationship
Mr. Prakash P. Chhabria	Executive Chairman
Mr. Anil V. Whabi	Director Finance & CFO
Mr. Sanjay S. Math	Managing Director

# Notes to Consolidated financial statements

## 36. Related party transactions (Contd..)

### D. Transactions with Related Parties

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>I. Sales, services and other income</b>		
<b>Sale of goods</b>		
Finolex Plasson Industries Private Limited	20.54	20.20
<b>Dividend Received</b>		
Finolex Cables Limited	9.98	8.87
Finolex Plasson Industries Private Limited	0.93	1.16
<b>II. Expenses</b>		
<b>Services received</b>		
Mrs. Ritu P. Chhabria (Sitting fees)	0.03	0.04
Mrs. Ritu P. Chhabria (commission)	0.13	0.12
Ms. Gayatri Chhabria (Salary)	0.05	-
<b>Dividend paid</b>		
Finolex Cables Limited	80.39	40.19
Orbit Electricals Private Limited	46.66	23.33

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Contribution towards corporate social responsibility</b>		
Mukul Madhav Foundation	11.42	8.86
<b>Amounts outstanding</b>		
<b>Due to</b>		
Finolex Plasson Industries Private Limited	0.10	0.13

### Terms and conditions of transactions with related parties

Transaction entered into with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

### Commitments with related parties

The company has not provided any commitment to the related party as at March 31, 2020 (March 31, 2019: ₹ Nil)

## Notes to Consolidated financial statements

### 36. Related party transactions (Contd..)

#### Transactions and balances outstanding with key management personnel

Compensation of key management personnel of the Company

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Short-term employee benefits:</b>		
<b>Salary and perquisites</b>		
Mr. Prakash P. Chhabria	5.38	5.11
Mr. Sanjay S. Math	2.83	2.70
Mr. Anil V. Whabi	1.28	1.21
Mr. Anil V. Whabi	1.27	1.20
<b>Commission:</b>	7.50	9.03
Mr. Prakash P. Chhabria	5.00	7.14
Mr. Sanjay S. Math	1.50	1.26
Mr. Anil V. Whabi	1.00	0.63
<b>Post employment benefits:</b>	0.09	0.08
Mr. Prakash P. Chhabria	0.05	0.05
Mr. Sanjay S. Math	0.02	0.02
Mr. Anil V. Whabi	0.02	0.01
<b>Other long term benefits:</b>	0.82	0.57
Mr. Prakash P. Chhabria	0.66	0.45
Mr. Sanjay S. Math	0.13	0.04
Mr. Anil V. Whabi	0.04	0.09
<b>Total compensation</b>	13.79	14.79
The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.		
<b>Post employment benefits payable:</b>	2.69	2.28
Mr. Prakash P. Chhabria	2.38	2.03
Mr. Sanjay S. Math	0.21	0.16
Mr. Anil V. Whabi	0.11	0.09
<b>Other long term benefits payable:</b>	0.82	0.57
Mr. Prakash P. Chhabria	0.66	0.45
Mr. Sanjay S. Math	0.13	0.04
Mr. Anil V. Whabi	0.04	0.09
<b>Total long term benefits payable</b>	3.52	2.85

### 37. Commitments and contingencies

#### 37.1 Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided (net of capital advances) for amounted to ₹ 28.38 Crores as at March 31, 2020 (₹. 9.20 Crores as at March 31, 2019).



# Notes to Consolidated financial statements

## 37. Commitments and contingencies (contd..)

### 37.2 Contingent liabilities

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>Claims against the Company not acknowledged as debt</b>		
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	0.10	0.10
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	3.98	6.03
c) Excise/Customs/Service Tax in respect of which either show cause notice is received or the Company/Department is in appeal	78.01	82.94
d) Sales Tax matters in respect of which either show cause notice is received or the Company/Department is in appeal	3.27	3.27
e) Consumer Protection matters in respect of which customers have gone for recovery on account of quality claims.	0.27	1.39

## 38. Fair value of financial assets and liabilities

This note explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised & measured at i. fair value ii. measured at amortised cost and for which fair values are considered to be same as the amortised costs disclosed in the financial statements. They are further classified them into Level 1 to Level 3 as required by the accounting standard and described in the significant accounting policies of the Company. Further, the note describes valuation techniques used, key inputs to valuations and quantitative information about significant unobservable inputs for fair value measurements.

# Notes to Consolidated financial statements

## 38. Fair value of financial assets and liabilities (Contd..)

### Classification of Financial instruments by Category and into Fair value Level of Hierarchy as at March 31, 2020

(All amounts in ₹ Crores unless otherwise stated)

Particulars	Amortised Cost	FVTPL			FVTOCI		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Non-current investments:</b>							
<b>Investment in equity shares of :</b>							
<b>Quoted</b>							
Equity instruments	-	0.40	-	-	439.03	-	-
<b>UnQuoted</b>							
Equity instruments	83.58	-	-	-	-	-	8.55
<b>Current investments:</b>							
Investments in units of mutual funds	-	49.53	-	-	-	-	-
Deposit with Non Banking Financial institutions	79.60	-	-	-	-	-	-
Trade and other receivables	73.17	-	-	-	-	-	-
Loans	3.57	-	-	-	-	-	-
Cash & cash equivalents	57.29	-	-	-	-	-	-
Other bank balances	35.92	-	-	-	-	-	-
Other financial assets	25.22	-	-	-	-	-	-
<b>Total</b>	<b>358.35</b>	<b>49.93</b>	<b>-</b>	<b>-</b>	<b>439.03</b>	<b>-</b>	<b>8.55</b>
<b>Financial liabilities</b>							
Borrowings	282.67	-	-	-	-	-	-
Trade and other payables	233.40	-	-	-	-	-	-
Other financial liabilities	130.84	-	-	-	-	-	-
<b>Total</b>	<b>646.91</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2019:

(All amounts in ₹ Crores unless otherwise stated)

Particulars	Amortised Cost	FVTPL			FVTOCI		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Non-current investments:</b>							
<b>Investment in equity shares of :</b>							
<b>Quoted</b>							
Equity instruments	-	0.65	-	-	1,060.16	-	-
<b>UnQuoted</b>							
Equity instruments	66.46	-	-	-	-	-	8.58
<b>Current investments:</b>							
Investments in units of mutual funds	-	226.09	-	-	-	-	-
Deposit with Non Banking Financial institutions	-	-	-	-	-	-	-
Trade and other receivables	74.31	-	-	-	-	-	-
Loans	3.47	-	-	-	-	-	-
Cash & cash equivalents	6.52	-	-	-	-	-	-
Other bank balances	21.52	-	-	-	-	-	-
Other financial assets	73.01	-	-	-	-	-	-
<b>Total</b>	<b>245.29</b>	<b>226.74</b>	<b>-</b>	<b>-</b>	<b>1,060.16</b>	<b>-</b>	<b>8.58</b>
<b>Financial liabilities</b>							
Borrowings	89.50	-	-	-	-	-	-
Trade and other payables	283.80	-	-	-	-	-	-
Other financial liabilities	89.74	-	-	-	-	-	-
<b>Total</b>	<b>463.04</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes to Consolidated financial statements

### 38. Fair value of financial assets and liabilities (Contd..)

#### Valuation techniques used to determine the fair value of each financial instrument:

##### Fair value of financial instruments classified at amortised cost:

The management assessed that the fair values of cash and bank, loans, trade receivables, accrued interest, trade payables, borrowings, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Carrying value of non-current financial liabilities are considered to be same as their fair value due to discounting at rate which are an approximation of incremental borrowing rate. Further, company's non-current financial assets are appearing in the books at fair value since the same are interest bearing hence discounting of the same is not required.

##### Fair value of financial instruments classified at FVTPL:

These financial instruments consist of investment in quoted equity instruments and units of mutual funds. The fair value of quoted equity instruments is based on the respective quoted price in the active markets as at the measurement date and fair value of investment in mutual funds is determined using the quoted price ( NAV ) of the respective units in the active market at the measurement date.

##### Fair value of financial instruments classified at FVTOCI:

These financial instruments consist of investment in equity instruments. The fair value of quoted equity instruments is based on the respective quoted price in the active markets as at the measurement date. The fair value of investments in unquoted equity shares has been estimated using the net asset method. The valuation requires to consider the cost of replacement of an asset as an indication of the fair market value of that asset.

During the year ended 31 March 2020 and 31 March 2019, there were no transfers between Level 1 and Level 2 fair value measurements.

The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. In addition, the Company internally reviews valuations, including independent price validation for certain instruments.

#### Valuation inputs used in Level 3 and sensitivity of inputs to fair value:

(All amounts in ₹ Crores unless otherwise stated)

Particulars	As at March 2020	As at March 2019	Valuation technique adopted	Significant unobservable inputs	Weighted average range		Sensitivity of Input to FV
					As at March 2020	As at March 2019	
Non Current Investments - Unquoted equity shares	8.55	8.58	Net asset method	Recknor rate	890-1160	890-1160	Increase/ (decrease) in the rate would decrease/(increase) the fair value.

# Notes to Consolidated financial statements

## 39. Financial risk management objective and policies

Risk Category	Exposure arising from	Measurement	Management
Credit risk	Cash and bank balances, Trade receivables, and other Financial assets.	Ageing analysis, credit ratings	Diversification of bank deposits, portfolio diversification for investments, credit limits.
Liquidity risk	Borrowings, Trade payables and other financial liabilities	Rolling cash flow forecasts	Senior management ensures that the future cash flow needs are met through cash flow from the operating activities and short term borrowings from banks.
Market risk-interest rate risk	No risk since company has no exposure of long term borrowings	Not applicable	Not applicable
Market risk-currency risk	Recognised Financial liabilities not denominated in ₹	Sensitivity analysis	Natural hedging
Market risk-price risk	Investments	Sensitivity analysis	Portfolio diversification

The Company's principal financial liabilities comprise short term borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, trade receivables and cash and cash equivalents that arrive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks. The Company's management is supported by a risk management committee that advises on financial risks and the appropriate financial risk governance framework. The risk management committee provides assurance to the Company's management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company's policies appetite. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

### i) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company evaluates credit risk with respect to trade receivables as significantly low, as its payment terms are mostly advance basis.

# Notes to Consolidated financial statements

## 39. Financial risk management objective and policies (Contd..)

### a) Trade Receivables

The Company evaluates credit risk with respect to trade receivables as significantly low, as its payment terms are mostly advance basis.

### b) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Company monitors ratings, credit spread and financial strength of its counter parties. Based on ongoing assessment company adjust it's exposure to various counterparties. Company's maximum exposure to credit risk for the other components of balance sheet is the carrying amount as disclosed below:

(All amounts in ₹ Crores unless otherwise stated)

Particulars	Asset group	Internal rating	Carrying amount net of impairment provision	
			As at March 31 2020	As at March 31 2019
Financial assets for which credit risk has not increased significantly from inception	Investments	A	660.69	1,361.94
	Loans	A	3.57	3.47
	Other financial assets	A	25.22	73.01

### ii) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash flow and collateral obligations without incurring unacceptable losses. Company's objective is to, at all time maintain optimum levels of liquidity to meet its cash and collateral requirements. Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including overdraft, debt from domestic and international banks at optimised cost. Company enjoys strong access to domestic and international capital market across debt, equity and hybrids.

The table summarises the maturity profile of group's financial liabilities based on contractual undiscounted payments.

# Notes to Consolidated financial statements

## 39. Financial risk management objective and policies (Contd..)

As at March 31, 2020

Particulars	On demand	< 3 months	3-12 months	1-5 years	Total
Short term borrowings	-	282.67	-	-	282.67
Trade payables	36.20	197.20	-	-	233.40
Other financial liabilities	52.95	30.43	47.32	0.13	130.84

As at March 31, 2019

Particulars	On demand	< 3 months	3-12 months	1-5 years	Total
Short term borrowings	-	89.50	-	-	89.50
Trade Payables	1.03	282.77	-	-	283.80
Other financial liabilities	35.40	31.34	22.66	0.34	89.74

### iii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk interest rate risk, currency risk and other price risk such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, trade and other payables, trade receivables, investments, other financial liabilities.

The sensitivity analysis in the following sections relate to the position as at 31 March 2020 and 31 March 2019. The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt, proportion of financial instruments in foreign currencies are all constant at 31 March 2020.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity, other post retirement obligations and provisions Company's activities expose it to variety of financial risks, including effect of changes in foreign currency exchange rate and interest rate.

#### a) Foreign currency risk

Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities on account of import of raw materials.

# Notes to Consolidated financial statements

## 39. Financial risk management objective and policies (Contd..)

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

### Details of foreign currency exposures

(All amounts in ₹ Crores unless otherwise stated)

Nature of exposure	Currency	As at	As at
		March 31, 2020	March 31, 2019
<b>Financial liabilities</b>			
Borrowings (Secured)	USD	3.53	1.14
Borrowings (Unsecured)	USD	0.21	0.15
Interest on borrowings	USD	0.01	0.01
Trade payables	USD	1.99	2.74
Trade payables	EURO	0.01	-

### Currency wise net exposure (liabilities - assets)

(All amounts in ₹ Crores unless otherwise stated)

Currency	Amount in Foreign Currency	
	31 March 2020	31 March 2019
USD	5.74	4.04
EURO	0.01	-

### Sensitivity Analysis

The following tables demonstrate the sensitivity to a reasonably possible change in USD & EURO exchange rates, with all other variables held constant. The impact on the company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The impact on the company's pre-tax equity is due to changes in the profit before tax.

Particulars	March 31, 2020	March 31, 2019
<b>Net unhedged exposure in ₹</b>		
USD	434.09	279.61
EURO	0.64	-
<b>Sensitivity</b>		
USD-change by 4% (4.45% in 2018-19)	2.76	3.08
EURO-change by 4% (NA in 2018-19)	2.99	-

# Notes to Consolidated financial statements

## 39. Financial risk management objective and policies (Contd..)

Particulars	March 31, 2020	March 31, 2019
<b>Impact on profit after tax or equity (₹ Strengthen)</b>		
USD	11.83	8.10
EURO	0.02	-
<b>Impact on profit after tax or equity (₹ Weaken)</b>		
USD	(11.83)	(8.10)
EURO	(0.02)	-

(EUR- Euro, USD - US Dollar)

Calculation of Average% change in Foreign currency:

Currency	31-Mar-15	31-Mar-16	31-Mar-17	31-Mar-18	31-Mar-19	31-Mar-20
EUR	67.51	75.10	69.25	80.78	77.67	82.77
USD	62.59	66.33	64.84	65.18	69.16	75.67

Currency	% Change 2015-16	% Change 2016-17	% Change 2017-18	% Change 2018-19	% Change 2019-20	Average change
EUR	10%	-8%	14%	-4%	6%	4%
USD	6%	-2%	1%	6%	9%	4%

### b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has short term borrowings with fixed interest rates and hence the future cash-flows of relevant financial instrument are not affected by changes in market interest rate.

### c) Price risk

#### i) Commodity Price risk

The Company is affected by the volatility of prices of certain commodity chemicals ( Ethylene and PVC) and intermediates (EDC and VCM). Its operating activities involve the ongoing purchase of Vinyl Chloride Monomer ('VCM'), Ethylene and Ethylene Dichloride ('EDC'), all being petrochemical products for manufacturing of PVC and pipes and fittings and therefore require a continuous supply of these materials. Prices of PVC manufactured by the Company are



# Notes to Consolidated financial statements

## 39. Financial risk management objective and policies (Contd..)

monitored by company management and are adjusted to respond to change in import parity price of PVC in Indian market. Market price of input and output, generally get adjusted over a period of time. Accordingly, the company is exposed to the variation in prices over short term period.

### Commodity price sensitivity

The following table shows the effect of price changes for VCM, Ethylene EDC after the impact of hedge accounting:

Particulars	Change in year-end price	Effect on profit before tax
<b>March 31, 2020</b>		
<b>VCM</b>		
	+5%	30.37
	-5%	(30.37)
<b>Ethylene</b>		
	+5%	12.97
	-5%	(12.97)
<b>EDC</b>		
	+5%	17.17
	-5%	(17.17)
<b>March 31, 2019</b>		
VCM		
	+5%	28.00
	-5%	(28.00)
Ethylene		
	+5%	13.78
	-5%	(13.78)
EDC		
	+5%	11.84
	-5%	(11.84)

### ii) Equity price risk

The Company's listed and unlisted equity securities are susceptible to market-price risk arising from uncertainties about future values of the investment securities. The equity securities held by the Company are strategic in nature. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at fair value was ₹ 8.55 Crores . A decrease of 10% in the fair value will have an impact of approximately ₹ 0.85 Crores on OCI. An increase of 10% in the value of the securities would also impact OCI.

At the reporting date, the exposure to listed equity securities at fair value was ₹ 439.43 Crores. A decrease of 10% on the NSE market index could have an impact of approximately ₹ 43.90 Crores on OCI and ₹ 0.04 Crores on Profit and loss or equity attributable to the Company. An increase of 10% in the value of the listed securities would also impact OCI, profit and loss and equity.

## Notes to Consolidated financial statements

### 40. Capital management

Capital includes equity shares and other equity attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. Company monitors capital using a gearing ratio, which is total debt divided by total capital plus other equity.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep low a gearing ratio. The Company includes within net debt, interest bearing loans and borrowings, less cash and cash deposits, current investments.

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Borrowings-Buyer's credit	282.67	89.50
Debt	282.67	89.50
Share Capital	124.10	124.10
Other equity	1,861.88	2,452.10
Equity	1,985.98	2,576.20
Debt/equity ratio	14.23%	3.47%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2019.

### 41. Details of dues to Micro and Small Enterprises as defined under MSMED Act, 2006 (as amended)

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Principal amount outstanding as on year end *	1.18	2.19
Principal amount outstanding and overdue out of above	0.07	0.39
Interest due on above	0.01	0.01
Interest paid	-	-
Payment made beyond appointment date during the year	9.44	6.32
Interest due and payable for overdue payments made during the year	0.05	0.05
Total Interest accrued and remaining unpaid	0.06	0.06
Amount of further interest remaining due and payable in succeeding years	0.14	0.08

\* Mainly includes retention money

# Notes to Consolidated financial statements

## 42. Investment in associate

The Company has a 46.35% interest in Finolex Plasson Industries Private Limited (FPIPL) which is consolidated using Equity method.

The associate company has its registered office and principal place of business at Urse, near Pune in India.

The company is engaged in manufacturing of micro irrigation systems, fittings, accessories and range of irrigation components.

Finolex Industries Limited has not consolidated Pawas Port Limited in which it holds 49.99% (₹.0.05 Crores) as it has not started its operations yet and does not have any material impact to the consolidated financial statements.

### Summarised financial information of the above mentioned associate company (FPIPL) is as below:

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Cash & cash equivalents	2.21	7.35
Current assets	263.14	234.52
Non-current assets	72.55	63.52
Current liabilities	143.31	149.72
Non-current liabilities	14.37	12.38
Net assets	180.21	143.29
<b>Proportion of Company's Ownership</b>	<b>46.35%</b>	46.35%
<b>Proportion of Company's Ownership in net assets</b>	<b>83.52</b>	66.41

### Reconciliation to carrying amounts:

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Opening net assets	143.29	127.33
Profit after tax for the year	39.05	18.96
Other comprehensive income for the year	0.47	0.01
Dividends paid including DDT	(2.41)	(3.01)
Ind-AS 116 implementation effect	(0.19)	-
Closing net assets	180.21	143.29
<b>Proportion of Company's Ownership</b>	<b>46.35%</b>	46.35%
<b>Proportion of Company's Ownership in net assets</b>	<b>83.52</b>	66.41
Less: Goodwill written off	-	-
Add: Consolidation adjustments	-	-
<b>Carrying amount of investment in associate</b>	<b>83.52</b>	66.41

# Notes to Consolidated financial statements

## 42. Investment in associate (Contd..)

### Summarized statement of Profit and loss

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Total Revenue	442.39	401.71
Total Expenses	387.25	371.49
Profit for the year	39.05	18.96
Other comprehensive income	(0.47)	(0.01)
Total comprehensive income	39.52	18.97

### Share in Capital commitments and Contingent liabilities of associate:

(All amounts in ₹ Crores unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
<b>a) Share in Capital commitments (net of capital advances)</b>	1.26	2.12
<b>b) Share in claims against the associate company not acknowledged as debts - matters subjudiced</b>		
i) Share of sales tax matters in respect of which either show cause notice is received or the Company/Department is in appeal	0.10	0.10
ii) Share of service tax in respect of which either show cause notice is received or the Company/Department is in appeal	-	0.01
iii) Share in other matters	0.34	0.34
<b>Total</b>	<b>1.70</b>	<b>2.57</b>

## 43. Disclosure pursuant to Ind AS 116 "Leases"

From April 1, 2019, Ind AS 116 - 'Leases' has become effective and the management of the Company has opted for the modified retrospective method along with the transition option to recognise Right-of-Use asset (ROU) at an amount equal to the lease liability. However, in the current year the management has assessed the impact of Ind AS 116 and concluded them to be immaterial. Therefore no effects have been taken in the books of account of the company.

However, the effect of Ind-AS 116 transition was material for the associate company and accordingly impact of the same has been properly taken in their books of account.

## 44. Exceptional item

Exceptional item in year ended March 31, 2019 represents settlement of derivative claims against the Company disclosed as contingent liability as at March 31, 2018. There are no more claims or liabilities on account of derivatives.

# Notes to Consolidated financial statements

## 45. Impact of lockdown due to Novel Corona Virus

The Company's factories which had to suspend operations temporarily from the March 23, 2020, due to Government's directives relating to the Novel Corona Virus causing Covid 19, have resumed operations in phased manner at different plants from April 29, 2020 onwards in accordance with the guidelines and norms prescribed by the Government authorities. However, the operations started from May 8, 2020 in the associate company.

The Company along with the associate company have evaluated the impact of Covid 19 on the operations of the Company, inventories, investments, property, plant & equipment, current borrowings and trade payables. The management has considered the possible effects, if any, on the carrying amounts of these assets and liabilities up to the date of approval of these results. Based on the information from the internal and external sources; the management estimates to recover the carrying amount of these assets and currently does not anticipate any material impairment.

## 46. Previous year comparatives

Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification / disclosure. The management of the Company has decided to present its financial statement in crores in current year as against the earlier presentation in lakhs.

As per our report of even date

For **M/s. PG. Bhagwat**

Chartered Accountants

FRN 101118W

**Abhijeet Bhagwat**

Partner

M.No. 136835

**Anil V. Whabi**

Director - Finance & CFO

DIN: 00142052

For **FINOLEX INDUSTRIES LIMITED**

**Prakash P. Chhabria**

Executive Chairman

DIN: 00016017

**Sanjay S. Math**

Managing Director

DIN: 01874086

**Ritu P. Chhabria**

**Saurabh S. Dhanorkar**

**Kanchan U. Chitale**

**Anami N. Roy**

**Bhumika Batra**

**Pradeep R. Rathi**

**Deepak R. Parikh**

DIN: 00062144

DIN: 00011322

DIN: 00007267

DIN: 01361110

DIN: 03502004

DIN: 00018577

DIN: 06504537

Place: Pune

Place: Pune

Date: June 23, 2020

Date: June 23, 2020

## Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

### Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs. in Crores)

Sl. No. of the subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Share capital & surplus	Reserves & surplus assets	Total Liabilities	Investments Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of shareholding			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
The Company does not have subsidiary company, hence this part is not applicable.														

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations
- Names of subsidiaries which have been liquidated or sold during the year.

## Part “B”: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sr. No.	Name of Joint Ventures	Latest audited Balance Sheet Date	Shares of Associate/Joint Ventures held by the Company on the year end		Description of how there is significant influence	Reason why the associate/ joint venture is not consolidated	Networth attributable to Shareholding as per latest audited Balance Sheet	Profit / Loss for the year		
			Amount of Investment in Associates/ Joint Venture	Extend of Holding %				Considered in Consolidation	Not Considered in Consolidation (only holding % considered) (-ve indicate loss)	
1			2		3	4	5	6	6	
1	Finolex Plasson Industries Pvt. Ltd.	31.3.2020	46,35,000	4.63	4.63	Voting power	N.A.	83.53	25.56	Nil

Names of associates or joint ventures which are yet to commence operations: Pawas Port Limited

For and on behalf of the Board of Directors

**Sanjay S. Math**

Managing Director

Pune: 23rd June, 2020

## Notice

NOTICE is hereby given that the Thirty-Ninth Annual General Meeting of the Members of Finolex Industries Limited (the "Company") will be held on Saturday, 19th September, 2020, at 11.00 a.m. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

### Ordinary Business

1. To consider and adopt standalone and consolidated audited financial statements of the Company for the financial year ended 31st March, 2020 together with the reports of the Auditors and the Board of Directors thereon.
2. To consider the interim dividend of ₹ 10/- (i.e. 100%) per equity share of ₹ 10/- each declared by the Board of Directors of the Company at its meeting held on 27th February, 2020 as final dividend for the financial year ended 31st March, 2020.
3. To appoint a Director in place of Mr. Anil V. Whabi (DIN: 00142052) who retires by rotation, and being eligible, offers himself for re-appointment.

### Special Business

4. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory amendments, modification(s) or re-enactment thereof for the time

being in force) and subject to guidelines and approvals as may be required from the Central Government, a remuneration of ₹ 3,20,000/- (Rupees three lakh twenty thousand only) plus applicable taxes and reimbursement of actual out of pocket expenses to be paid to M/s. S. R. Bhargave & Co., Cost Accountants, Pune, (Firm Registration No. 000218) the Cost Auditors appointed by the Board of Directors (the "Board") of the Company to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2021, be and is hereby ratified and confirmed.

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

5. To consider and if thought fit, to pass, the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Ms. Bhumika L. Batra (DIN: 03502004), who was appointed



as an Additional Director of the Company pursuant to the provisions of Section 161 of the Act, and the Articles of Association of the Company with effect from 20th September, 2019 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature for the office of the Director and who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder and Regulation 16(1) (b) of SEBI Listing Regulations and who has submitted a declaration to that effect, be and is hereby appointed as Non-Executive Independent Director of the Company, not liable to retire by rotation for a term of 5 (five) consecutive years on the Board of the Company effective from 20th September, 2019 to 19th September, 2024.

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

6. To consider and if thought fit, to pass, the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and in accordance with the provisions of the Securities and Exchange Board of

India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Dr. Deepak R. Parikh (DIN: 06504537), who was appointed as an Additional Director of the Company pursuant to the provisions of Section 161 of the Act, and the Articles of Association of the Company with effect from 20th September, 2019 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of the Director and who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder and Regulation 16(1) (b) of SEBI Listing Regulations and who has submitted a declaration to that effect, be and is hereby appointed as Non-Executive Independent Director of the Company, not liable to retire by rotation for a term of 5 (five) consecutive years on the Board of the Company effective from 20th September, 2019 to 19th September, 2024.

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

7. To consider and if thought fit, to pass, the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other

applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr. Pradeep R. Rathi (DIN: 00018577), who was appointed as an Additional Director of the Company pursuant to the provisions of Section 161 of the Act, and the Articles of Association of the Company with effect from 20th September, 2019 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of the Director and who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder and Regulation 16(1) (b) of SEBI Listing Regulations and who has submitted a declaration to that effect, be and is hereby appointed as Non-Executive Independent Director of the Company, not liable to retire by rotation for a term of 5 (five) consecutive years on the Board of the Company effective from 20th September, 2019 to 19th September, 2024.

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

8. To consider and if thought fit, to pass, the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr. Anami N. Roy (DIN: 01361110), who was appointed as an Additional Director of the Company pursuant to the provisions of Section 161 of the Act, and the Articles of Association of the Company with effect from 20th September, 2019 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of the Director and who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder and Regulation 16(1) (b) of SEBI Listing Regulations and who has submitted a declaration to that effect, be and is hereby appointed as Non-Executive Independent Director of the Company, not liable to retire by rotation for a term of 5 (five) consecutive years on the Board of the Company effective from 20th September, 2019 to 19th September, 2024.

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

9. To consider and if thought fit, to pass, the following Resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014 and in accordance with the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Rules, Regulations, Guidelines and Circulars thereunder, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and as per the provisions of the Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the Board of Directors of the Company (the “Board”) authorizing to issue

offer(s) or invitation(s) to subscribe to debt securities as defined under the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended from time to time, including Non- Convertible Debentures (“NCDs”) for a sum not exceeding ₹ 2,50,00,00,000/- (Rupees two hundred fifty crore only) on a private placement basis or otherwise in one or more tranches during a period of one year from the date of passing of this resolution within the overall borrowing limits of the Company, as approved by the Members from time to time.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things and give such directions as may be considered necessary, relevant, usual, customary and/or expedient to give effect to this resolution including determining the terms and conditions for the issuance of the said debt securities and listing of the same, if required, on the designated stock exchanges in India”.

By Order of the Board of Directors  
For **Finolex Industries Limited**

Anil V. Whabi  
Director (Finance) & CFO  
Pune  
23rd June, 2020  
DIN : 00142052

## NOTES FOR e-AGM:

1. In view of the prevailing lock down situation across the country due to outbreak of the COVID-19 pandemic and restrictions on the movements, MCA (Ministry of Corporate Affairs) has vide its circular Nos. Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 read with Circular No. 20/2020 dated May 05, 2020 (hereinafter collectively referred to as "MCA Circulars"), has notified that companies are permitted to hold their Annual General Meeting ("AGM") through Video Conferencing / Other Audio Visual Means ("VC/OAVM"), without the physical presence of the Members at a common venue for the calendar year 2020. In accordance with the MCA Circulars, provisions of the Companies Act, 2013 ('the Act') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.
2. In compliance with applicable provisions of the Companies Act, 2013 read with aforesaid MCA circulars the 39th Annual General Meeting of the Company is being conducted through Video Conferencing (VC)/Other Audio Visual Means (OAVM) herein after called as "e-AGM".
3. **e-AGM:** Company has appointed M/s KFin Technologies Private Limited ('KFIN'), Registrars and Share Transfer Agents ('RTA'), to provide facilities for voting through remote e-voting, for participation in the e-AGM through VC/OAVM and e-voting during the e-AGM.
4. Since the AGM will be held through VC/OAVM, the route map of the venue of the Meeting is not annexed hereto.
5. Pursuant to the provisions of the circulars of MCA on the VC/OAVM (e-AGM):
  - a. Members can attend the meeting through log in credentials provided to them to connect to Video conference. Physical attendance of the Members at the Meeting venue is not required.
  - b. Appointment of proxy to attend and cast vote on behalf of the member is not available and hence the Proxy Form and Attendance Slip are not annexed to this notice.
  - c. Body Corporates are entitled to appoint authorised representatives to attend the e-AGM through VC/OAVM and participate and cast their votes through e-voting.
  - d. Corporate Members are requested to send to the Company a certified copy of the relevant Board Resolution authorizing their representative(s) to attend and vote on their behalf at the e-AGM. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to [deulkarcs@gmail.com](mailto:deulkarcs@gmail.com) with a copy marked to [mohsin.mohd@kfintech.com](mailto:mohsin.mohd@kfintech.com).
6. The Members can join the e-AGM 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.

7. Up to 1000 members will be able to join e-AGM on FIFO basis.
8. No restrictions on account of FIFO entry into e-AGM will apply in respect of large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc.
9. The attendance of the Members (member logins) attending the e-AGM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
10. **Remote e-Voting:** Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), and the MCA Circulars, the Company is providing facility of remote e-voting to its Members through Company's Registrar and Share Transfer Agent, M/s KFin Technologies Private Limited.
11. **Voting at the e-AGM:** Members who unable to vote through remote e-voting may avail the e-voting system provided by M/s KFin Technologies Private Limited, at the time of e-AGM.

Upon declaration about the commencement of e-voting at e-AGM, members shall click on the thumb sign on the left hand bottom corner of the video screen for voting at the e-AGM.

In line with the MCA Circular No. 17/2020 dated April 13, 2020, Notice of the AGM along with the Annual Report for Financial Year 2019-20 will be sent only through electronic mode to those members whose email addresses are registered with the Company/ RTA/ Depositories. Members may note that the Notice and Annual Report for Financial Year 2019-20 for calling the AGM has been uploaded on the website of the Company at [www.finolexpipes.com](http://www.finolexpipes.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and the same is also available on the website of e-voting agency M/s KFin Technologies Private Limited at the website address <https://evoting.karvy.com/>. The Company has also published an advertisement in newspaper containing the details about e-AGM i.e. the conduct of AGM through VC/OAVM, date and time of AGM, availability of notice of AGM at the Company's website and manner of registering the e-mail IDs of those shareholders who have not registered their email addresses with the Company/ RTA.

**Procedure for obtaining the Annual Report, e-AGM notice and e-voting instructions by the shareholders whose email addresses are not registered with the depositories or with RTA on physical folios:**

On account of threat posed by COVID-19 and in terms of the MCA and SEBI Circulars, the Annual Report, Notice of e-AGM and e-voting instructions will be sent only in electronic form to the registered email addresses of the shareholders. Therefore, those shareholders who have not yet registered their email address are requested to get their email address registered by following the procedure given below:

1. Those shareholders who have registered/not registered their email address and mobile nos. including address and bank details may please contact and validate/update their details with the Depository Participant in case of shares held in electronic form and with the Company's Registrar and Share Transfer Agent i.e. KFin Technologies Private Limited in case the shares are held in physical form.
2. Shareholders who have not registered their email address and hence are unable to receive the Annual Report, Notice of e-AGM and e-voting instructions, may temporarily get their email address and mobile number provided with the Company's Registrar and Share Transfer Agent i.e. KFin Technologies Private Limited, by clicking the link: [https://ris.kfintech.com/email\\_registration/](https://ris.kfintech.com/email_registration/) for sending the same. Shareholders are requested to follow the process as guided to capture the email address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any queries, shareholder may write to [inward.ris@kfintech.com](mailto:inward.ris@kfintech.com)
3. Shareholders are requested to visit the website of the company [www.finolexpipes.com](http://www.finolexpipes.com) or the websites of the Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited or the website of the Registrar and Transfer Agent <https://evoting.karvy.com/> for downloading the Annual Report and Notice of the e-AGM.
4. Alternatively, member may send an e-mail request at the email id [inward.ris@kfintech.com](mailto:inward.ris@kfintech.com) along with scanned copy of signed request letter providing the email address, mobile number, self-

attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for sending the Annual report, Notice of e-AGM and the e-voting instructions.

### **Instructions for the Members for attending the e-AGM through Video Conference:**

1. Member will be able to attend the e-AGM through video conferencing platform provided by M/s KFin Technologies Private Limited. Members may access the same at <https://evoting.karvy.com/> under shareholders/members login by using the remote evoting credentials. The link for e-AGM will be available in shareholder/members login where the EVENT and the name of the company can be selected. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice.
2. Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience.
3. Further Members will be required to allow Camera, if any, and hence use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

## 5. **Speaker Registration before e-AGM:**

- a. Members, who would like to express their views or ask questions during the e-AGM will have to register themselves as a speaker by visiting at <https://emeetings.kfintech.com> and clicking on the tab 'Speaker Registration' during the period starting from 15th September, 2020 (9.00 a.m.) upto 17th September, 2020 (5.00 p.m.).
  - b. Only those members who have registered themselves as a speaker will be allowed to express their views/ask questions during the e-AGM.
  - c. The Company reserves the right to restrict the number of speakers depending on the availability of time for the e-AGM. Please note that only questions of the members holding the shares as on cut-off date will be considered.
6. The facility of attending e-AGM through VC/OAVM shall be closed within 15 minutes after the meeting is concluded.

## **Instructions for members for e-Voting during the e-AGM session:**

1. Only those Members/ shareholders, who will be present in the e-AGM through Video Conference facility and have not cast their vote through remote e-voting are eligible to vote through e-voting in the e-AGM.
2. However, members who have voted through Remote e-voting will be eligible to attend the e-AGM.

## **NOTES**

1. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 ("the Act"), in respect of special businesses is annexed hereto.
2. **E-voting** (Voting through electronic means):

In compliance with the provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to offer e-voting facility which will enable all the Members to cast their votes electronically on the resolutions mentioned in the Notice of the 39th Annual General Meeting (e-AGM) of the Company. Necessary arrangements have been made by the Company with KFin Technologies Private Limited ('KFIN'), to facilitate e-voting. Members who have cast their votes by e-voting prior to the e-AGM may attend the e-AGM but shall not be entitled to cast their votes again. The Company has appointed Mr. S.V. Deulkar, Partner or Mr. Sridhar Mudaliar, Partner of M/s. SVD & Associates, Company Secretaries, Pune as the Scrutinizer for analyzing the remote e-voting and e-voting processes conducted during e-AGM in a fair and transparent manner.

Remote e-voting and e-voting at the e-AGM rights of the shareholders/beneficial owners shall be reckoned on the equity shares held by them as on Friday, 11th September, 2020 (i.e. "cut-off" date). The remote e-voting period commences on Wednesday, 16th

September, 2020 (9.00 a.m.) and ends on Friday, 18th September, 2020 (5.00 p.m.). The voting module shall be disabled by KFIN for remote e-voting thereafter.

The instructions and process for e-voting are as under:

- A) In case a Member receives an email from KFIN [for Members whose email IDs are registered with the Company/ Depository Participant(s)]
  - i) Launch internet browser by typing the URL: <https://evoting.karvy.com>
  - ii) Enter the login credentials (i.e. User ID and Password) as provided in a separate e-voting communication, being sent along with the Notice of e-AGM and Annual Report. Your Folio No./ DP ID-Client ID will be your User ID. However, if you are already registered with KFIN for e-voting, you can use your existing User ID and password for casting your vote.
  - iii) After entering these details appropriately, click on "LOGIN".
  - iv) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,\$,etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first

login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. **It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.**

- v) You need to login again with the new credentials.
- vi) On successful login, the system will prompt you to select the E-Voting Event Number (EVEN) for Finolex Industries Limited.
- vii) On the voting page, enter the number of shares (which represents the number of votes) as on Friday, 11th September, 2020 under "FOR/ AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.
- viii) Members holding multiple folios/demat accounts shall choose the voting process separately for each of the folios/demat accounts.
- ix) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
- x) You may then cast your vote by selecting an appropriate option and click on "Submit".



- xi) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
- xii) Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of Board Resolution / Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s) who are authorized to vote, to the Scrutinizer at e-mail ID: [deulkarcs@gmail.com](mailto:deulkarcs@gmail.com). They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name\_EVEN NO". In case remote e-voting is opted for, the documents should reach the Scrutinizer on/before Friday, 18th September, 2020 at 5.00 p.m.
- B) Once the vote on a resolution is cast by a Member, the Member will not be allowed to change it subsequently. Further, the Members who have cast their vote through remote e-voting will not be allowed to vote again at the e-AGM.
- C) In case of any query pertaining to e-voting, please visit Help & FAQ's section available at KFIN's website <https://evoting.karvy.com> or contact KFIN's at Tel. No. 1800 345 4001 (toll free).
- D) The Scrutinizer shall, after scrutinizing the votes cast at the e-AGM and through remote e-voting, make a Consolidated Scrutinizer's Report and submit the same to the Chairperson of the Company, not later than two (2) days of conclusion of the AGM.
- E) The Results declared along with the Consolidated Scrutinizer's Report shall be placed on the Company's website ([www.finolexpipes.com](http://www.finolexpipes.com)) and on the website of KFIN at <https://evoting.karvy.com>. The results shall simultaneously be communicated to the BSE Limited and National Stock Exchange of India Limited.
- F) A copy of this notice has been placed on the websites of the Company and KFIN.
3. A Brief resume of Directors proposed to be appointed/re-appointed along with such other details as required under Secretarial Standard-2 and Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended are given separately in the notice.
4. Members whose shareholding is in the dematerialized form are requested to direct the change of address notifications and updation of bank mandate/ECS details to their respective depository participants. Members holding shares in physical form may please send such details to KFin Technologies Private Limited (Unit: Finolex Industries Limited), Selenium Tower B, Plot No. 31 & 32, Gachibowli Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500 032, India.

Phone No.: 040-67162222 Extn Nos. 1583 & 1562 Fax No.: 040-23420814, 23001153 Toll Free: 1800 345 4001. Email ID: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com). Website: [www.kfintech.com](http://www.kfintech.com). Contact Person: Mr. Mohd Mohsin Uddin - Senior Manager.

5. Since the scrip of the Company is compulsorily traded in demat form, Members holding shares in the physical form are requested to consider dematerializing the same.
6. Members who have not appointed nominees are requested to do so. The prescribed form for appointment of nominee / change in nominee are available on the Company's website <https://www.finolexpipes.com/wp-content/uploads/2015/07/Nomination-Form.pdf>
7. Members desirous of obtaining any information concerning the accounts and operations of the Company for the financial year ended on 31st March, 2020 are requested to address their questions to the Compliance Officer at the registered office of the Company so as to reach on or before Wednesday, 9th September, 2020. This will ensure the requested information may be made available.
8. While lodging requests for transmission/transposition of shares/deletion of name due to death, please ensure that copies of PAN card(s) of all transferors and transferees/legal heirs are enclosed to the said request. In the absence of PAN card copies, the Company/RTA cannot give effect to the requests for transmission/transposition, name deletion etc.
9. **Unclaimed Dividend:** Members are requested to note that pursuant to the provisions of Section 124 and other applicable provisions of the Companies Act, 2013 and rules made thereunder, as

amended, dividend remaining unclaimed/unpaid for the period of seven years from the date of transfer to "Unclaimed Dividend Account" shall be credited to the Investor Education and Protection Fund (IEPF) set up by the Central Government.

Accordingly, dividend declared by the Company for the financial year 2012-13 which remained unclaimed, is due for transfer to the IEPF, in October, 2020.

Besides, as per Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, ('the Rules'), the Company is also required to transfer shares of Members on which dividends remain unpaid / unclaimed for a period of seven consecutive years from the financial year 2012-13, to the demat account of IEPF Authority in October, 2020.

Therefore, the Members who have not claimed their dividend pertaining to the year 2012-13 and/or any subsequent years that still remain outstanding, are requested to lodge their claims with KFIN, the Company's RTA, at the earliest for obtaining payments thereof.

After such transfer to IEPF, the shareholders are required to follow the procedure mentioned in Rule 7 of the said Rules for claiming refund from IEPF.

Members are also requested to furnish Bank Account No., name of Bank, Branch, IFSC Code and place with PIN Code No. where the account is maintained to prevent fraudulent encashment of dividend warrants.

10. All documents as referred to in the notice and explanatory statement annexed thereto will be available for inspection through video conferencing facility of KFIN.

# Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

## Item No. 4

M/s. S. R. Bhargave & Co., Cost Accountants, Pune, (Firm Registration No. 000218) have been appointed as the Cost Auditors of the Company for the financial year 2020-21 by the Board of Directors at its meeting held on 23rd June, 2020. It is proposed to pay ₹ 3,20,000/- (Rupees three lakh twenty thousand only) plus applicable taxes and reimbursement of actual out of pocket expenses as the remuneration to the Cost Auditors for the financial year 2020-21.

M/s. S. R. Bhargave & Co., have furnished a certificate regarding their eligibility for appointment as Cost Auditors of the Company. They have vast experience in the field of cost audit and have concluded the audit of the cost records of the Company for the financial year 2019-20 under the provisions of the Companies Act, 2013 ("the Act").

In terms of provisions of Section 148(3) of the Act, read with the Companies (Audit and Auditors) Rules, 2014, remuneration of the Cost Auditors is required to be ratified by the members of the Company.

Your directors recommend the resolution for your approval.

None of the directors or key managerial personnel of the Company and their relatives are concerned or interested financially or otherwise in the resolution.

## Item No. 5 to 8

The Board of Directors has appointed Ms. Bhumika L. Batra, Dr. Deepak R. Parikh, Mr. Pradeep R. Rathi and Mr. Anami N. Roy, as Additional Directors acting as Independent

Directors with effect from 20th September, 2019, based on the recommendation of the Nomination & Remuneration Committee. In terms of the provisions of Section 161 of the Companies Act, 2013 ("the Act"), they hold office upto the date of the 39th Annual General Meeting of the Company.

The Company has received notice from the Members under Section 160 of the Act proposing the appointment of the above said candidates for office of Directors. The above said candidates have given their consent to act as Director of the Company, if appointed at the ensuing annual general meeting.

In terms of Section 149 and other applicable provisions of the Act, and based on the recommendation of the Nomination and Remuneration Committee, the Board of your Company at its meeting held on 23rd June, 2020 has considered and recommended for the appointment of above said candidates as Non-Executive Independent Directors of the Company for a term of five consecutive years, upto 19th September, 2024. Based on a declaration received from them that they meet the criteria of independence as provided under Section 149 (6) of the Act and on the assessment of veracity of the same, the Board is of the opinion that they fulfil the conditions for appointment as Independent Directors as prescribed under the Act and rules made thereunder as well as the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board considers that the association of the above candidates would be beneficial for the Company.

Ms. Bhumika L. Batra, Dr. Deepak R. Parikh, Mr. Pradeep R. Rathi and Mr. Anami N. Roy are not disqualified from being appointed as a Director in terms of Section 164 of the Act. The Company has received declaration from them that they meet the criteria of independence as provided in Section 149(6) of the Act and Regulation 25(8) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

A copy of the draft letter(s) for appointment of Non-Executive Independent Directors, setting out terms and conditions for their appointment, would be available for inspection through electronic mode upto the date of the e-AGM.

The Additional information as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of Ms. Bhumika L. Batra, Dr. Deepak R. Parikh, Mr. Pradeep R. Rathi and Mr. Anami N. Roy, is given at the end of this notice.

Your directors recommend the resolutions set out in Item nos. 5 to 8 for your approval.

None of the directors except Ms. Bhumika L. Batra, Dr. Deepak R. Parikh, Mr. Pradeep R. Rathi and Mr. Anami N. Roy or key managerial personnel of the Company and their relatives are concerned or interested financially or otherwise in the resolution. Ms. Bhumika L. Batra, Dr. Deepak R. Parikh, Mr. Pradeep R. Rathi and Mr. Anami N. Roy are not related to any other Directors of the Company.

### **Item No.9**

The SEBI vide its circular no. SEBI/HO/DDHS/CIR/P/2018/144 dated 26th November, 2018 mandated that the Large

Corporates as defined under the said circular, shall raise not less than 25% of its incremental borrowings by way of issuance of debt securities, as defined under the SEBI (Issue and Listing of Debt Securities) Regulations, 2008 which, inter alia, includes the Non-Convertible Debentures (NCDs) issued on a private placement basis.

Your Company as on date is not falling under the definition of Large Corporate prescribed under the said SEBI Circular. However, it is proposed to obtain consent of its members at the ensuing annual general meeting of the Company in case the Company may require to issue the debt securities as defined under the SEBI (Issue and Listing of Debt Securities) Regulations, 2008 including NCDs on a private placement basis and listing of the same on the designated stock exchanges.

Pursuant to the provisions of Section 42 of the Companies Act, 2013 ("the Act") read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 (hereinafter collectively referred to as the "Rules"), the SEBI (Issue and Listing of Debt Securities) Regulations, 2008 and the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, a company offering or making an invitation to subscribe to NCDs, on a private placement basis is required to obtain the prior approval of the Members by way of a Special Resolution. Such an approval can be obtained once a year for all the offers and invitations made for such NCDs during the year.

Accordingly, the approval of the Members is being sought by way of a special resolution in terms of the Sections 42 and 71 of the Act read with the Rules made thereunder and applicable SEBI regulations, guidelines and circulars

to enable the Company to offer or invite subscription for the debt securities including NCDs on a private placement basis, in one or more tranches during the period of one year from the date of passing of this resolution at Item No. 9, up to a sum not exceeding ₹ 2,50,00,00,000/- (Rupees two hundred fifty crore only) within the overall borrowing limits of the Company, as approved by the Members from time to time.

Your directors recommend the resolution for your approval.

None of the directors or key managerial personnel of the Company and their relatives are concerned or interested financially or otherwise in the resolution.

By Order of the Board of Directors  
For **Finolex Industries Limited**

Pune  
23rd June, 2020

Anil V. Whabi  
Director (Finance) & CFO  
DIN : 00142052

**Additional information of the Directors seeking appointment/ re-appointment as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard-2.**



Mr. Anil V. Whabi

**(a) A brief resume of the director**

Mr. Anil V. Whabi, Director (Finance) & CFO, age 60 years was appointed as a Whole-time Director by the Board of the Company at its meeting held on 26th August, 2016. Mr. Anil V. Whabi, is a science graduate from University of Jodhpur. He is also a Chartered Accountant, from the Institute of Chartered Accountants of India. He has over 36 years of experience in various companies.

**(b) Nature of his expertise in specific functional areas**

Expert in strategic planning, financial structuring, cross border acquisitions, fund raising and better utilization of resources etc.

**(c) Disclosure of relationships between directors inter-se**

None of the directors are related to Mr. Anil V. Whabi.

**(d) Names of listed entities in which the person also holds the directorship and the membership of Committees of the board of directors**

Mr. Anil V. Whabi is a member of Share Transfer Committee, Finance Committee & Risk Management Committee of the Company. He does not hold any directorship or committee membership in any other listed Company.

**(e) Shareholding in the Company**

Mr. Anil V. Whabi does not hold any equity shares of the Company.



Ms. Bhumika L. Batra

**(a) A brief resume of the director**

Ms. Bhumika L. Batra, 38, is a law graduate, a qualified Company Secretary and a member of the Institute of Company Secretaries of India. She is a Partner of Crawford Bayley & Co., one of the oldest law firms of India. She possesses over 14 years of experience in regulatory and legal practice, specializing in corporate law. She has co-authored the book "Treatise on Company Law" in 2014 and "Transfer and Transmission of Shares" in 2004. She is a regular feature writer in India Business Law Journal. She has also contributed in various other writings, like Company Law Ready Reckoner, Asia Business Law Journal etc.

**(b) Nature of her expertise in specific functional areas**

With more than 14 years of experience in regulatory and legal practice, she specializes in corporate law.

**(c) Disclosure of relationships between directors inter-se**

None of the directors are related to Ms. Bhumika L. Batra.

**(d) Names of listed entities in which the person also holds the directorship and the membership of Committees of the board of directors**

Ms. Bhumika L. Batra holds directorship (and the membership/chairmanship of Audit Committee and Stakeholder Relationship Committee) of other listed companies' viz. Hinduja Global Solutions Limited (Member of Audit Committee and Chairperson of Stakeholder Relationship Committee), Jyothy Labs Limited (Member of Audit Committee), NXTdigital Limited (Member of Audit Committee and Chairperson of Stakeholder Relationship Committee), Repro India Limited (Chairperson of Stakeholder Relationship Committee), Sharp India Limited (Chairperson of Audit Committee and Member of Stakeholder Relationship Committee).

**(e) Shareholding in the Company**

Ms. Bhumika L. Batra holds 100 equity shares of the Company.



Dr. Deepak R. Parikh

**(a) A brief resume of the director**

Dr. Deepak Parikh, 58, studied chemical engineering at Bombay University (UICT) and earned a Ph.D. in engineering from University of Tennessee and significant advanced education in materials science and engineering from University of Utah, where he worked on development of the first artificial heart. He holds 45 U.S. patents.

Dr. Parikh is Chief Strategy Officer and Executive Committee Member of Indorama Ventures PCL from 1st April, 2019. Dr. Parikh is articulating and executing strategy and portfolio enhancement along with the Executive members of Indorama PCL. Indorama is globally diversified chemical company having over 100+ plants in 30+ countries.

Prior to this, Dr. Parikh was President and Chief Executive Officer of Clariant Corporation North America. Dr. Parikh spent over 6 years with Clariant. Clariant is a globally leading specialty chemicals company, based in Switzerland. Dr. Parikh has also served as Vice Chairman and Managing Director of Clariant Chemicals (India) Limited (public listed company) along with presiding over Clariant's Middle East and Africa region.

Prior to joining Clariant, Dr. Parikh was engaged with total of 20 years with Dow Chemical, DuPont, Invista and about 5 years with private equity firms. Dr. Parikh was regional president for India, Middle East and Africa Region for Dow Chemical and regional president for Asia Region during his tenure at DuPont.

**(b) Nature of his expertise in specific functional areas**

Dr. Parikh is having expertise in chemical engineering. He is dynamic strategist and a global leader and is very well known for transforming organization, driving change management, creating new platforms, mergers and acquisitions, divesture etc.

**(c) Disclosure of relationships between directors inter-se**

None of the directors are related to Dr. Deepak R. Parikh.

**(d) Names of listed entities in which the person also holds the directorship and the membership of Committees of the board of directors**

Dr. Parikh is director of American Chemical Council and also an Independent Director of Sudarshan Chemical Industries Limited. He does not hold any committee membership in any other listed Company.

**(e) Shareholding in the Company**

Dr. Deepak R Parikh does not hold any equity shares of the Company.





Mr. Pradeep R. Rathi

**(a) A brief resume of the director**

Mr. Pradeep R. Rathi, 67, has completed his MS in Chemical Engineering from MIT, USA and M.B.A. from Columbia University, USA. He has been associated with Sudarshan Chemical Industries Limited for more than three decades, having retired as Managing Director on 1st June, 2018.

**(b) Nature of his expertise in specific functional areas**

Mr. Pradeep R. Rathi is having expertise in the field of Chemical Engineering and General Management.

**(c) Disclosure of relationships between directors inter-se**

None of the directors are related to Mr. Pradeep R. Rathi.

**(d) Names of listed entities in which the person also holds the directorship and the membership of Committees of the board of directors**

Mr. Pradeep R. Rathi holds directorship (and the membership/chairmanship of Audit Committee and Stakeholder Relationship Committee) of other listed companies' viz. Kirloskar Oil Engines Limited (Member of Audit Committee & Chairman of Stakeholders Relationship Committee), Sanghvi Movers Limited (Member of Audit Committee), Sudarshan Chemical Industries Limited (Member of Stakeholder Relationship Committee).

**(e) Shareholding in the Company**

Mr. Pradeep R. Rathi does not hold any equity shares of the Company.



Mr. Anami N. Roy

### **(a) A brief resume of the director**

Mr. Anami N. Roy, 70, holds a Master degree in History and has had a long and celebrated career in public service. He is a distinguished former civil servant, having served in the Indian Police Service in Maharashtra and the Government of India for over 38 years. He held a wide variety of assignments both in Maharashtra and the Central Government including Commissioner of Police, Aurangabad, Pune and Mumbai in challenging times and retired as Director General of Police, Maharashtra, commanding a 225,000 strong Force.

While working for the Government of India, he headed the operations of the elite Special Protection Group, looking after proximate security of Prime Minister, former Prime Ministers and their families, in which capacity he travelled extensively within India and overseas and interacted with the forces and governments of many foreign countries around the world.

Known popularly as the People's Commissioner, he set up many citizen-friendly schemes and systems to resolve and fulfil people's problems and expectations including a slum police panchayat, citizen facilitation centre and related touchpoints.

He was appointed Advisor to the Governor of Andhra Pradesh when the State was under President's rule in 2014. In this capacity, he dealt with the separation of Andhra Pradesh in two states, AP and Telangana and supervised the General Elections of 2014 in both the states.

Post retirement, he is engaged in the social/non-profit sector; and runs a not-for-profit company, Vandana Foundation for supporting people at the bottom of the pyramid with livelihood. He is also involved in many other companies and funds in an Advisory capacity. He brings with him a wide and rich experience of public service and functioning of governments at the state and central level.

### **(b) Nature of his expertise in specific functional areas**

Nature of expertise in specific functional areas: Management & Strategy, Human Resources & Industrial Relations, Corporate Governance & Ethics, Regulatory, Government & Security matters, CSR, Sustainability & NGO matters and such other areas.

### **(c) Disclosure of relationships between directors inter-se**

None of the directors are related to Mr. Anami N. Roy.

**(d) Names of listed entities in which the person also holds the directorship and the membership of Committees of the board of directors**

Mr. Anami N. Roy holds directorship (and the membership/chairmanship of Audit Committee and Stakeholder Relationship Committee) of other listed companies' viz. Bajaj Auto Limited (Chairman of Audit Committee), Bajaj Finance Limited, Bajaj Finserv Limited, Bajaj Holdings & Investment Limited, Glaxosmithkline Pharmaceuticals Limited.

**(e) Shareholding in the Company**

Mr. Anami N. Roy does not hold any equity shares of the Company.

**Note:** For other details such as number of meetings of the board attended during the year, remuneration drawn and justification for choosing the appointees for appointment as Independent Director in respect of above directors, please refer to the corporate governance report which is a part of this Annual Report.



## **Finolex Industries Limited**

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