

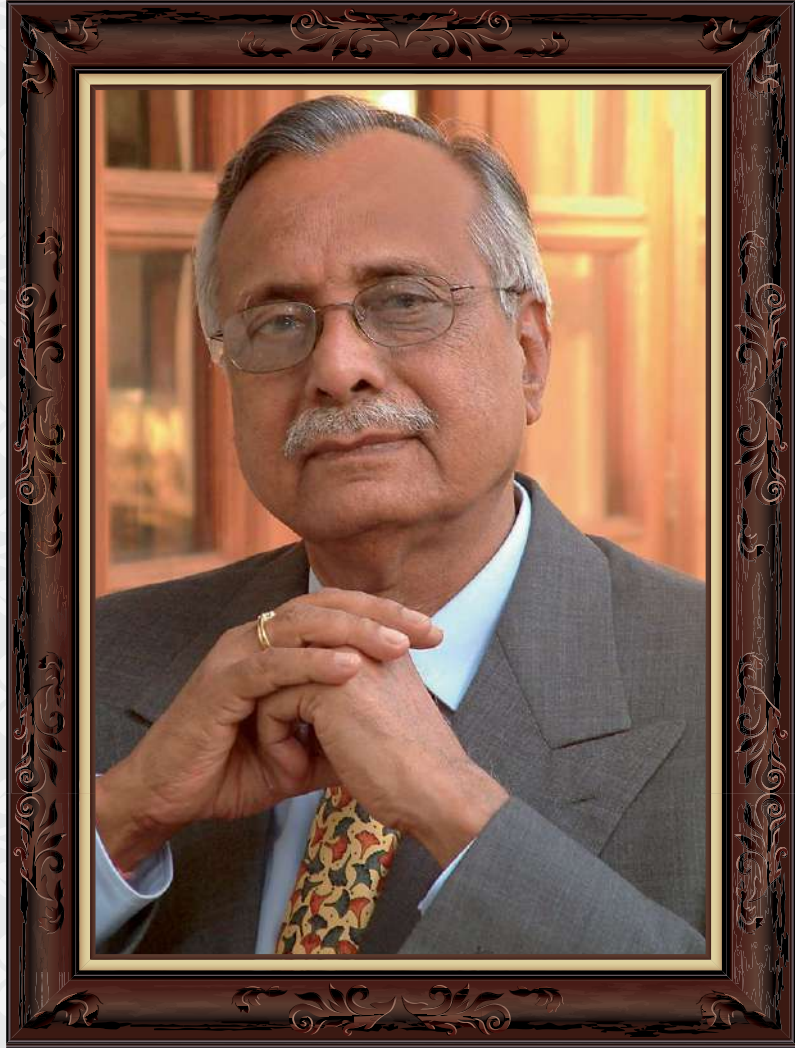
USHERING IN **PROGRESS**



देहिनोऽस्मिन् यथा देहे कौमारं यौवनं जरा ।
तथा देहान्तरप्राप्तिर्धीरस्तत्र न मुह्यति ॥
भगवद् गीता अध्याय 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.

Bhagavad 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 and live another beautiful journey..."**

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Prakash P. Chhabria

Executive Chairman

Ms. Bhumika L. Batra

Independent Director

Mrs. Ritu P. Chhabria

Non-Executive &
Non-Independent Director

Mr. Saumya Chakrabarti

Director - Technical
(w.e.f. June 1, 2022)

Mrs. Kanchan U. Chitale

Independent Director

Mr. Saurabh S. Dhanorkar

Non-Executive &
Non-Independent Director

Mr. Sanjay S. Math

Managing Director
(upto May 31, 2022)

Dr. Deepak R. Parikh

Independent Director

Mr. Pradeep R. Rath

Independent Director

Mr. Anami N. Roy

Independent Director

Mr. Anil V. Whabi

Director – Finance
(upto May 31, 2022)
Managing Director
(w.e.f. June 1, 2022)

.....
Mr. Niraj R. Kedia

Chief Financial Officer
(w.e.f. May 20, 2022)

Mr. Ashutosh B. Kulkarni

Company Secretary

AUDIT COMMITTEE

Mr. Pradeep R. Rath

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 (upto May 31, 2022)

Dr. Deepak R. Parikh

Mr. Pradeep R. Rath

Mr. Anami N. Roy

Mr. Anil V. Whabi (w.e.f. June 1, 2022)

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Mr. Anami N. Roy

Chairman

Ms. Bhumika L. Batra

Mr. Prakash P. Chhabria

Mr. Saurabh S. Dhanorkar

Dr. Deepak R. Parikh

Mr. Pradeep R. Rath

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

RISK MANAGEMENT COMMITTEE

Mrs. Kanchan U. Chitale

Chairperson

Ms. Bhumika L. Batra

Mr. Prakash P. Chhabria

Mr. Saurabh S. Dhanorkar

Mr. Sanjay S. Math (upto May 31, 2022)

Dr. Deepak R. Parikh

Mr. Pradeep R. Rathi

Mr. Anami N. Roy

Mr. Anil V. Whabi (w.e.f. June 1, 2022)

AUDITORS

Statutory Auditors: P G Bhagwat LLP

Internal Auditors: Ernst & Young LLP

Secretarial Auditors: SVD & Associates

Cost Auditors: S. R. Bhargave & Co.

SOLICITORS & ADVOCATES

Crawford Bayley & Co., Mumbai

BANKERS

Axis Bank Limited

Citibank N.A.

HDFC Bank Limited

Hongkong and Shanghai Banking Corporation Limited

ICICI Bank Limited

Kotak Mahindra Bank Limited

CORPORATE OFFICE

D1/10, MIDC Chinchwad, Pune 411 019
Maharashtra, India

Tel. No.: 020-27408200/27408572

REGISTERED OFFICE

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

Tel. No.: 02114-237251

REGISTRAR AND SHARE TRANSFER AGENT

KFin Technologies Limited

Selenium Tower B, Plot No. 31 & 32, Gachibowli
Financial District, Nanakramguda,
Serilingampally Mandal,
Hyderabad - 500 032, India.

Toll Free: 1800 309 4001

Email ID: einward.ris@kfintech.com

Website: www.kfintech.com



Scan this code with

QR reader app on your
smartphone or tablet
and know more about us.

Corporate Identity No.

(CIN) L40108PN1981PLC024153

Email

investors@finolexind.com

Website

www.finolexpipes.com

BOARD OF DIRECTORS



Mr. Prakash P. Chhabria
Executive
Chairman



Ms. Bhumika L. Batra
Independent
Director



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



Mr. Saumya Chakrabarti
Director - Technical
(w.e.f. June 1, 2022)



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Independent
Director



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Managing Director
(upto May 31, 2022)



Dr. Deepak R. Parikh
Independent
Director



Mr. Pradeep R. Rathi
Independent
Director



Mr. Anami N. Roy
Independent
Director



Mr. Anil V. Whabi
Director – Finance
(upto May 31, 2022)
Managing Director
(w.e.f. June 1, 2022)

TEN YEAR FINANCIAL HIGHLIGHTS (STANDALONE)

₹ in crores

PARTICULARS	IND AS							IGAAP		
	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
PROFIT AND LOSS ACCOUNT DATA										
Revenue from operations (Excluding Excise duty)	4647	3462	2985	3091	2738	2602	2482	2476	2453	2145
EBITDA*	1024	989	447	604	484	563	404	213	397	359
EBIT**	940	912	374	534	423	508	354	155	334	304
Profit before tax	1385	977	393	536	439	517	373	81	242	190
Profit after tax	1053	728	324	350	299	352	254	48	170	136
Dividend [Proposed for FY 2021-22]	248	248	150	150	150	172	149	30	102	79
BALANCE SHEET DATA										
Share capital	124	124	124	124	124	124	124	124	124	124
Net worth	3864	3073	1930	2528	2765	2291	1570	787	790	721
Loan funds	278	204	283	91	101	94	112	587	656	711
Gross block	2461	2399	2334	2199	1179	1982	1923	1894	1850	1771
Operating capital employed	1402	1402	1668	1681	1473	1330	1113	966	1009	841
KEY RATIOS										
EBITDA (%)	22.03%	28.57%	14.99%	19.55%	17.68%	21.63%	16.30%	8.62%	16.17%	16.73%
Return on operating capital employed (%) ***	67.09%	65.03%	22.39%	31.77%	28.75%	38.19%	31.78%	16.01%	33.12%	36.18%
Earnings per share (₹)	16.98	11.73	5.23	5.64	4.81	5.68	4.10	0.77	2.74	2.19
Debt to equity	0.07	0.07	0.15	0.04	0.04	0.04	0.07	0.75	0.83	0.99
Dividend payout (%)	23.56%	34.09%	46.15%	42.77%	50.11%	48.77%	58.71%	62.33%	59.73%	58.27%
Interest coverage (times)	73	136	40	49	49	37	9	4	6	7
Book value per share (₹)	62	50	31	41	45	37	25	13	13	12
Market capitalisation (₹)	9596	7864	4848	6071	8187	7185	4519	3521	2370	1190

* 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 operating capital employed - EBIT/Operating Capital employed

ABOUT FINOLEX INDUSTRIES

COMPANY OVERVIEW

Finolex Industries is India's largest and only backward integrated PVC Pipes and Fittings manufacturer. With an annual production capacity of 3,70,000 MT for pipes and fittings and 2,72,000 MT of PVC resin, our company is the most trusted brand in the country with a wide range of products with applications in agriculture and plumbing & sanitation sectors. The company's three state-of-the-art manufacturing facilities in Maharashtra and Gujarat, combined with our vast distribution network, allow us to implement our ethos of quality to every aspect of a value chain.

OUR PRODUCTS

PLUMBING AND SANITATION PIPES AND FITTINGS



▶ *ASTM Pipes and Fittings*



▶ *CPVC Pipes and Fittings*



▶ *SWR Pipes and Fittings*



▶ *Sewerage Pipes*

AGRICULTURAL PIPES AND FITTINGS



► Agricultural PVC-U Pipes and Fittings



► Casing Pipes

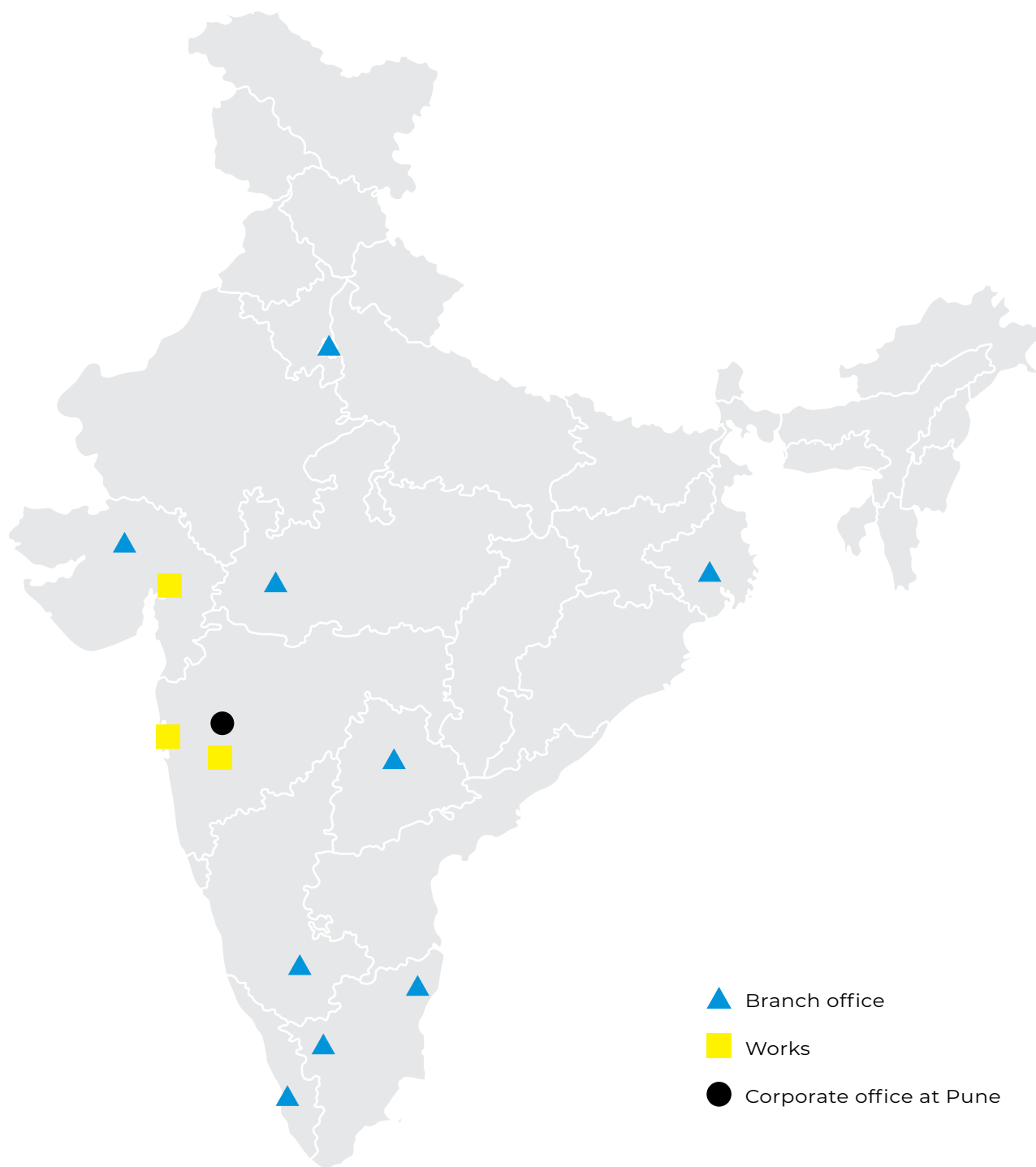


► Column Pipes

SOLVENT CEMENT & LUBRICANTS



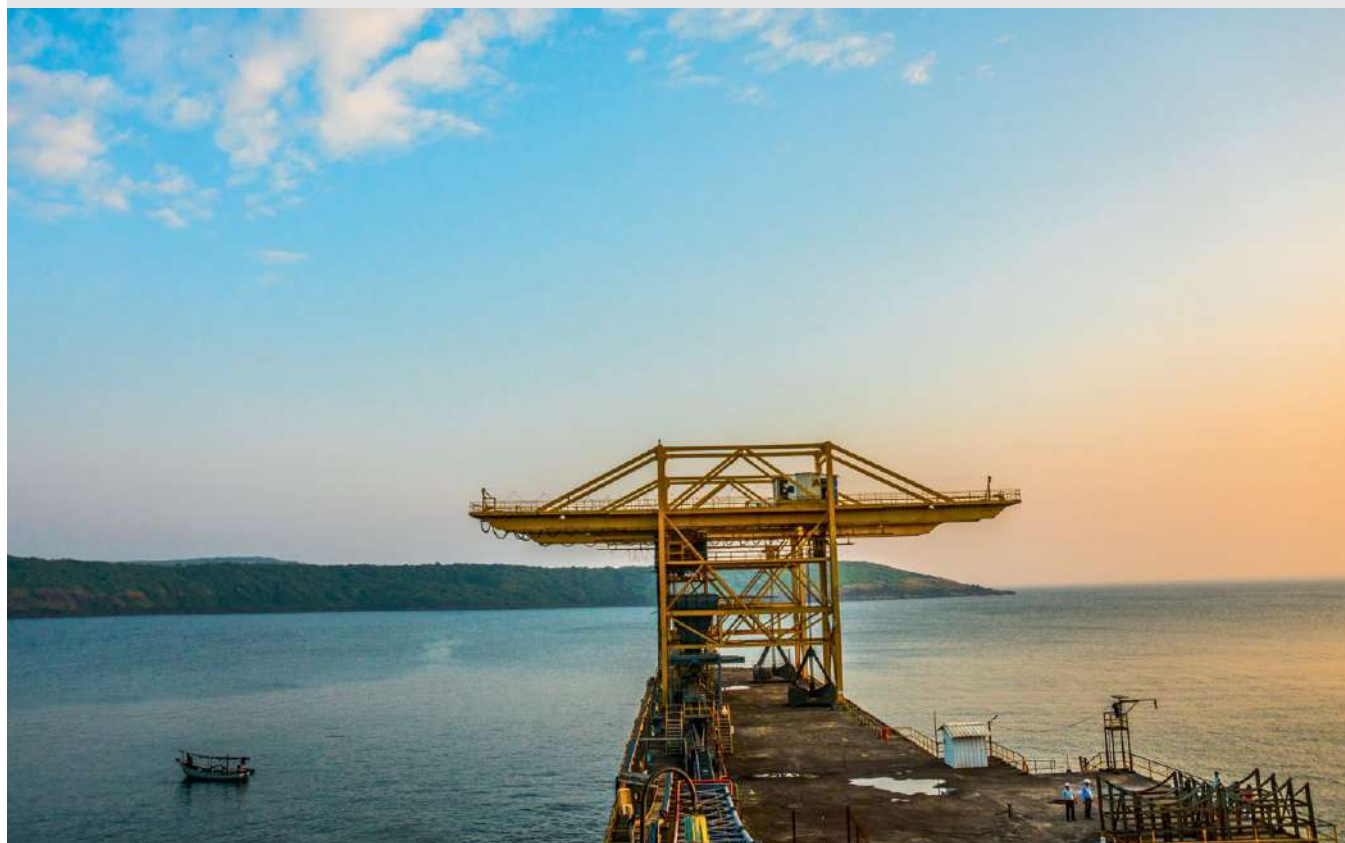
OUR PRESENCE



9
Branch Offices

900+
Dealers

21,000+
Retailers

**FINOLEX IN NUMBERS****41 Years**of sustained
growth**₹ 9,596 Crore**Market capitalisation value
as on March 31, 2022**1,379**Employees as on
March 31, 2022**3**Manufacturing facilities
(Pune, Ratnagiri, Masar)**₹ 1,053 Crore**Profit after tax in FY
2021-22**22%**EBITDA
Margin**AA+/Stable**(As on May 25, 2022)
Maintained long-term credit
rating – CRISIL/India ratings**CRISIL A1+**(As on May 25, 2022)
Maintained short-term credit
rating – CRISIL/ India ratings**Zero**Long-term debt as on
March 31, 2022



CHAIRMAN'S MESSAGE

USHERING IN PROGRESS

Our 41st year has been a stellar one. Each decision has been taken keeping an eye on the future, and every relationship has been built for the long-term. The ongoing processes we have put in place - the backward and forward integrations; the people we have hired; the talent we have nurtured; the training; the learning are all combining effectively to contribute to our growth roadmap. We have delivered a great year, despite the challenging conditions. We have made substantial inroads into the urban market (Plumbing & Sanitation pipes) while consolidating our rural reputation (Agriculture pipes). This has only been made possible by the engine that drives our growth - the Finolex Parivaar. Each member has pushed themselves and their colleagues to excel, taking the success of Finolex as their own personal success. I hope this year has made you as proud as it has made me.

The theme for this year's Annual Report is 'Ushering in Progress'. What does progress mean? Increased profits? Increased manufacturing capacity? It might mean that to most, but for us, it is about the bigger picture. A picture that doesn't stop at the frame but extends beyond the canvas to include our entire business and social goals.

Progress is continuity. Progress is the vision to move ahead into the future. Progress is about building relationships and making them stronger and deeper, growing in reputation and customer loyalty. Progress must be sustainable. One of our core beliefs is that every stakeholder must progress and prosper. We want to continually enhance our quality and the consistency of our customers' experiences, ensuring that we stay true to our Founder's vision - "To always be Fine and Flexible".

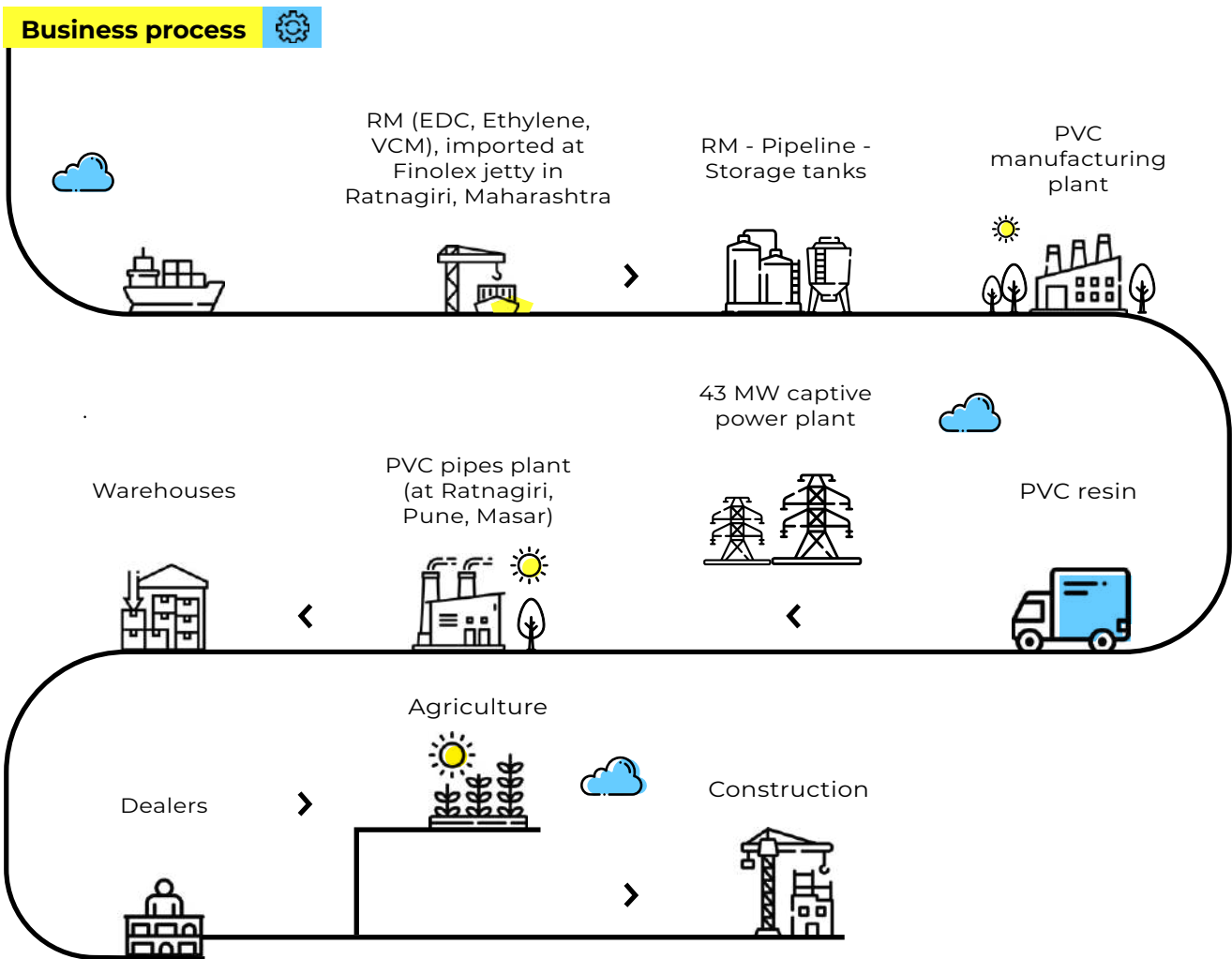
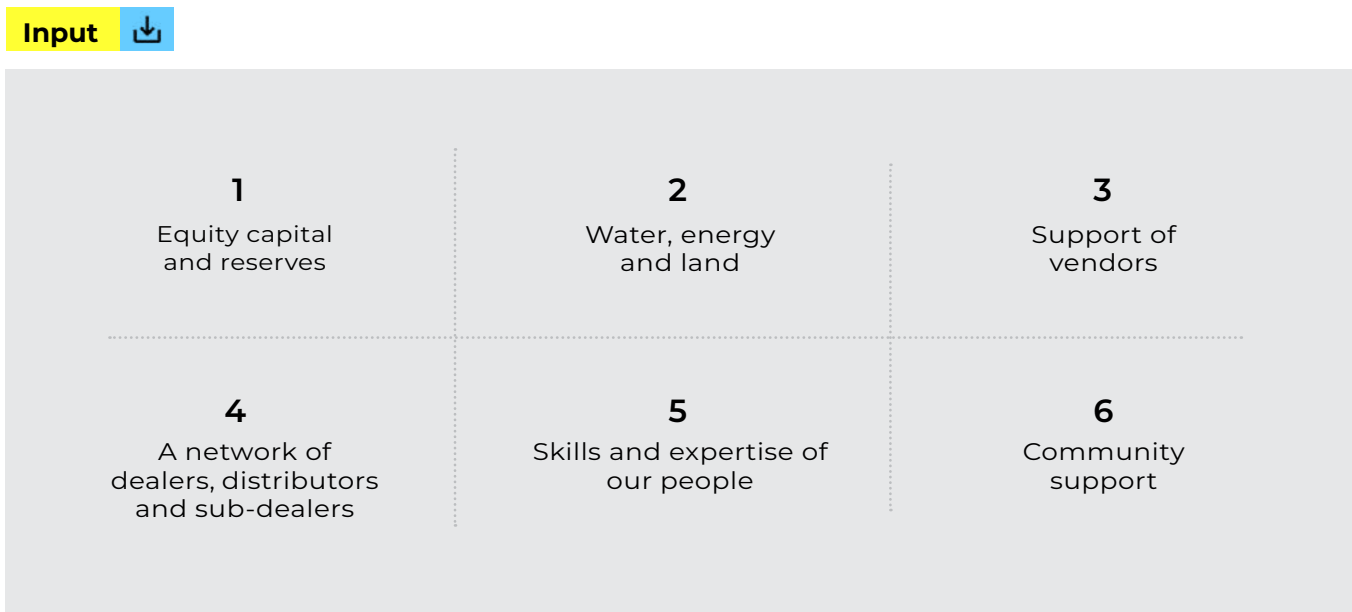
Our desire for Progress doesn't stop at our factory gates. Our picture broadens to include our local communities, working to improve their standard of living and facilitating their aspirations for the future, through our CSR arm, Mukul Madhav Foundation. We keep asking ourselves - "What more can we do to create a meaningful positive difference in the lives of our community?" We have been relentless in spreading hope amongst those who feel they don't have the right to be hopeful by implementing extensive community care programmes and doing exemplary work in the areas of public health, education, premature child care, environment protection and much more.

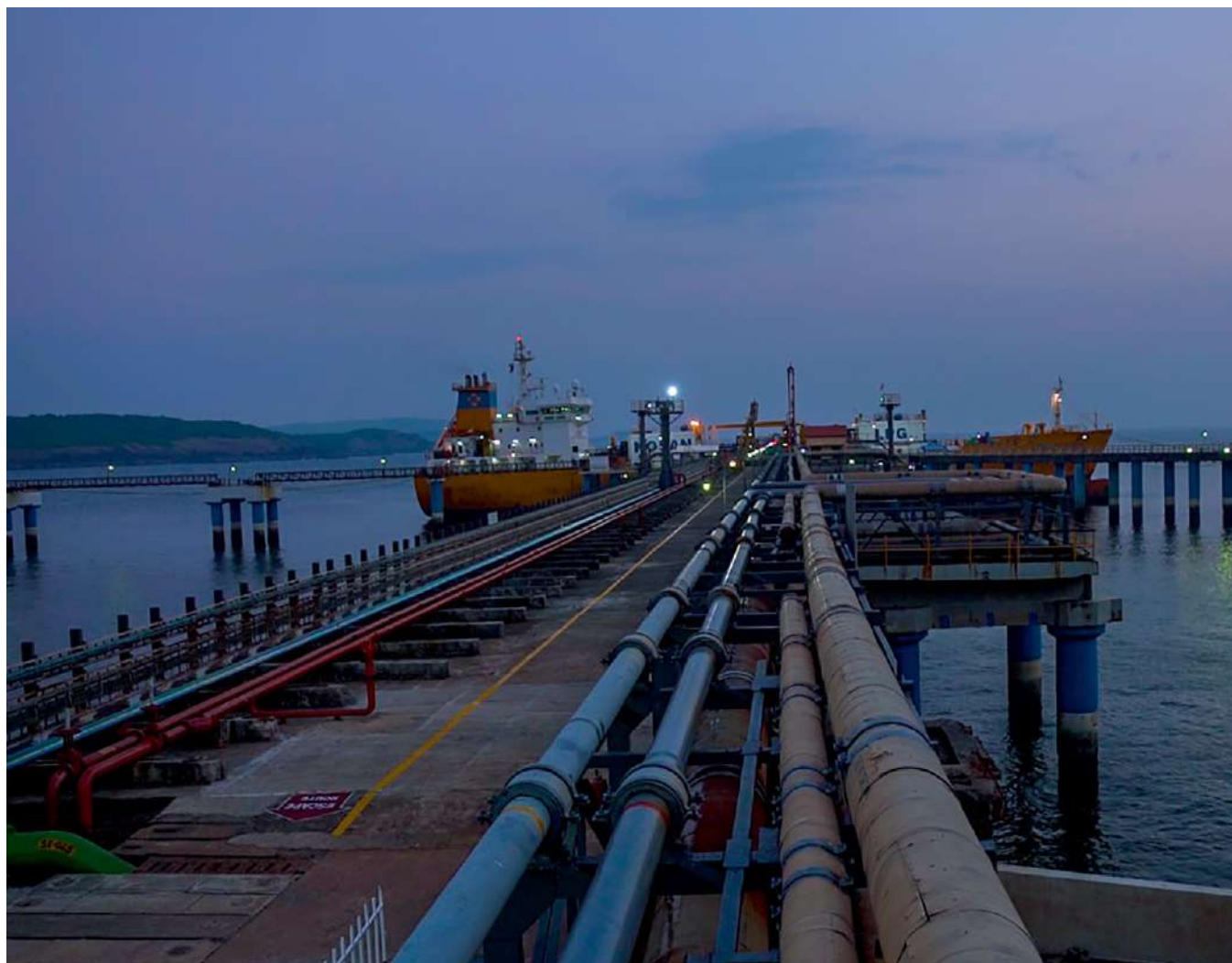
This is our bigger picture. It is what gives us the momentum to move forward. It is what will keep us going and what will keep us relevant. As we step into the future, it is time to take stock of the journey so far. Reminding ourselves of the values we have been bequeathed, and building on them. Maintaining the momentum of the last 41 years. Gushing like the water in our pipes - surging forward together, now that's Progress.

Warm Regards,

Prakash Pralhad Chhabria
Executive Chairman

BUSINESS MODEL – HOW WE CREATE AND SUSTAIN VALUE



Output**2,14,186 MT**Total production of
PVC resin**2,30,847 MT**Total production
of PVC pipes and
fittings**₹ 4,647 Crore**Revenue from
operations**₹ 1,053 Crore**Profit
after tax**₹ 16.98**Earnings
per share

BRANDING AND MARKETING INITIATIVES

At Finolex, we are driven by a customer-centric approach and have put in place comprehensive marketing and branding initiatives across multiple channels to build stronger pull and recall value for the brand.

Putting customers at our core, we partner closely with plumbers, contractors, MEP consultants and builders in the plumbing and sanitation segment. We also look to continue strengthening our leadership position and goodwill in the agriculture segment, with consistent and thoughtful engagement with farmers and borewell mechanics to cater to their needs with customised programmes. All our grass-root level efforts are supported and amplified by digital and social media, thereby building stronger and more effective visibility in the category.

Like every year, this year too we continued to listen to on-ground feedback, learn and implement those insights to sharpen our integrated approach to marketing and communication. This has translated into an improved and more informed marketing mix that has helped us further the brand's recall amongst consumers, while also reinforcing our product benefits of long-lasting quality, reliability, and dependability.

A great product, dedicated nurturing of customer relationships and focused marketing initiatives has today made Finolex Pipes a part of every Indian household, widely recommended by plumbers, contractors and loved by farmers.

TECH EXPERTS REACH OUT

Plumber Meets | Borewell Mechanic Meets

Finolex has conducted well-attended meets with Plumber and Borewell Mechanics, across various cities and regions of India. At Finolex, we have continuously supported these technical experts and unsung engineers with updates on new technologies, products and practices in the market. Making upskilling programmes, and

camaraderie building a key part of every meet. Taking this commitment further, we are one of the few Indian brands that has broken the gender barrier, by conducting plumbing training programmes for women in collaboration with our CSR partner, Mukul Madhav Foundation.

These meets provide us valuable feedback and help develop a strong connection with the plumbing and borewell mechanic communities.



BRAND CAMPAIGN

Too Good to Remember – Virender Sehwaig

Banking on the core value proposition of long-lasting pipes, Finolex launched its four film - TV advertisement campaign featuring legendary and much-loved cricket player, Virender Sehwaig, during the peak season of IPL cricket matches. This series of advertisements helped us in communicating strong product benefits of durability and reliability. The

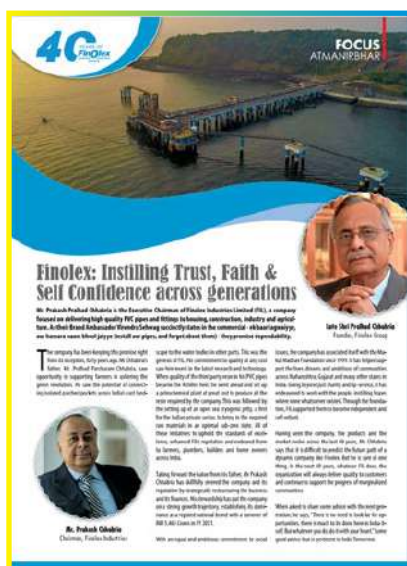
superior quality of Finolex pipes ensures that no maintenance is required. Once a customer uses Finolex pipes, they are assured of problem-free performance for several years, and in the absence of any issues, to remind them of the brand, chances are they might even forget which brand they installed so many years ago. In the television commercials, Virender Sehwaig used his trademark charisma and natural wit to emphasise the message - 'Ek baar lagwaiyye aur humara naam bhool jaiyye'.



PRINT CAMPAIGN

Despite the emergence of digital, print continues to be a powerful medium for brand communication. We recognised this and leveraged the power of print medium to connect

with the masses on various festive occasions and to communicate our brand story. These print campaigns, built strategically around key festivals, helped us emotionally connect with millions of plumbers, farmers and various other stakeholders within the Finolex Parivaar.



India Today Magazine



Chemical Weekly Magazine



Annadata Magazine

CUSTOMER CONNECT PROGRAMMES

“Near You, With You” was at the heart of the intensely-engaging customer-connect programmes by our Sales & Marketing team in the last year. A record number of meets were conducted with key pipe-tech experts and end-users. The engagement was further strengthened

through targeted and impactful participation in industry-relevant events, exhibitions, and other programmes. The heightened level of proximity to customers has enabled us to create effective solutions based on incisive, ground-up insights which helped further consolidate our leadership position in key market segments.



Long lasting Pipes Long lasting relationships



Finolex Branded Helmets to Plumbers



Kisan Agri Show – Pune (March 2022)

RELATIONSHIP BUILDING PROGRAMME

Wishes from Finolex Parivaar

"The family that bonds together, grows together." - with this message, Finolex Pipes reached out to channel partners, plumbers,



Lohri festival celebration

farmers and other key stakeholders on various festive occasions to celebrate with them as one parivaar. Reiterating that Finolex not only manufactures long-lasting pipes but also builds long-lasting relationships.

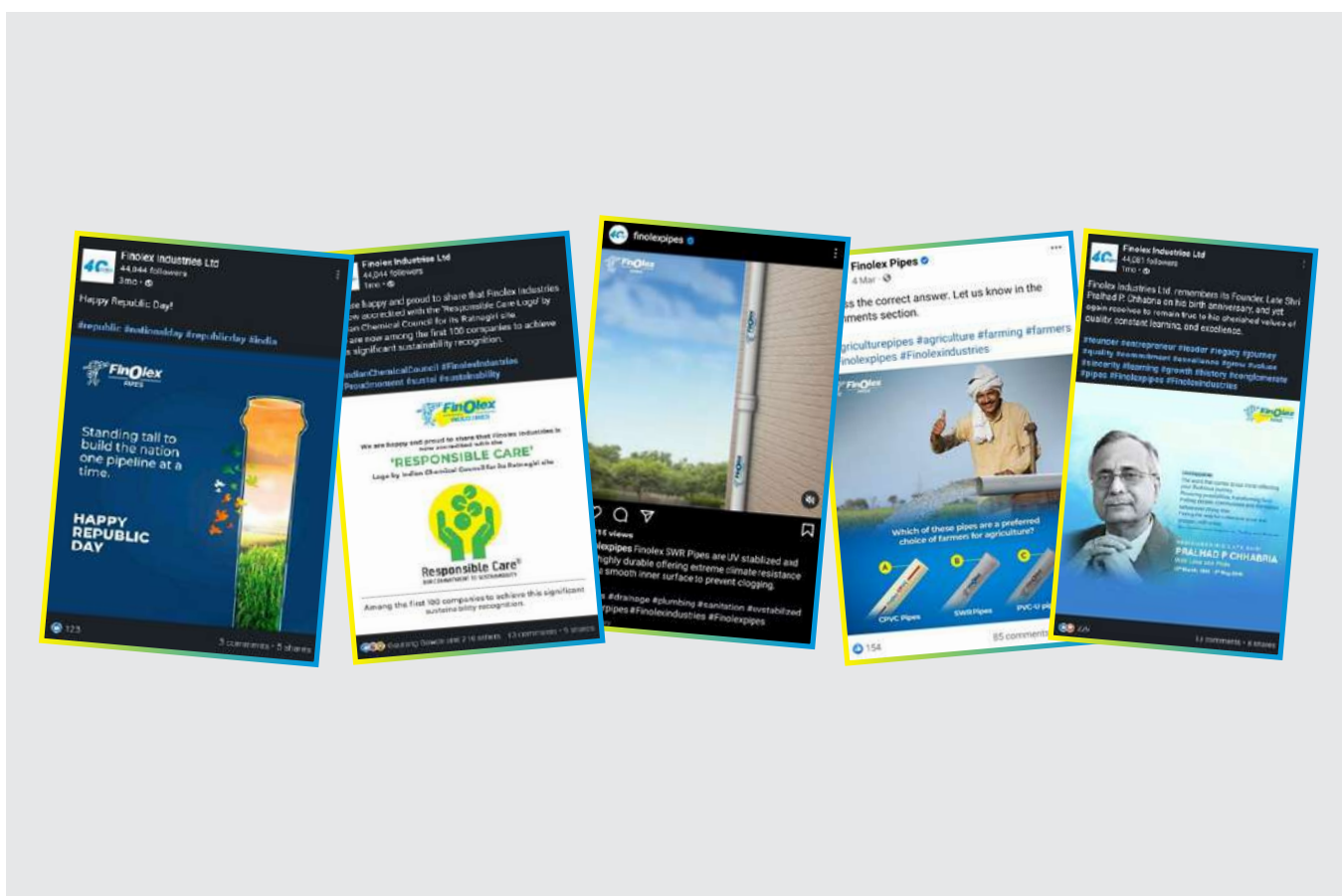


Pongal festival celebration

ONLINE PRESENCE & VISIBILITY PROGRAMME

With pipes being a mostly offline market, we wielded the power of the digital medium to inform, inspire and guide customers to various physical spaces where they could see, touch and buy our pipes and fittings. We conducted several initiatives and programmes across key

digital media platforms to enable our customers and influencers to know more about the latest happenings in the company, and to keep them abreast of key milestones. This promoted deeper customer engagement resulting in stronger active brand consideration. Our digital+physical double spearhead approach has played a key role in boosting brand awareness and in building high recall for the brand.



RETAIL BRANDING

We have constantly endeavoured to make life simpler for our customers. Our retail network is one more testament to this. With the intention to always be at arm's length from our customers, we have put in place retail touchpoints across the length and breadth of India. Not just shops, but also present at mandis and spaces our customers

gather and access regularly. A significant number of new retailers and dealers have been welcomed into the Finolex Parivar in the last year. Retail shops are the key centres of brand interaction and we have completed exhaustive branding to cover all key locations with our brand signages to ensure effective visibility in the marketplace.



SPONSORSHIPS AND ASSOCIATIONS

At Finolex, as part of our customer-centric approach, we constantly look to associate with people, organizations, events, festivals and occasions that directly or indirectly impact or involve our customers and their communities. We also sponsor events which offer us new avenues to reach out to customers. These sponsorships and associations are either as Finolex Industries Limited, or through our CSR partner, Mukul Madhav Foundation. We work actively on ground to address several key social and national issues and connect strongly with our extended parivaar. We also ensure that we do this consistently, and take utmost care and diligence to nurture these symbiotic relationships over several years.



CORPORATE SOCIAL RESPONSIBILITY (CSR)

TOWARDS AN EMPOWERED INDIA

At Finolex, we strongly believe profitability and responsibility are inseparable. For us, community empowerment is a source of opportunities and value creation for our stakeholders.

We believe every individual has the power to change the world and the right to live with dignity. To facilitate this pan-India, we have been nurturing our core philosophy of social responsibility and have built on our initiatives over the decades. Through our CSR initiatives, we strive to empower lives and be the change we want to see.

Our CSR partner, Mukul Madhav Foundation (MMF), formally onboarded in 2014, has been actively supporting us in our community development activities. This meeting of minds and aligning towards common goals between a corporate and an NGO has created a strong

foundation of ethics and values that has seen dramatic growth in our CSR activities.

Our dedication to the causes close to our hearts is reflected in our CSR spending. Finolex has far surpassed the government-mandated '2% of average net profits over three years'. Our strengths, such as human and financial capital, allow us to work across India through our voluntary employee engagement program. Our ability to implement initiatives across the nation is further enhanced. Thanks to our pan-India offices. Diversity and versatility are reflected in our ability to respond to every occasion and need.

MUKUL MADHAV FOUNDATION

MMF was established in 1999 as an India-based charitable trust. The Foundation works at the grassroots level to empower marginalised communities. In 2018, MMF UK was registered as a charity with the Charity Commission of the United Kingdom. It is credited with working on several transformational projects such as:

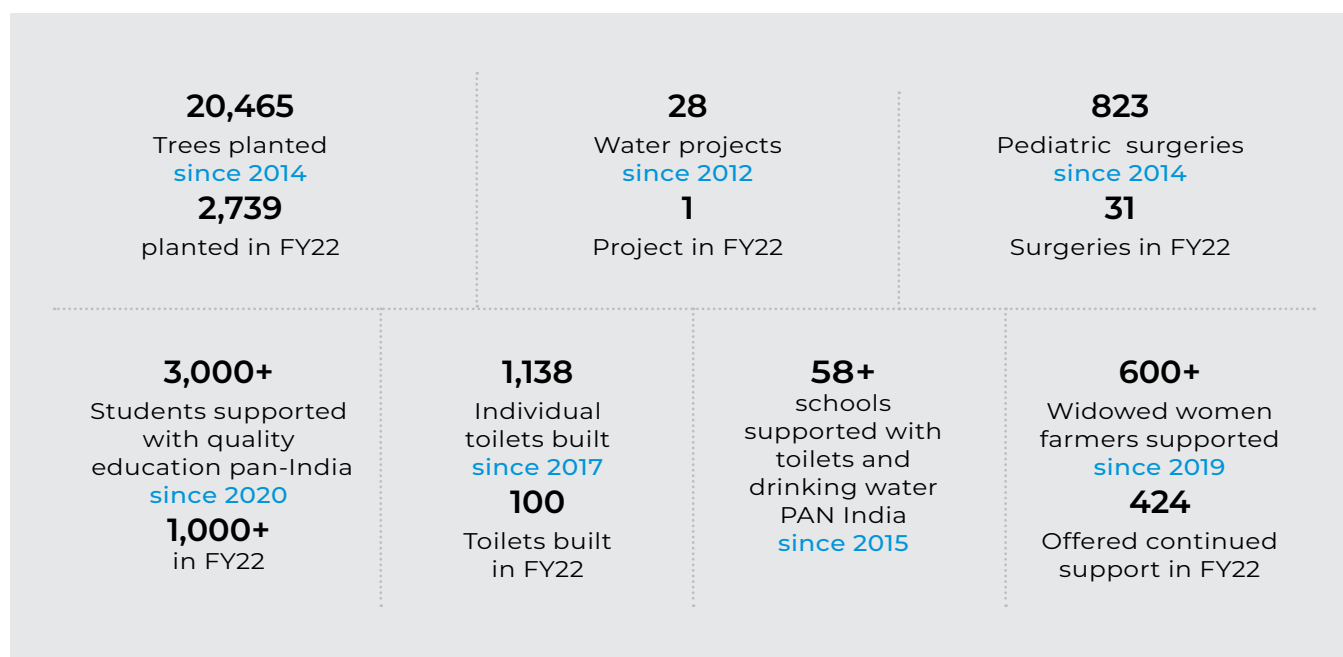
- *Upgrading and uplifting the infrastructure for urban and rural hospitals and medical centres*
- *Initiating Mission Cerebral Palsy since 2015*
- *Undertaking water conservation projects since 2016*
- *Assisting in the Swachh Bharat Initiative since 2017*
- *Supporting farmers and farming communities in rural and tribal areas since 2017*
- *Working towards COVID-19 relief since 2020*

For detailed information on MMF's full scope of activities, visit www.mmpc.in and www.mmpc.org.uk

We also actively work towards fulfilling 13 of the 17 United Nations Sustainable Development Goals (UN-SDGs).



OUR IMPACT ON THE SOCIETY AND ENVIRONMENT



BEING A RESPONSIBLE CORPORATE CITIZEN

We have the honour of having met 14 of the 16 CSR mandates put forth by the Government of India. Our CSR activities are varied and range from helping to eliminate poverty and hunger, to reducing social injustice and promoting gender equality. We are providing skill enhancement and vocational opportunities to connect youth with various institutions.



AGRICULTURE AND RURAL DEVELOPMENT

With agriculture being the largest employer of Indians in rural areas, we realise the necessity to increase farm productivity and help raise farmers' income. We support farmer communities in farm and non-farm livelihoods, focusing on marginalised households, returning migrants, women farmers and widowed women. We offer seeds, saplings, bee-boxes, vocational

training on farming techniques, soil science, mechanisation, pricing and marketing of products to spread awareness and empower the farmer community to take judicious decisions. These measures will enable farmers to maximise their productivity and empower them with the knowledge and skills needed to succeed in the market.



► Free rice seed distribution to the farmer community in Ratnagiri, Maharashtra



► Kisan Day organised in Ratanagiri, Maharashtra



► 424 widowed women supported with toor and soya seeds in Osmanabad, Maharashtra



► Fertiliser sprayer pump distribution at Masar village in Vadodara, Gujarat



ENVIRONMENTAL SUSTAINABILITY

Water scarcity can potentially affect millions of lives across the country. A third of Maharashtra's population faces drinking water shortages and drought. It is estimated that by 2030, 70% of the land available for cultivation will continue to be rain-fed; and decentralised interventions in water management are key to satisfying present and future water demand, especially in rain-fed areas.

To address this urgent issue, we have initiated multiple schemes across the rural regions of Maharashtra and Gujarat. Our activities include water conservation projects, rainwater harvesting, construction and cleaning of bund walls, desilting ponds and reservoirs, creating and repairing cement Nala bunds, building new wells and planting more than 18,000 trees to help improve the ecology of drought-prone regions.



► Inauguration of water project at Khed Shivapur in Pune, Maharashtra



► Planting of trees at Masar village in Vadodara, Gujarat



► Rainwater harvesting projects at various institutions in Gujarat and Maharashtra including Mukul Madhav Vidyalyaya in Ratnagiri



► Purnagad Water Scheme in Ratnagiri, Maharashtra



ERADICATION OF EXTREME HUNGER AND POVERTY

According to a 2020 World Economic Forum study, around 220 million people in India survived on less than ₹32 per day. Although our country has done a great job of alleviating poverty by lifting nearly 270 million people out of extreme poverty by 2016, around 0.8% (Source: IMF 2022 report) of the population still struggles with extreme poverty (defined as living on \$1.9 or less per day). This translates as extreme hunger and malnutrition and the cause of poor health for many Indians. Along with our CSR partner, MMF, we have worked tirelessly to alleviate extreme hunger and poverty in society.

We provide continuous monthly grocery support and other necessities, including diapers to 41 institutes and individuals working primarily in Maharashtra, Karnataka and Gujarat. Among other initiatives, the programme also provides mid-day meals in schools, senior citizens' homes, leprosy homes for the visually impaired, orphanage homes and homes for mentally challenged, differently abled and migrant students. In addition, we also provide daily meals to the homeless and those in need.



▶ Providing mid-day meals in schools in Pune, Maharashtra



▶ Finolex supported 18 girls in Renuka Mata Naga Ladies Home Chipun, Maharashtra with monthly grocery



▶ Homeless people and slum dwellers benefiting from our food distribution programme in Pune, Maharashtra



▶ Gram Swaraj Boys Hostel for underprivileged, tribal and orphan boys in Masar, Gujarat



EDUCATION

As recently as 2014, an estimated 6.1 million children were out of school with nearly 29% (Source: UNICEF) of them dropping out before completing elementary education.

We strongly believe that education is imperative to fully realise a child's potential and hence, we actively support children's education. We help by upgrading infrastructure, providing safe drinking water and sanitation, educational equipment such as computers and sports gear, offering scholarships, and ensuring schools have quality faculty, by paying for their remuneration.

To date, we have given out 2,901 scholarships, including individual monetary support to students as educational assistance.

We wholeheartedly support Mukul Madhav Vidyalaya, a school that aims to bring quality education to Golap village in Ratnagiri, Maharashtra. As of FY22, we have 658 students from nursery right up to junior college. Despite

the impact of COVID-19, through 2021-2022, we ensured that education for all 658 students remained uninterrupted using online and offline methods. This was achieved by providing students with digital tablets to ensure no interruption in their education. Although established in a rural area, Mukul Madhav Vidyalaya looks to provide urban education facilities, including extracurricular activities such as studying German, Sanskrit, Karate, Tabla and Chess.

Finolex along with MMF has also supported other schools in Pune and Gujarat by renovating and refurbishing classrooms and providing computers and drinking water facilities. We, at Finolex, believe that education should be a fundamental right of every individual and hence strive to further this cause by supporting scholarships in primary, secondary and higher education without any bias for caste, creed, or religion.



► Distributing sweaters to students of Panchgani Municipal School 1 and 2 in Maharashtra



► Career guidance initiatives conducted at various places



► Computer lab at Zilla Parishad (ZP) school in Urse, Maharashtra



► Laptop donated to a deserving student in Vijaywada, Andhra Pradesh



VOCATIONAL SKILLS AND LIVELIHOODS

Our commitment to empowering people to live life with dignity has led us to provide vocational skills to people so that they become independent and improve their livelihoods. To achieve this goal, we organise skill development courses in Ratnagiri in Maharashtra, Masar in Gujarat and Varanasi in Uttar Pradesh by focusing on skill sets such as tailoring and computers. By collaborating with our implementation partners, we undertake initiatives to train women and youth in multiple trades.

For instance, along with MMF, we reached out to local self-help groups, encouraging them to come forward and earn with our assistance. Ashradevi ladies and Yashashri's self-help group of women from Ratnagiri came forward to make brooms from coconut fronds provided from our factory gardens.



► Skill development centre in Ratnagiri, Maharashtra supporting women with tailoring



► Skill development centre in Gujarat supporting women with tailoring and entrepreneurship trainings



► Skill development centre in Varanasi, Uttar Pradesh supporting women with tailoring



► Providing training on plumbing at ITI girls college in Aundh, Pune, Maharashtra



► Supporting young boys and girls with radiology technicians training through Aradhana Skills



GENDER EQUALITY AND EMPOWERING WOMEN

One of the key areas of focus for any society must be supporting women's rights to health, education and self-reliance. This forms the core of our CSR activities and with the support of our partners, we have helped over 30,000 women through our programmes. In addition to provided vocational and farming training to help women become self-reliant, we also provide healthcare, education and welfare support to underprivileged women. As part of our activities, we provided 200 bicycles to girls who found it difficult to travel to school, provided skilling and livelihood opportunities to 600 + widows and supported 9 senior citizen homes in Maharashtra.



► Recreational activities organised for senior citizens in Pune, Maharashtra



► A venture of Finolex Industries Limited and Mukul Madhav Foundation - Period Positive Holiday Homes in Gadchiroli, Maharashtra being inaugurated by Dr. Rani Bang

Moreover, we also worked with the Women's rights organisation, Breakthrough to reach out to 4 lakh+ girls across 5 states to raise awareness and curb child marriage. Menstrual hygiene is one of our other key programmes. We have distributed over 9,000 sanitary napkins and opened 11 eco-friendly Period Positive Holiday Homes, enabling women to feel safe, healthy and happy while developing skills to become self-reliant.



► Finolex Collaborated with MMF, FLO Mumbai Chapter, FLO Pune Chapter, Rotary South Bombay and ground support of Maharashtra Khadi gramudyog Mahamandal to support 47 tribal women with beekeeping training with boxes for honey collection.



► Gauravi – A project by Action Aid to support women in crisis in Madhya Pradesh



PREVENTIVE HEALTHCARE

We constantly strive to upgrade and uplift the quality of healthcare services in India by ensuring affordable and world-class healthcare for everyone. The foundation facilitates training through overseas expert faculties to enhance the skills of doctors, nurses, ASHA and ANM workers in urban and rural districts. Furthermore, we also conduct preventive diagnostic camps and awareness programmes, while supporting individuals and institutions with funds.



► Gastro department at Sassoon General Hospital in Pune, Maharashtra since 2017



► Biyearly Mammography camp at Dervan, Maharashtra since 2018



► Finolex supporting pediatric cardiac surgeries in Imphal, Manipur through Healing Little Hearts, UK.



► Blood donation camps across Maharashtra and Gujarat since 2015



SPORTS

We take great joy in supporting athletes and sports persons in India. Some of the sports we have supported over the years include para-badminton, badminton, shooting, mountaineering, skating and weightlifting. We also encourage children to participate

in competitive sports from an early age by donating sports equipment across schools and inspire them by sponsoring sporting events and role models.



▶ Arunima Sinha – First female amputee to scale Mount Everest



▶ Yash Aradhya, a prodigy from Finolex Pipes, the recipient of Pradhan Manthri Bal Shakthi Puraskar for his exceptional achievement in sports, will be racing in the FIA Formula 4 India Series, MRF 2000 Formula 3 series in 2022. He is also nominated to represent India in the MOTORSPORT GAMES, the Olympics of Motorsports in the Formula 4 category. The race will be held in Paul Ricardo, France this year



▶ Hruitvik Ambekar – International badminton player



▶ Sponsored the rifle shooting event in Gujarat



SAFE DRINKING WATER AND SANITATION

In support of the Government's goal to make India Open Defecation Free (ODF), we have built toilets across 14 tribal villages in Maharashtra. In addition, we have equipped 58+ schools and institutions in Maharashtra and Gujarat with toilets and Reverse Osmosis (RO) water filters.



► Toilet construction at Palghar, Maharashtra



► RO installation at a school in Masar, Gujarat



► Toilet inauguration at Nanij Panchkroshi high-school in Ratnagiri, Maharashtra



SUPPORT FOR THE DIFFERENTLY-ABLED

MMF has been supporting various disabilities over the last 10 years, ranging from support to visually and mentally challenged individuals and individuals with Cochlear Implants and offering medical assistance to support the treatment of wheelchair-bound individuals. In addition, we have been supporting individuals with Cerebral Palsy through Mission Cerebral Palsy since 2015

Alongside this, MMF has partnered with various faculties from nursing colleges in India, faculty and hospitals from overseas to bring expertise and training to the nurses and doctors.



► Supported Umed Parivar, an Institute for differently-abled, with solar water heater, RO and kitchen equipment



► Speech therapy support at Snehalaya Institute in Pune, Maharashtra



► World Disabled Day celebration in Pune, Maharashtra in December 2021



► Mission Cerebral Palsy – Reassessment camp at Satara, Maharashtra



TECHNOLOGY INCUBATORS

With the talent pool available in the country and the number of innovative start-ups that have come up in the last few years, we strongly believe that technology and innovation are key to unlocking India's future. In this regard, MMF supported the start-ups with mentoring and financial support.

Recently, we supported the Capital Science and Technology Park (SciTech) in Pune by promoting, procuring and donating the technology developed under the Nidhi Prayas Programme initiated by the Department of Science and Technology (DST).



▶ Finolex Industries Limited promoted Made in India ventilators by start-ups by donating these to various hospitals during the COVID-19 pandemic



▶ SciTech Airon (Scitech Airon Negative Ion Generator is an effective solution for controlling air pollution and killing disease-causing viruses and bacteria). Finolex Industries Limited handed these to 32 police stations, 5 hospitals and government institutions in Pune, Maharashtra during the first wave of COVID-19



▶ Finolex Industries Limited donated Soyamate - a machine manufactured by an Indian startup that is used to produce soya milk - to 10 schools in Palghar, Maharashtra to support malnourished children





ARMED FORCES/VETERANS

Since 2017, we have been partnering with MMF towards supporting and improving the lives of soldiers, veterans and their families through financial and occupational initiatives. We also support widows and disabled veterans and contribute towards improving their health and sanitation conditions. Some of our initiatives include the following :

- Supported the Sainik Welfare Association with funds for the welfare of war widows and their dependents
- Provided funds to 20 spouses of soldiers who lost lives at Galwan Valley as a symbol of solidarity
- Provided 50 heated high-altitude tents to accommodate 400 jawans in Ladakh in response to the Indian Army's appeal
- Built 12 toilets for both men and women in each of the Army hospitals in Pune, Maharashtra



- ▶ 50 heated tents were provided to house 400 soldiers in Ladakh as per the appeal from the Indian Army.



- ▶ Paraplegic Rehabilitation Centre in Khadki equipped with solar heating system for hydrotherapy

- Installed solar pool heating system for a hydrotherapy pool in paraplegic rehabilitation centre at Pune, Maharashtra to benefit the armed forces of India (Army, Navy, and Air Force) who have been medically boarded out. The pool will provide underwater physiotherapy, neuromuscular revival and strengthen the body muscles of paraplegics/quadriplegics
- As part of our support of the Ex-Servicemen Contributory Health Scheme (ECHS) Lohegaon, Pune, we provided the physiotherapy centre with equipment including a blood analysis machine, air conditioner and refrigerator for storing medicine
- Provided support to Command Hospital in Pune, Maharashtra with a Human Milk Bank
- Provided seven sewing machines to Aundh Military Station to assist spouses of servicemen in developing skills and generating income. Women trained through certified programs are well-connected with the International Garment manufacturing house, KASHKHA, which has a buyback system in place to collect the unsold inventories

We consider it an honour to be able to work for the armed forces and veterans who have dedicated their lives to protecting our nation.



- ▶ Women trainees at the Aundh Military Station, Pune, Maharashtra



- ▶ Aundh Military Skilling Centre



SWACHH BHARAT KOSH CLEAN GANGA FUND (RIVER CLEANING)

Swachh Bharat is the world's largest sanitation programme initiated by the Government of India. Our employees have partnered with volunteers, students and government officials to clean rivers, riverbanks and beaches, primarily in Pune and Ratnagiri, Maharashtra.

With a combination of high-level and grass-root level activities, we are committed to cleaning our life-sustaining rivers and beautiful beaches along the coastline of Maharashtra. Furthermore, we have undertaken activities to clean the Mula Mutha river at Khadki, Pune. Volunteers from schools and colleges in Khadki supported us in this effort.



Employees and students volunteering for cleaning the rivers, riverbanks and beaches, primarily in Maharashtra



MMV students participating in beach cleaning at Bhayte Beach, Ratnagiri, Maharashtra



ANIMAL WELFARE

We are resolutely against animal cruelty and believe animals must be treated with dignity and empathy. We have worked towards creating protected environments for animals to live safely and ensure they are well-fed. In Maharashtra, our volunteers feed the cows daily and during the pandemic and horses and dogs were provided with fodder and warm blankets.

During the pandemic, we began feeding abandoned cows and provided shelter in the form of cowsheds. The number of cows increased as more were brought in from other parts of the state with their daily upkeep ensured. Our activities towards animal welfare also included the refurbishment of existing cowsheds and structures that were damaged due to torrential rains.



► Cowshed support at Agriculture College, Pune, Maharashtra



► Provided fodder to horses in Matheran, a hill station in Raigad, Maharashtra



► Cowshed at Panshet, Pune, Maharashtra



► Cowshed at Panshet, Pune, Maharashtra

CSR AWARDS AND ACHIEVEMENTS

- ▶ CONFERRED YUVA UNSTOPPABLE 2021 CHANGEMAKER AWARD – APRIL 2021



- ▶ BW BUSINESSWORLD AWARD – RECOGNITION FOR MRS. RITU PRAKASH CHHABRIA - SOCIAL ENTREPRENEURSHIP AWARD – APRIL 2021



▶ CORONA YAGNA SEVA FELICITATION – GUJARAT JULY 2021

Finolex was felicitated by Shri Amit Shah, Minister of Home Affairs and Acharya Devvrat, Governor of Gujarat. Mr. Nitul Barot - Senior Officer, Corporate Social Responsibility and Mr. Chirag Paghadar - AGM, Marketing and Sales were present to receive this award on behalf of Finolex Industries Limited.



▶ BRITISH ASSOCIATION FOR PHYSICIANS OF INDIAN ORIGIN (BAPIO) AWARD FOR PHENOMENAL WORK DONE DURING COVID-19, OCTOBER 2021



► CSR TIMES AWARD DECEMBER 2021

The MMF has been honored by the CSR Times with a Bronze award in the Education category, as well as a Special Jury award in the Preventive Healthcare category.



► GLOBAL CSR EXCELLENCE AND LEADERSHIP AWARDS MARCH 2022, MUMBAI

Received by MMF Trustee Mr. Vijay Gurnani, MMF team members Mr. Babalu Mokale and Mr. Mitesh Shrigiri



- ▶ **G100 AND DENIM CLUB PRESENTED AN AWARD OF EXCEPTIONAL WOMEN OF EXCELLENCE TO MRS. RITU PRAKASH CHHABRIA FOR HER EXEMPLARY SERVICE - 29th MARCH 2022 IN LONDON'S HOUSE OF LORDS**



- ▶ **VIVEKANANDA SUSTAINABILITY AWARDS**

Mr. Vinay Saini and Mr. Arun Ojha received award from Pujya Swami Chidanand Saraswatiji



INTRODUCTION TO ESG

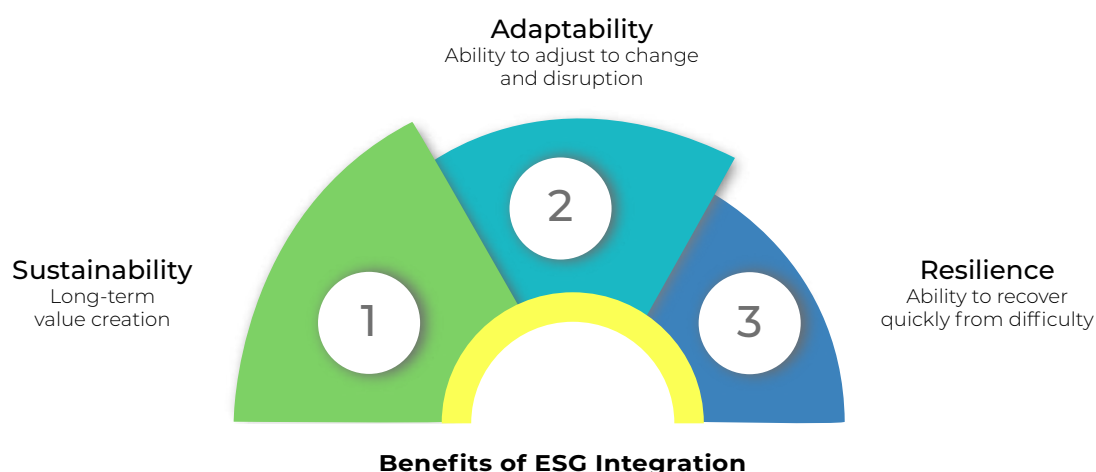
Environmental, Social, and Governance (ESG) has garnered great traction on the board-level agenda with the onset of the COVID-19 disruption. Among other factors, implementing responsible business practices augments the organisation's competitive advantage.

A few key tangible and intangible benefits due to ESG integration are:

- Better revenue visibility
- Resistance to market cycles
- Opportunity readiness
- Viability across market cycles
- Consistent sectorial outperformance
- Lasting brand recall

- Widespread compliances
- Increased global competitiveness
- Deep ESG fundamentals.

We at Finolex, acknowledge the necessity of ESG practice and seek to integrate the same with our core business operations. The integration of ESG issues in investment analysis, processes, and decision making is to enhance – **Sustainability, Adaptability and Resilience**



ESG AT FINOLEX

Finolex acknowledges that an ESG transformation is the need of the hour. We seek to leverage our in-house expertise to materialise this transformation, thus encashing potential green investments/initiatives. We firmly believe that our innate commitment to integrating ESG into our core business operations is a win-win proposition for the organisation as well as the society at large. ESG implementation is on our leadership's priority agenda.

A few of our existing initiatives in this regard are:

- *Pollution control through German technology and automated monitoring systems*
- *Energy saving initiatives*
- *Solid waste management*
- *Water harvesting*
- *Tree plantations*
- *Effluent recycling*
- *CSR activities are conducted in collaboration with Mukul Madhav Foundation*
- *Activities conducted include tree plantations, access to quality education, student scholarships, infrastructure built to promote sanitation implemented water schemes, and more*



Illustration of the ESG integration strategy at Finolex

While we have begun the journey and are on the right path, we intend to have a more robust and long-term strategy and goals on ESG that would reciprocate our vision towards quality and commitment to the environment. Bringing about a radical change cannot happen in a day, and we acknowledge the fact that we can achieve this goal when we work together for a common long-term vision, that is inclusive and sustainable. Engaging with our stakeholders, involving them in the process of identifying the priority areas for a sustainable business and communicating our progress is our objective.

OUR ESG ACHIEVEMENT IN 2022

RESPONSIBLE CARE®



Responsible Care® is a global initiative of nearly decades focusing on the chemical manufacturing industry which is recognised and practised in 68 countries around the world. Run by the International Council of Chemical Association and their nodal bodies, the Responsible Care Programme helps companies to significantly enhance their performance and improve the health and safety of employees, the community in which they operate and the environment as a whole.

In FY2022, Finolex Industries Limited was proud to be conferred permission to use the Responsible Care® logo for our Ratnagiri site in Maharashtra. After being audited, we became the 77th company in India to be given this privilege by the Indian Chemical Council, an apex industry body representing the chemical industry.

Although a matter of pride to our leadership in being amongst the top 100 companies in the country to have been granted this right, we realise that this is just the first step in our journey. Our company will continue to ensure world-class sustainable manufacturing operations and enhanced value to all our stakeholders by demonstrating our total commitment to the environment, health, safety, and security.

STAKEHOLDER ENGAGEMENT

We value all our stakeholders and engage with them for meaningful interactions and outcomes. Every stakeholder interaction is an opportunity for us to understand them and their views on our ESG priority areas. This will help us to broaden our ESG focus and determine our key material topics.

Our company has always worked towards upholding the legacy of our founder, which is to have positive impacts on the lives of all stakeholders. To that end, we continue to work towards creating long-lasting relationships within society, from suppliers to the communities we operate in.

Further, our company's contribution to "Atmanirbhar India: Make in India for India" is reflected in the ever-growing Finolex family, which includes our employees who drive the company towards a sustainable future.

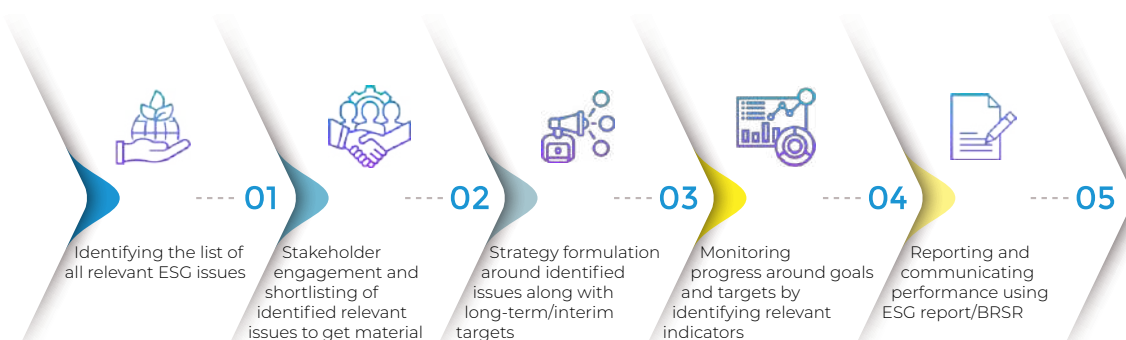
ESG STRATEGY AND ROADMAP DEVELOPMENT

Narrowing down on the priority areas is the first step to better planning and preparation to devise an ESG Strategy with the materiality assessment becoming the first step towards this for Finolex. We intend to establish ambitious ESG targets for all our material topics, thus, creating a net positive impact in the long-term. A detailed road map to achieve these strategic ESG goals will be charted out with clear milestones, action plans, and responsibilities. The status of our commitment to the goals will be communicated in the annual Sustainability Report.

DISCLOSURE OF ESG PERFORMANCE

We intend to transparently communicate our ESG performance through our Sustainability Report. We seek to align our Sustainability performance communication with UN Sustainable Development Goals, the GRI Standards, and other international standards and frameworks. Our sustainability committee will review and update our performance against all material topics. We are also working towards coming out with our first standalone ESG report, based on the GRI Standards this year. We would further participate in the DJSI rating which will be conducted by S&P Global and would demonstrate our ESG capability alongside sector peers.

ESG ROADMAP



MANAGEMENT DISCUSSION AND ANALYSIS

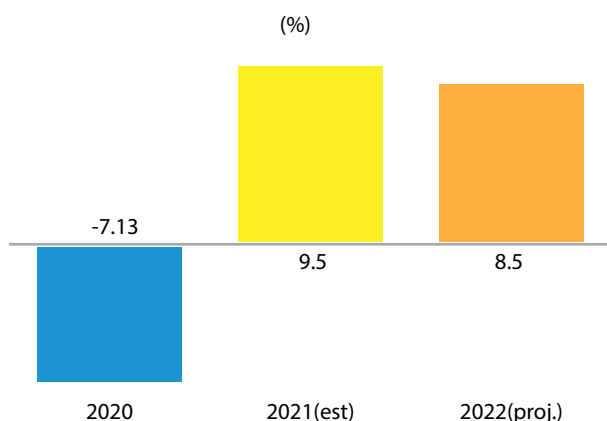
1. ECONOMIC OVERVIEW

1.1 Indian economy

India has emerged as the fastest-growing major economy in the world and is expected to be one of the top three economic powers over the next decade.

As per estimates, the Indian economy is expected to have grown at 9.2% in FY22. During the fiscal year that ended on March 31, 2022¹, the nation's nominal GDP is estimated to be \$3.12 trillion. Economic reforms and a high vaccination rate have laid a firm foundation for sustained growth in the Indian economy.

Real GDP Growth



The agriculture sector has seen a growth of 3.9% in FY22² as compared with 3.6% in the previous year. The area sown under Kharif and Rabi crops along with the production of wheat and rice has been steadily growing over the years and the agriculture and allied sectors are considered as having been the least impacted by the pandemic. A combination of good monsoon rains, supported by government policies ensuring the timely supply of seeds and fertilisers have resulted in an estimated record level of 150.50 million tonnes of food grain production for the year.

Similarly, the industrial sector is expected to see a large expansion of 11.8% in FY22 from a contraction of 7% in FY21. This was also observed in the manufacturing, construction, and mining sub-sectors. The services sector has seen sub-sectors such as IT-related services, finance, real estate and public administration segments reach above pre-COVID levels, while others such as travel and hotels are yet to fully recover.

Faster normalisation of economic activity along with rapid coverage in vaccination are some of the factors leading to growth in consumption in FY22.

Government consumption has also grown and is expected to grow further to surpass pre-pandemic levels. In addition, private consumption

is also estimated to have improved significantly to recover a large majority of pre-pandemic output levels and is expected to see a stronger recovery.

Investment is also predicted to see strong growth of 15% in FY22³, as measured by Gross Fixed Capital Formation (GFCF). The government's push on quickening the cycle of growth via CAPEX and infrastructure spending has increased capital formation in the economy, thus lifting the investment of the GDP ratio, the highest seen in seven years. Although private investment is still at a nascent stage in India, the banking sector, which has recently been refinanced, is expected to support increased growth in investment.

Indian exports have seen huge growth y-o-y with FY22 seeing a record of \$418 billion⁴ in comparison to \$291.80 billion, in FY21. While the situation in Ukraine has led to an increase in crude oil prices, the Indian economy could expect to benefit in other areas, such as the export of wheat to countries affected by the Russia-Ukraine war.

India's balance of payments remained in surplus over the last couple of years. This has allowed for an accumulation of foreign exchange reserves, which stand at \$622.27⁵ billion⁴ in the week ended 11th March, 2021.

Further waves of COVID-19, huge increases in the prices of commodities and crude oil, and transportation costs could increase pressure on consumers. However, government policies, along with a boost in revenues including direct and indirect taxes and record GST collections, have all combined to lay a solid foundation. This has predicted GDP growth of 8.2% in FY23, as per IMF⁵.

Outlook

There are risks with new waves of COVID-19 being at the fore, along with the Russia-Ukraine conflict, presenting a challenge to the post-pandemic global recovery. Sectors such as automobiles, pharmaceuticals, gems & jewellery, and fertilisers are facing some difficulties due to the conflict.

The downside risk to the Indian economy also depends on the continuation of the conflict in Ukraine. Although the economy may not be directly impacted as India's trade exposure to both countries is relatively limited, there would be indirect consequences to deal with.

A combination of inflationary pressures, fluctuations in currency rates, high crude oil prices, and forecasted demand moderation in developed countries are some of the factors that could affect the economic recovery. Mitigating this potential impact on growth would require close coordination between the government and the RBI.

Sources:

1. [IBEF](#)
2. [Press Information Bureau](#)
3. [The Economic Times](#)

4. [The Economic Times](#)
5. [The Business Standard](#)

Economic recovery depends on the government's infrastructure-led capital expenditure, a proactive fiscal policy along with excise cuts or subsidies to control inflation. Keeping a keen eye on the ground is critical to ensuring recovery despite the external situation that could potentially impact the economy.

However, agriculture and allied sectors have been forecasted to grow at 3.30% in FY23, thereby continuing their sustained growth over the last few quarters. In addition, the industry and services sectors are expected to grow by 5.9% and 8.5%, respectively.

2. PIPING INDUSTRY OVERVIEW



As per Allied Market Research, the global polyvinyl chloride (PVC) pipe market is expected to reach \$85.56 billion in 2022 and continue to grow. This is reflected by the diversity of usage among sectors that include Housing, Construction, and Infrastructure along with Agriculture.

The government has allocated ₹60,000 crore⁶ in the Union Budget 2022 for the flagship scheme – 'Har Ghar Nal se Jal' – to provide tap water to rural households. This translates to a 20% increase in budget allocation under this scheme. And, this will be most advantageous to organised pipe manufacturers, as the existing regulation encourages the participation of ISI marked pipes for application in any government project.

As per the finance minister, the current coverage of the scheme covered 87 million⁷ households, of which 55 million have been provided with tap water in the last two years. Therefore, the allocation of ₹60,000 crores has been made to cover 38 million households in FY23.

While unorganised players have a chance to participate in government projects if they can upgrade facilities and get an ISI certification, the biggest beneficiaries are the large, organised players which have already got a strong presence in the rural market.

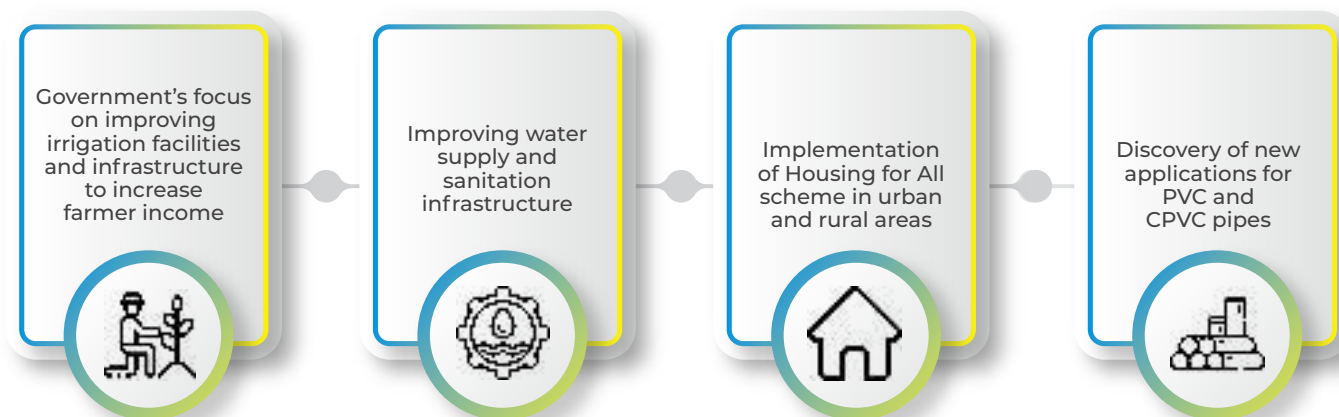
Additional government schemes such as Housing for All, AMRUT – Atal Mission for Rejuvenation and Urban Transformation, Swachh Bharat Mission, Jal Jeevan Mission, and Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) would further help boost demand in the piping industry within India.

These schemes, combined with market regions with relatively low penetration, such as the North East of the country, would ensure that the piping industry has the parameters for sustained high-growth moving forward.

India's plastic pipes industry is estimated to grow 11-12% CAGR over FY21-FY25⁸ and reach ₹550 billion to ₹600 billion by FY25. While a significant share of the market remains unorganised, there is a higher uptick in the market share growth of organised players. Currently, approximately 65% of the Indian piping industry is organised. The UPVC segment being 57-58% organised, and CPVC market segment being 80% organised. India is the fastest growing consumer of PVC and there remains large scope for sustained growth. Pipes and fittings form 73% of the end consumer market for PVC in India with the top 5 players expected to consolidate gains.

The biggest drivers of growth in the Indian piping industry are the rising demand for the irrigation, water supply and sanitation sectors, in addition to the demand for replacement of metal pipes in the residential real estate market.

Drivers of growth in the Indian piping industry are influenced by factors such as:



Sources:

6. [Allied Market Research](#)
7. [Polymer Update](#)

8. [India Equity Research](#)

Raw material cost-inflation combined with tax compliance becoming more stringent, has led to an increasing capture of market share by large organised players. This is expected to continue with the largest organised players gaining more market share even when compared to other regional organised companies who have struggled with growth.

The piping market is being driven by rapid urbanisation, demand for large and cost-effective sewage lines, rising activities and infrastructure developments, in addition to the factors mentioned earlier.

2.1 PVC pipes and fittings

The usage of PVC pipes and fittings is vast and they are the most widely used plastic pipes in the world. They are strong, durable, cost-effective, lightweight, free from corrosion, easy to install and long-lasting.

The most common applications of PVC pipes and fittings are plumbing, sewerage, irrigation and water supply. Further, the market in India is driven by a high rate of urbanisation which has created a demand for larger and cost-effective sewage lines, construction activities, and infrastructure development.

Over the years, the applications of PVC pipes have grown. Currently, Pipes and Fittings are used for the following:

- Irrigation schemes
- Potable water supply lines
- Biogas plants
- Rising main and distribution lines
- Main lines for sprinkler and drip irrigation
- Household and domestic applications
- Bore-well casing
- Industrial mining
- Sugar, paper and distillery lines
- Cold water plumbing applications
- Piping systems for swimming pools
- Pipes for hand pumps
- Industrial process lines
- Hospitals
- Academic institutes
- Hotels and resorts
- Manufacturing plants
- Highrise and independent houses
- Water discharge systems
- Venting of gases & odours in domestic plumbing
- Non-pressure industrial drainage application
- Rainwater transportation and harvesting

- Gravity drainage
- Transportation and discharge of industrial effluents
- Stormwater drainage
- Sewer flow

3. PVC RESIN INDUSTRY OVERVIEW

PVC resins are produced by a process called polymerisation of vinyl chloride and then blending them with additives. It is the third largest plastic in production and consumption. Technology has gradually improved over time with improvements in safety, product quality, production volume, environmental issues and cost.

PVC resins are used in pipes and fittings, profiles and tubes, windows and doors, sidings, wires and cables, film and sheets, toys and other moulded products and floorings.

Asia-Pacific is the largest market for PVC products, accounting for more than 50% of the global PVC market. A growing agriculture sector, infrastructure development, rapid industrialisation, favourable government policies, rising urbanisation 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.

4. COMPANY OVERVIEW

Finolex Industries Limited (Finolex / FIL/ Finolex Pipes) is one of India's most trusted brands in pipes and fittings and a leading producer of PVC resin, making it the largest backward integrated pipes company in India. We offer a wide range of PVC pipes and fittings suitable for applications in agriculture, plumbing and sanitation. With three state-of-the-art manufacturing facilities in Maharashtra and Gujarat, we have a pipes and fittings production capacity of 3,70,000 MT per annum and a PVC resin manufacturing capacity of 2,72,000 MT per annum.

4.1 Quality and durability of Finolex Pipes

Finolex is one of the largest producers of PVC pipes and fittings in India while also being a leading manufacturer of PVC resin. We offer a cutting-edge range of the highest quality PVC-U pipes and fittings that are known for their durability, as evidenced by feedback from the agriculture, construction and industrial sectors.

We take huge pride in the dependable quality of our products, which is also transferred to every aspect of our functioning, including our dealers, vendors and suppliers. This is achieved by aligning every decision, action and resource towards the delivery of superior quality pipes and fittings over the last 41 years.

From our focus on the management of raw materials to last-mile fulfillment, meeting customer expectations by upgrading machines and processes is the sole focus of our organisation to ensure that our standards never drop.

The evidence of our quality standards is reflected in the foundation of our manufacturing operations. With our ISO 9001:2015 certified Urse, Masar and Ratnagiri pipe plants, we can maintain the reliability and quality of our products and services across the country.

The flagship facility of Finolex is in Ratnagiri, which consists of an open sea cryogenic jetty and storage facility to receive raw materials. The quality standards are reflected in our management system certifications including ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018. Further, a PVC resin manufacturing facility ensures that all our pipe manufacturing facilities receive a dedicated supply of consistent and superior quality resin.

Our products being abrasion-resistant, with added mechanical strength, more toughness and high durability, have led to Finolex being a leader in housing and potable water applications in the plumbing industry. The stringent quality assurance approach implemented across our facilities and in all stages of manufacturing gives our products a high degree of reliability.

The Finolex passion for quality is shared by over 900 dealers and 21,000 retail touchpoints across the country, leading to the creation of trust among our customers. This is a solemn promise that we continue to keep and improve on, every day.

5. OVERVIEW OF THE PLUMBING AND SANITATION SECTOR

Whether building residential or commercial properties, a well-maintained plumbing and sanitation system is a prerequisite to ensure hygiene and safe drinking water. To meet the growing demand of future houses and smart cities, PVC Pipes provide an ideal solution. PVC Pipes are manufactured and fit-for-purpose, ensuring a high degree of hygiene and safe removal of waste water. From carrying liquids, gases, or waste – PVC Pipes are the present and future of the plumbing and sanitation sector of the nation, while also driving employment opportunities for millions of people.

5.1 Overview of Finolex Pipes used in the plumbing and sanitation sector

ASTM Pipes and Fittings:



Applications:

- Sugar industry, Paper industry, Distillery lines
- Cold water plumbing
- Piping systems for swimming pools
- Pipes for hand pumps
- Water distribution mains
- Industrial process lines

Features & Benefits:

- Lead-free, and environment and health friendly
- UV stabilised ensuring protection from direct sunlight
- Ideal for potable water transportation
- Meets global standards for housing and industry application
- Tough, durable, and immune to termites
- Corrosion-free and chemical resistant

For more information, refer our website <https://www.finolexpipes.com/plumbing-products/astm-pipes-fittings/>

CPVC Pipes and Fittings:



Applications

- Hospitals
- Academic institutes
- Hotels and resorts
- Swimming pools
- Manufacturing plants
- High rise and independent houses

Features and Benefits

- Lead-free and environmentally friendly
- UV stabilised
- Ideal for hot and cold-water applications
- Fire resistant
- High impact strength
- Leak proof joints
- Corrosion-free

For more information, refer our website <https://www.finolexpipes.com/plumbing-products/cpvc-pipes-fittings/>

SWR Pipes and Fittings:



Applications

- Waste discharge systems
- Venting of gases and odour in domestic plumbing

- Non-pressure industrial drainage
- Rain water transportation and harvesting

Features and Benefits

- UV stabilised
- Corrosion and rust-proof
- Lightweight
- Non-reactive to acids, alkalis, effluents, salts, and minerals
- Good resistance to combustion
- Stringent quality control

For more information, refer our website <https://www.finolexpipes.com/plumbing-products/swr-pipes-fittings/>

Sewerage Pipes:

Applications

- Gravity drainage
- Transportation and discharge of industrial effluents



- Drainage of surface water
- Sewer flow for transportation of soil and water discharge

Features and Benefits

- Corrosion and rust-proof
- Good resistance to combustion
- Non-reactive to acids, alkalis, effluents, salts, and minerals
- Self-socketed pipes help save time
- Low frictional losses and scale formation
- Non-conductor of electricity

For more information, refer our website <https://www.finolexpipes.com/plumbing-products/sewerage-pipes/>

5.2 Some key Government initiatives in area of clean drinking water and sanitation projects:

The Jal Jeevan Mission



The Jal Jeevan Mission led by the Government of India aspires to provide safe and adequate drinking water through individual household tap connections by 2024 to all households in rural India.

With a focus on the implementation of source sustainability, the Jal Jeevan Mission will mandate greywater management, water conservation, and rainwater harvesting. The functions under this mission include providing Functional Household Tap Connection (FHTC), In-village water supply infrastructure, and retrofitting of completed and ongoing piped water supply schemes to provide FHTC and improve services.

Swachh Bharat Mission and National Mission for Clean Ganga



The Swachh Bharat Mission and the National Mission for Clean Ganga (NMCG) will propel investments in Water Supply and Sanitation (WSS) and therefore impact plumbing and sanitation products. The Swachh Bharat Mission focuses on the construction of households, communities, and public toilets, including conversion to pour-flush latrines. All of these factors will help drive the plumbing and sanitation sectors.

Atal Mission for Rejuvenation & Urban Transformation



Atal Mission for Rejuvenation & Urban Transformation (AMRUT) initiative by the government is focused on providing basic infrastructure services such as water supply, sewerage, stormwater drains, and the development of green spaces.

Smart Cities Mission



Smart Cities Mission aims to provide cities with a clean and sustainable environment, so that citizens can enjoy a high standard of living through the implementation of smart solutions. Infrastructure elements include adequate water supply, sanitation and affordable housing.

6. OVERVIEW OF THE AGRICULTURE SECTOR



About 58% of India's population regards the agriculture sector as its primary source of livelihood. Currently, India is the largest producer of spices, pulses, milk, tea, cashew and jute while also being the second-largest producer of wheat, rice, fruits and vegetables, sugarcane, cotton and oilseeds.

The agriculture sector was COVID-19 resistant and has experienced growth in the last two years. Being the largest employer of the workforce, the agriculture sector accounted for 18.8% of the Gross Value Added (GVA) in FY22 and improved

growth by 3.9% in the same financial year. Moreover, growth in the allied sectors including livestock, dairying and fisheries have experienced high growth and have acted as drivers while also contributing to the government's push to improve farmers' income.

FY22 saw record food grain production and hit 150.50 million tonnes in the Kharif season, which is an increase of 0.94 million tonnes from FY21. In addition, as of 27th October 2021, the total Rabi area stood at 0.53 lakh hectares.

Agriculture and processed food exports hit \$21.50 billion by February 2022 against a target of \$23.70 billion for March 2022⁹. This was achieved by exports such as Maize which was up 22% y-o-y, hitting an all-time high of \$816.31 million in FY22¹⁰. All in all, farm exports surpassed the \$50 billion¹¹ mark in FY22 with marine products, spices, sugar and cereal (rice and wheat) being the main contributors.

The government has placed importance on promoting the production of oilseeds, given the high import of edible oil. Towards this goal, it is pertinent to note that production of oilseeds has steadily increased and grown by 43% between FY16 and FY21.

Government initiatives include promoting micro-irrigation via dry and sprinkler systems under

Sources:

9. [IBEF – Agricultural and Processed food exports](#)

10. [IBEF – Maize Exports](#)

11. [IBEF - \\$50 bn Farm Exports](#)

the 'Per Drop More Crop' component of Pradhan Mantri Krishi Sinchayee Yojana (PMKSY-PDMC). Other schemes and initiatives such as enhancing allocation to the rural infrastructure development fund, SWAMTIVA scheme, and pushing crop diversification with Minimum Support Price (MSP) are all suggestive of the agriculture and allied sectors experiencing sustainable growth.

6.1 Overview of Finolex Pipes used in the agriculture sector

PVC-U Pipes (Selfit and Ringfit):

Applications



- Irrigation schemes
- Potable water supply lines
- Biogas plants
- Rising main and distribution lines
- Main lines for sprinkler and drip irrigation
- Household applications

Features and Benefits

- Non-reactive to acids, alkalis, effluents, salts, and minerals
- All weather jointing
- Quick installation with Ringfit pipelines
- Low frictional losses and scaling
- Increased product life

For information, refer our website <https://www.finolexpipes.com/agriculture-pipes-fittings/selfit-pvc-u-pipes/>

Casing Pipes



Applications

- Domestic
- Irrigation
- Bore-well casing
- Industrial Mining

Features and Benefits

- Lead-free
- Excellent stiffness helps pipes withstand external pressure
- Horizontal slots enable laminar flow into the borewell reducing losses in the entrance of borewell
- Non-conductors of electricity
- Maintenance free and economical
- Manufactured from a special PVC-U compound with extra toughness
- Increased permeability due to continuous ribs
- Easy and quick installation

For more information, refer our website <https://www.finolexpipes.com/agriculture-products/casing-pipes/>

Column Pipes



Applications

- Ideal for both urban and rural applications as they are used for efficient extraction of water from borewell in either area

Features and Benefits

- Lead-free
- High tensile strength
- High torque resistant locking system ensures stable joint
- Light weight
- Easy to install
- Anti-abrasion and anti-corrosion

For more information, refer our website <https://www.finolexpipes.com/agriculture-products/column-pipes/>

Solvent Cement



Applications

- To facilitate strong and consistent joints between pipes, fittings, or pipe to fitting combinations

Features and Benefits

- High quality applicator for user-friendly and smooth application
- Colour coded solvent packaging for ease of identification
- Non-toxic and non-flammable
- Environmentally friendly due to low VOC emission

For more information, refer our website <https://www.finolexpipes.com/agriculture-products/solvent-cement-lubricants-agri-products/>

6.2 Government Initiatives to boost the agriculture sector¹²



Sources:

12. [The Business Standard – Farm Credit](#)

7. WHAT MAKES FINOLEX PIPES A STRONG COMPANY?



While factors such as rising input costs and disruptions to supply chain logistics could have temporary impacts, our company has been able to innovate and adapt to expand our presence. From expanding our product range and distribution network over the years, and strengthening our presence in the non-agriculture market and adapting to growing markets such as CPVC pipes, our Company is ready and prepared for the future.

7.1 Stronger with long lasting and durable pipes

- 41 years of product excellence – Over the last four decades, Finolex has persisted in improving and perfecting its product range by using the highest quality raw materials combined with state-of-the-art technology and manufacturing processes.

The approach to creating strong and durable pipes has seen us steadily add depth to our products and we have never compromised on our quality standards.

This constant drive to build quality into every aspect of our business has also seen our network of dealers and retail touchpoints grow by leaps and bounds.

- Backward Integration in PVC Resin – One of the biggest advantages that have led to the huge manufacturing capacity of Finolex is the backward integration it enjoys with its PVC Resin plant making our company the only one of its kind in India.

The advantages of backward integration are numerous, starting with cost optimisation. This has been achieved thanks to the foresight of our leaders. With Finolex now owning its own jetty in Ratnagiri we import raw materials from the market, and use it in the manufacturing of PVC Resin. This steady supply of raw material allows Finolex to control and maintain the quality of our products. In addition, the Ratnagiri facility includes a power plant ensuring a steady power supply and further reducing manufacturing costs.

All these factors ensure our company can maintain the quality of raw materials and finished products, optimise costs, and remain at the top of our industry.

- Robust manufacturing plants – Finolex has three manufacturing plants. Two in Maharashtra (Ratnagiri and Urse) and a third in Gujarat (Masar). Our insistence on quality is reflected by the ISO 9001:2015 certification that all our manufacturing facilities hold.

Our flagship facility in Ratnagiri stands on 650 acres of land that includes its own open sea cryogenic jetty to receive raw materials, storage facilities to stock them, a PVC pipe manufacturing plant, and a PVC Resin manufacturing facility in technical collaboration with Uhde GmbH, Germany and Hoescht Technology. In-house Resin manufacturing ensures that all our pipe manufacturing plants across locations receive a dedicated supply of consistent and superior quality Resin.

The keyword is quality. Finolex can ensure quality across its three facilities by using the latest technologies and most up-to-date manufacturing processes, which all lead to the further enhancement of value and the brand.

7.2 Stronger through long-lasting relationships

- Our Company values the support of its stakeholders and takes proactive measures to interact with them. It is of paramount importance to our leadership team to ensure that there is regular interaction with our stakeholders to understand their concerns and interests. Through our various CSR activities, we serve the underprivileged sections of society so as to ensure inclusivity. Our various modes of engagement led to long-lasting relations with stakeholders and society.



7.3 Stronger for empowered communities

Our Company's responsibilities do not end with our products and services but extend toward the building of our nation. This is just the beginning of our work towards empowering the people of India. We are constantly striving to impact the lives of the communities we serve through our partnership with the Mukul Madhav Foundation. Our vision is to connect people and nurture their dreams and aspirations by equipping them with skills and elevating the standard of living of underprivileged communities.

From educational facilities, hospitals and healthcare programmes, sanitation and environmental support to social welfare initiatives, we don't simply donate funds, we endow dignity.

Mukul Madhav Foundation

Our CSR partner, the Mukul Madhav Foundation (MMF) is an India-based charitable trust founded in 1999 with an overseas office in London, U.K. Registered under the Bombay Charitable Act 1950, MMF's mission is to help the most vulnerable communities with quality healthcare, education, equality, clean water and sanitation, thereby uplifting their standard of living and empowering people to rise above their circumstances. Together, our Company and MMF are building a legacy that inspires and unites.

These are our focus areas:

- Agriculture and 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 the differently-abled
- Technology incubators
- Support for armed forces/veterans
- Contribution to Swachh Bharat Kosh Clean Ganga Fund
- Animal welfare

8. THREATS

Our Company continues to remain vigilant to any threats that the business may face and we are committed to be prepared for unforeseen circumstances through good governance, forethought and planning.

• Re-occurrence of COVID-19 pandemic-like conditions

COVID-19 remains foremost in our thoughts and is still considered a threat to businesses worldwide. While many may consider the economy to have entered a post-pandemic phase, the rise of COVID-19 cases in other countries hints at potential threats. The construction industry has previously felt the strain during COVID-19 as workers are inherently required on construction sites and unable to work remotely. Employee safety remains a moral imperative and vigilance must be maintained accordingly.

• Low consumer spending

Geopolitical tensions combined with an economy still recovering from the pandemic has shown that consumers spending has increased but has not surpassed pre-pandemic levels yet. Job losses, wage reductions, and increased medical expenditure due to the pandemic may continue to stay in consumers minds and dampen spending.

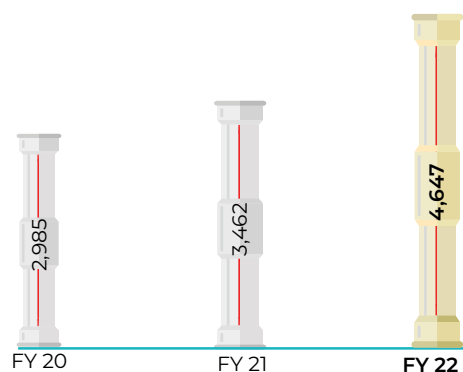
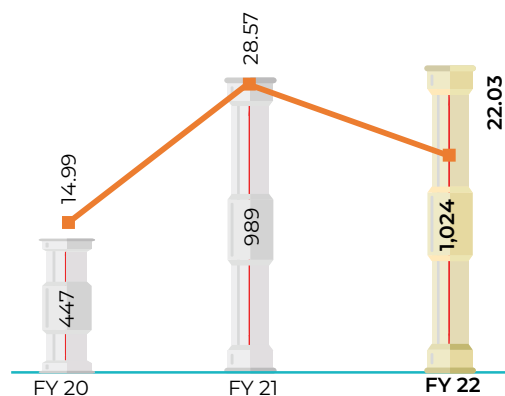
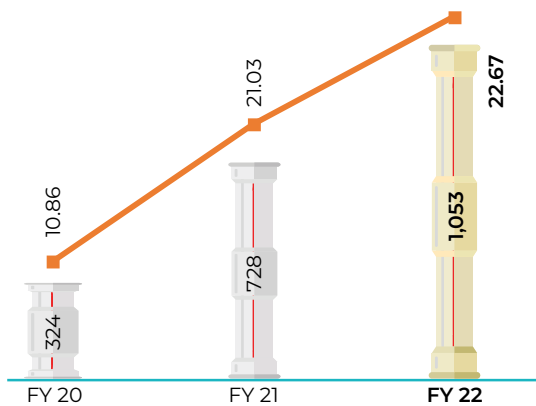
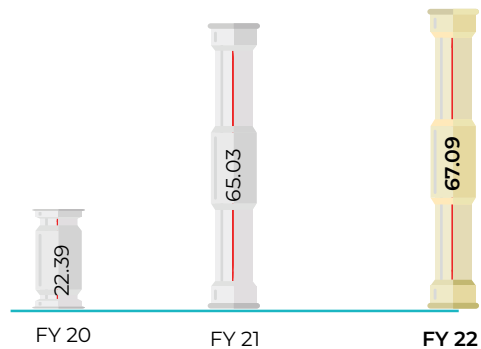
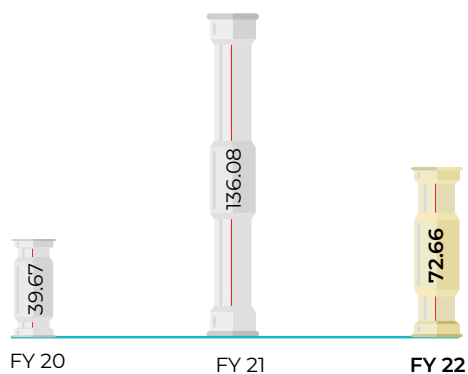
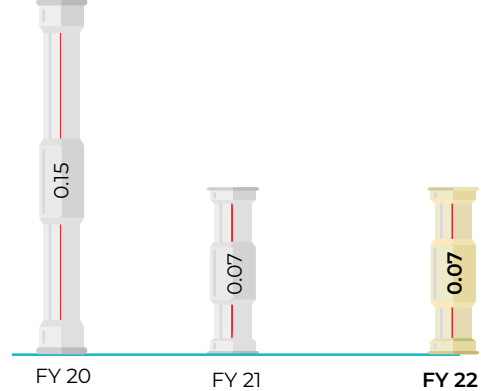
• Rise in costs

The Russia-Ukraine conflict has led to a rise in oil prices and other products related to the agriculture sector such as fertilisers, Potassium etc. Supply chain disruptions have led to inflation in multiple economies. The impact from inflation is not restricted to agriculture. It will also reflect in the housing sector and many of the banks in India have increased their retail prime lending rate on housing loans. Further, India's Wholesale Price Index (WPI) has also seen a hike in March, 2022.

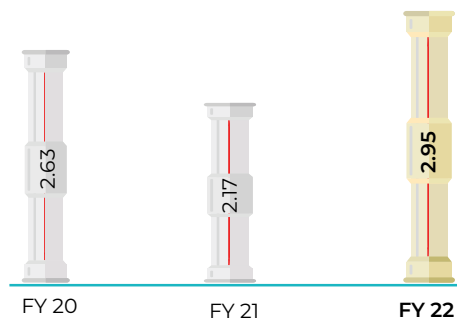
9. FINANCIAL REVIEW AND ANALYSIS

Particulars	Unit	FY 2022	FY 2021	Variance	Reasons for variation of >25%
Revenue	₹ Crore	4,647	3,462	34%	Higher volumes and increase in share of revenue from plumbing and sanitation
EBITDA	₹ Crore	1,024	989	3%	-
EBITDA margin	%	22.03%	28.57%	-23%	-
PAT	₹ Crore	1053	728	45%	Attributable to exceptional gain of ₹376 Cr on transfer of leasehold rights
PAT margin	%	22.67%	21.03%	8%	-
RoCE	%	67.09%	65.03%	3%	-
Interest coverage ratio	Times	72.66	136.08	-47%	Increased finance costs in the FY2021-22
Debt-equity ratio	Times	0.07	0.07	8%	-
Inventory turnover ratio	Times	2.95	2.17	36%	Improvement in inventory turnover cycle
Debtors turnover ratio	Times	19.27	31.31	-38%	Debtors turnover ratio decreased by 38.5% due to increase in average debtors in FY 2021-22 in line with increase in share of revenue from plumbing & sanitation
EV/EBITDA	Times	9.37	7.95	18%	-
Market capitalisation	₹ Crore	9,596	7,864	22%	-
Current ratio	Times	1.20	1.26	-5%	-
EPS	₹ Per share	16.98	11.73	45%	Attributable to exceptional gain of ₹376 Cr on transfer of leasehold rights
Return on net worth	%	27.27%	23.69%	15%	-

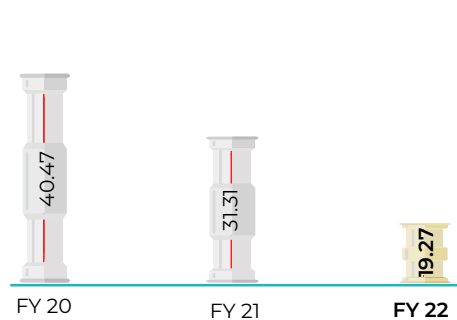
Financial Analysis

Revenue
(₹ Crore)

EBITDA/EBITDA margin

PAT/PAT margin

ROCE
(%)

Interest coverage ratio
(Times)

Debt-equity ratio
(Times)


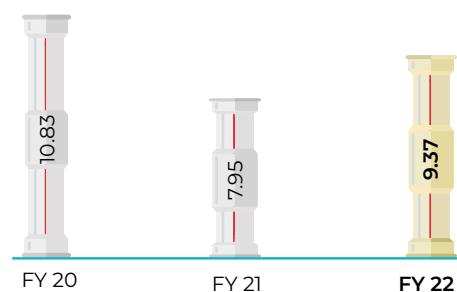
Inventory turnover ratio (Times)



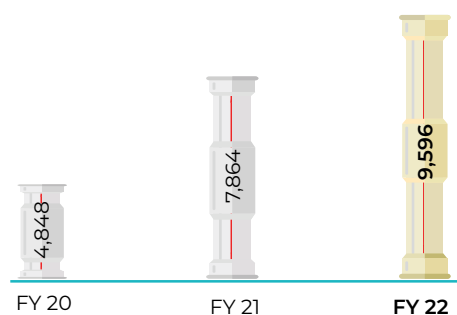
Debtor's turnover ratio (Times)



EV/EBITDA (Times)



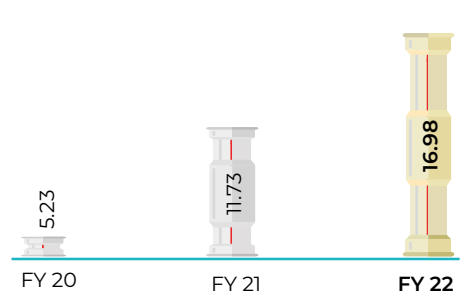
Market capitalisation (₹ Crore)



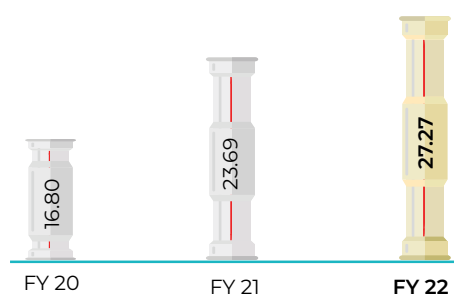
Current ratio (Times)



EPS (₹ per share)



Return on net worth (%)



Transparency in information sharing

Transparency means the availability of full information that is required for collaboration, cooperation and collective decision making. It involves being totally vulnerable to scrutiny and reasonable judgment with the provision of accurate information. The Company understands the value of transparency for building lines of communication, and for propagating its culture with authenticity and competency.

The Company believes in upholding the utmost transparency across all its business operations and therefore considers it a prime responsibility to disclose relevant information to its stakeholders. The Company also strives to provide the maximum possible information in the Management Discussion and Analysis segment of the Annual Report.

10. RISK MANAGEMENT AND MITIGATION

Risk	Mitigation
Economic risk A repeat of major events such as a recurrence of COVID-19 pandemic lockdown along with other geopolitical crises may impact economic growth	India's economic growth is still expected to become the fastest growing major economy in the world due to progressive initiatives by the Central Government. This includes regulatory reforms, investment plan propositions and budgetary support. Our Company has proven to be resilient, consistent, and sustainable in providing growth and delivering robust results.
Competition risk New players entering the market in addition to other organised players looking to increase market share with a rise in opportunities does pose a risk to our predicted margins and market share	Our Company has worked tirelessly to maintain its competitive advantage. This has been achieved by differentiating its value proposition and we believe taking such actions continuously will ensure we remain relevant and at an advantage over the competition. Some of the actions taken to achieve this includes: <ul style="list-style-type: none"> • Focus on the plumbing and sanitation business through enhanced credit to dealers, addition of new SKUs, and entering new markets like the North East of India • Maintain the highest product quality standards • Increase our network of dealers and deepen our relationship with them • Regular and important branding exercises. • Improved logistics networks to increase our reach • Increased participation of on-field influencers
Input risk An increase in the prices of raw materials may impact the Company's margins and affect our profitability	<p>Within the Pipes and Fittings segment, any adverse impact of an increase in raw material prices is generally passed on to its customers, thereby protecting the Company from price fluctuations.</p> <p>In the PVC Resin segment, Your company is affected by the volatility of prices of certain commodity chemicals (Ethylene and PVC) and intermediates (EDC and VCM). Our operations require a continuous purchase and supply of materials such as Vinyl Chloride Monomer (VCM), Ethylene and Ethylene Dichloride (EDC) for the manufacturing of PVC Resin. The prices of PVC Resin manufactured by us is monitored by Company Management and adjusted to respond to change in import parity price of PVC in the market. The market price of input and output are generally adjusted over a period of time and therefore, the Company is exposed to price variations only for a limited period.</p>
Geographic concentration risk There remains the risk of concentration of the business in only a few geographies which may limit our Company's customer reach and engagement. Additionally, this may impact marketability and consumer familiarity which may impact our profitability	This risk has been mitigated by the fact that Your company has established three separate plants in Ratnagiri, Pune and Masar along with a wide distribution network of dealers and retailers that cater to customers across the country including less penetrated market regions such as the North East of India.

11. HUMAN RESOURCES

Your company has always kept our employees at the forefront of the organisation. We realise the importance of our employees who have contributed to our company's success and growth.

As a core element of our company, we are aware of the significance of our employees to the organisation's long-term value generation potential and therefore, we have established an exhaustive human resources strategy that focuses on working as a team to achieve goals. To that end, our company has implemented several initiatives to help skill our employees to further enhance their productivity and increase employee engagement. We continue to dedicate resources towards the development of leadership skills and competencies to ensure employee growth within the organisation.

These initiatives have also helped in retaining our best talent while establishing the organisation as an attractive work place with an engaged and productive workforce. As of March 31, 2022, our employee strength stood at 1,379.

12. INTERNAL CONTROL SYSTEMS

Your 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 directors and one non-independent & non-executive director, monitors the performance of the internal audits. This is conducted on a periodic basis through audit plans, audit findings and the promptness of issue resolution through follow-ups.

13. INTERNAL FINANCIAL CONTROL

Your Company has well established and well documented internal financial controls which are commensurate with the nature of its business and the size and complexity of its operations. These controls form the basis of the overall framework of governance under which the Company operates. Moreover, these controls ensure the adequate safeguarding of the Company's assets, adherence of the Company's policies, prevention and detection of errors, accuracy and completeness of financial records along with the necessary checks and balances to ensure the smooth functioning of the organisation. The internal financial controls are reviewed periodically to ensure the effectiveness and sustenance is maintained.

14. CAUTIONARY STATEMENT

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

BOARD OF DIRECTORS' REPORT

To the Members,

Your directors have pleasure in presenting the forty-first annual report together with the audited financial statements (both standalone and consolidated) for the financial year ended March 31, 2022.

State of the Company's affairs

Financial Results

(₹ in Crores)

Particulars	Standalone		Consolidated	
	2021-22	2020-21	2021-22	2020-21
Profit before depreciation, exceptional items & finance charges	1,106.90	1,061.79	1,104.50	1,077.05
Less: Finance charges	14.09	7.27	14.09	7.27
Profit before depreciation, exceptional items and taxation	1,092.81	1,054.52	1,090.41	1,069.78
Less: i. Depreciation	83.40	77.72	83.40	77.72
ii. Exceptional items (gain)/loss	(376.06)	-	(376.06)	-
iii. Provision for taxation	332.00	248.78	331.73	254.27
Profit after depreciation, exceptional items and taxation	1,053.47	728.02	1,051.34	737.79
Add/(Less):				
i. Retained earnings at the beginning of the year	2,160.17	1,431.92	2,226.25	1,488.09
ii. Re-measurement of defined benefit plans and income tax effect	(0.24)	0.23	(0.24)	0.23
iii. Share of Other Comprehensive Income (OCI) of Associate for the year	-	-	0.09	0.14
iv. Dividend	(248.19)	-	(248.19)	-
Retained earnings at the end of the year	2,965.21	2,160.17	3,029.25	2,226.25
Earnings per equity share	16.98	11.73	16.94	11.89

Operations

The operational performance is summarized below:

(₹ in Crores)

Particulars	Standalone		Consolidated	
	2021-22	2020-21	2021-22	2020-21
Revenue from operations	4,647.32	3,462.27	4,647.32	3,462.27
Other income	83.16	72.48	82.23	71.55
Total income	4,730.48	3,534.75	4,729.55	3,533.82
Profit before tax (before exceptional item)	1,009.41	976.80	1,008.48	975.87
Exceptional item gain/(loss)	376.06	-	376.06	-
Profit before tax (after exceptional item)	1,385.47	976.80	1,384.54	975.87
Share of profit of associate before tax	-	-	(1.47)	16.19
Profit after tax	1,053.47	728.02	1,051.33	737.79
PVC Pipes and Fittings				
Production – in MTs	230,847	212,706	230,847	212,706
Sale – in MTs	236,895	212,059	236,895	212,059
Sale – in ₹Crores	3,852.67	2,634.75	3,852.67	2,634.75

(₹ in Crores)

Particulars	Standalone		Consolidated	
	2021-22	2020-21	2021-22	2020-21
PVC Resin				
Production – in MTs	214,186	225,035	214,186	225,035
Sale – in MTs (including inter divisional)	224,923	236,085	224,923	236,085
Sale – in ₹Crores (including inter divisional)	2,962.10	2,273.31	2,962.10	2,273.31

The total production capacity of PVC pipes & fittings stands at 3,70,000 MT p.a. The sales volume for PVC pipes & fittings was 2,36,895 MT for the financial year ended March 31, 2022 as against 2,12,059 MT for the financial year ended March 31, 2021. Total standalone income was at ₹4,730.48 Crores for the financial year ended March 31, 2022 against ₹3,534.75 Crores for the financial year ended March 31, 2021. Profit after tax was at ₹1,053.47 Crores for the financial year ended March 31, 2022 as against ₹728.02 Crores for the financial year ended March 31, 2021.

The financial year 2021-22 began with the pandemic situation caused by second wave spread by the COVID-19 all over the world. Consequent to the emergence of second & third wave of the COVID-19 pandemic, driven by the highly transmissible Delta and Omicron COVID variants respectively, your Company undertook timely and essential measures to ensure the safety and well-being of its employees & stakeholders at all its plant locations and offices & complied with Government and Health authorities' advisory. In these circumstances, your Company has worked tirelessly to address the challenges and implemented necessary changes commensurate with the Company's business requirements and your Company provided the required support to the workforce. These measures are monitored on a regular basis to ensure a progressive return to the desired growth rates. The employee support in terms of adherence to our benchmark COVID SOP's and ensuring timely vaccination, has helped in minimizing its impact on our operations.

Consequent to the approval of the Board of Directors at their meeting held on September 15, 2021, the Company has transferred leasehold rights of approx. 34.88 acres of land (out of approx. 70 acres) post completion of necessary regulatory approvals and formalities. The Company has accordingly, recognised ₹376.06 crores net gain, disclosed as exceptional item during Q4 FY 2021-22.

Dividend

The Board of Directors has recommended dividend at 200% i.e. final dividend at 100 % i.e. ₹2 per equity share and a special dividend at 100% i.e. ₹2 per equity share (subject to deduction of tax at source). The dividend on equity shares, if approved by the Members, will absorb ₹248.19 Crores. As per Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015, ("Listing Regulations") the Company has formulated a Dividend Distribution Policy which has been uploaded on the Company's website https://www.finolexpipes.com/site/assets/files/12927/dividend_distribution_policy.pdf.

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 ₹1,039.07 Crores [Previous year ₹1,143.07 Crores] was transferred to Reserves and Surplus of Balance Sheet.

Deposits

During the year, the Company has not accepted any deposits from public, as described under Chapter V of the Companies Act, 2013 and as such no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

The Company had no unpaid /unclaimed deposit(s) as on March 31, 2022.

Management discussion and analysis

Pursuant to Regulation 34 (2) of the Listing Regulations, 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 consolidated financials of Finolex Plasson Industries Private Limited. The Company has not consolidated financials of 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 2021-22.

Subsidiary and Associate Companies

In terms of Section 129(3) of the Act 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 statements which is annexed and forms part of this annual report.

During the financial year 2021-22, there is no change in associate company(ies) of the Company.

The Company has formulated the policy on material subsidiaries in alignment with the provisions of Regulation 16 (i) (c) of the Listing Regulations. As required under Regulation 46 (2)(h) of the Listing Regulations, the Material Subsidiary Policy has been uploaded on the Company's website https://www.finolexpipes.com/site/assets/files/12930/policy_on_material_subsidary-1.pdf.

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

Sr. No.	In the accounts of	Disclosure of amount at the year end and the maximum amount of loans/ advances/investments outstanding during the year	Remarks
1.	Holding Company	<ul style="list-style-type: none"> Loans and advances in the nature of loans to subsidiary by name and amount. Loans and advances in the nature of loans to associates by name and amount. Loan and advances in the nature of loans to firms/companies in which directors are interested by name and amount. 	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

There are no transactions made by the Company with any person or entity belonging to the promoter/promoter group which hold(s) 10% or more shareholding in the Company.

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) and (t) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Listing Regulations along with compliance certificate dated May 18, 2022 obtained from M/s. SVD & Associates, Practicing Company Secretaries, is annexed and forms part of this annual report.

Material changes and commitments

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

Contracts or arrangements with related parties

The particulars of related party transactions are stated in the note no. 37 in the financial statements and Annexure-2 of this report.

None of the transactions with related parties falls under the scope of Section 188(1) of the Act. 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 entered into 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 Act, in Form AOC-2, is not applicable and hence does not form part of this report. All related party transactions are placed before the Audit Committee for approval. The Company has developed a Related Party Transactions Manual, Standard Operating Procedures for the purpose of identifying and monitoring such transactions.

In line with the requirements of the applicable provisions of the Companies Act, 2013 and the Listing Regulations, the Company has formulated a policy on Related Party Transactions and the same is available on website of the Company at https://www.finolexpipes.com/site/assets/files/12932/related_party_transactions_policy.pdf.

Risk management

During the financial year 2014-2015, your directors had constituted a Risk Management Committee. The Risk Management Committee was reconstituted with effect from 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. Ernst & Young, LLP 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. Based on the work performed by the internal, statutory and secretarial auditors and external consultants, including the audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by management, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2021-22.

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 resigned are reported as under:

1. Appointment and re-appointment of Directors:

Earlier the Board of Directors at its meeting held on May 21, 2016 based on the recommendation of the Nomination and Remuneration Committee had

re-appointed Mr. Prakash P. Chhabria (DIN 00016017) as Whole-time Director designated as Executive Chairman and Mr. Sanjay S. Math (DIN 01874086) as Managing Director, for a period of five years from the December 1, 2016 respectively. The said re-appointments of Mr. Prakash P. Chhabria and Mr. Sanjay S. Math were approved by the Members at 35th Annual General Meeting held on August 11, 2016. Earlier, the Board of Directors at its meeting held on August 26, 2016 based on the recommendation of the Nomination and Remuneration Committee had appointed Mr. Anil V. Whabi (DIN 00142052) as Whole-time Director designated as Director - Finance for a period of five years from August 26, 2016. The said appointment of Mr. Anil V. Whabi was approved by the Members at 36th Annual General Meeting held on August 11, 2017. The tenure of Mr. Whabi as Whole-time director designated as Director (Finance) of the Company was completed on close of business hours of August 25, 2021 and accordingly he ceased to be director of the Company.

The Board of Directors at its meeting held on November 27, 2021 based on the recommendation of the Nomination and Remuneration Committee and subject to approval of members at the ensuing Annual General Meeting re-appointed Mr. Prakash P. Chhabria, Chairman of the Company, as whole-time director designated as Executive Director, Mr. Sanjay S. Math, as Managing Director and appointed Mr. Anil V. Whabi as an additional & Whole-time Director designated as Director - Finance with effect from December 1, 2021 for the tenure as mentioned in the respective business item(s) relating to their appointment/re-appointment of the annexed AGM notice and Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013.

Mr. Sanjay S. Math, Managing Director of the Company will retire with effect from the close of business hours of May 31, 2022. The Board of Directors at its meeting held on May 18, 2022, re-designated and appointed Mr. Anil V. Whabi as Managing Director of the Company with effect from June 1, 2022 for a period of one year subject to approval of the Members of the Company.

The Board of Directors at its meeting held on May 18, 2022 based on the recommendation of the Nomination and Remuneration Committee appointed Mr. Saumya S. Chakrabarti (DIN 09594036) as an additional & Whole-time Director designated as Director - Technical effective from June 1, 2022 subject to approval of Members at the ensuing Annual General Meeting.

Mr. Anil V. Whabi and Mr. Saumya S. Chakrabarti were appointed as additional Directors on the Board of the Company with effect from December 1, 2021 and June 1, 2022 respectively, till the conclusion of ensuing Annual General Meeting.

A notice under Section 160 of the Act, has been received nominating the candidature of Mr. Anil V. Whabi and Mr. Saumya S. Chakrabarti for their appointment as Directors of the Company.

The period of appointment/ re-appointment of the said Directors are as mentioned below:

1. Mr. Prakash P. Chhabria, Chairman of the Company, re-appointed as Whole-time Director designated as Executive Director for a period of five years from December 1, 2021 to November 30, 2026.
2. Mr. Sanjay S. Math, re-appointed as Managing Director of the Company for a period of six months from December 1, 2021 to May 31, 2022.
3. Mr. Anil V. Whabi, appointed as Whole-time Director of the Company designated as Director – Finance for a period of six months from December 1, 2021 to May 31, 2022 and re-designated and appointed as Managing Director of the Company from June 1, 2022 to May 31, 2023.
4. Mr. Saumya S. Chakrabarti, appointed as Whole-time Director of the Company designated and appointed as Director - Technical for a period of five years from June 1, 2022 to May 31, 2027.

The resolutions for the aforesaid respective appointment(s) / re-appointment(s) including payment of their remuneration and details of their brief resume, nature of expertise in specific functional areas, disclosure of relationship between directors inter-se, names of the listed entities in which the person also holds the directorship and the membership of the Committee of the Board of directors and shareholding in the Company as required pursuant to Listing Regulations and the Secretarial Standards on General Meetings (SS-2) are contained in the notice of the ensuing annual general meeting.

The Board recommends the appointment and re-appointment of Whole-time Directors and Managing Director as stated above and payment of their remuneration.

2. Retirement of Mr. Sanjay S. Math, Managing Director

Mr. Sanjay S. Math will retire as Managing Director of the Company with effect from close of business hours of May 31, 2022 after rendering more than 14 years of dedicated service to the Company. The Board of Directors at its meeting held on May 18, 2022 has considered and approved the retirement of Mr. Sanjay S. Math, Managing Director and also Key Managerial Personnel with effect from the end of the current term of appointment on close of business hours of May 31, 2022.

The Board places on record its deep sense of appreciation for the valuable contributions made by him during his tenure.

3. Re-appointment of Director

Mrs. Ritu P. Chhabria (DIN 00062144), Non-Executive & Non-Independent Director will retire by rotation as Director at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment. The Board recommends her re-appointment.

4. Independent Directors

Ms. Bhumika L. Batra (DIN 03502004), Mrs. Kanchan U. Chitale (DIN 00007267), Dr. Deepak R. Parikh (DIN 06504537), Mr. Pradeep R. Rathi (DIN 00018577) and Mr. Anami N. Roy (DIN 01361110) are Non-Executive Independent Directors of the Company. Pursuant to Section 149 (7) of the Act, all Independent Directors have submitted declaration that:

- A) Each of them meet the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) of the Listing Regulations;
- B) They are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence pursuant to Regulation 25 of the Listing Regulations and there has been no change in the circumstances affecting their status as independent directors of the Company;
- C) They have complied with the requirement of inclusion of their name in the data bank maintained by Indian Institute of Corporate Affairs as envisaged under Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, as applicable and they hold valid registration certificate with Data Bank of Independent Directors.

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

5. Key Managerial Personnel (KMP)

Pursuant to the provisions of Section 203 of the Companies Act, 2013 Mr. Sanjay S. Math, Managing Director, Mr. Anil V. Whabi, Director – Finance & Chief Financial Officer and Mr. Ashutosh B. Kulkarni, Company Secretary are the Key Managerial Personnel of the Company as on March 31, 2022.

The Board of Directors on recommendation of Nomination and Remuneration Committee and Audit Committee, at its meeting held on May 18, 2022

appointed Mr. Niraj Kedia, as Chief Financial Officer and Key Managerial Personnel with effect from May 20, 2022. Consequently Mr. Anil V. Whabi will cease to be Chief Financial Officer with effect from end of business hours of May 19, 2022.

Mr. Sanjay S. Math Managing Director of the Company will retire with effect from close of business hours of May 31, 2022 and accordingly he will cease to be Key Managerial Personnel of the Company with effect from June 1, 2022.

Training and familiarization programme for directors

In compliance of the Regulation 25 (7) of the Listing Regulations, the Company has conducted 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.

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/site/assets/files/13104/familiarization_programmes_for_independent_directors_fy_2021-22.pdf.

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 are furnished in **Annexure-1**.

The Company's Nomination and Remuneration Policy is available on the Company's website https://www.finolexpipes.com/site/assets/files/12928/nomination_and_remuneration_policy.pdf.

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 Listing Regulations.

In a separate meeting of independent directors, performance of non-independent directors, the Board as a whole and Chairman of the Company was evaluated, taking into account the views of executive directors and non-executive directors. The above criteria are broadly based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors on the basis of criteria such as the contribution of the individual director to the board and committee meetings. At the board meeting, the performance of the Board, its Committees, and individual directors was also discussed. Performance evaluation of independent directors was done by the entire Board, excluding the independent director being evaluated.

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-2**.

Particulars of employees

In accordance with the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of employees drawing remuneration in excess of the limits set out in the aforesaid Rules, forms part of this Report. Further, the Report and the Accounts are being sent to the Members excluding the aforesaid annexure. In terms of Section 136(1) of the Act, any Member, who is interested in obtaining these, may write to the Company Secretary at investors@finolexind.com. The same is also open for inspection during working hours at the Registered Office of the Company.

Auditors and Auditors' Report

In the 36th Annual General Meeting held on August 11, 2017, M/s P.G. Bhagwat LLP, Chartered Accountants (ICAI Firm Registration No. 116231W/W-100024), was re-appointed as Statutory Auditors of the Company to hold office for five consecutive years starting from the conclusion of the thirty sixth Annual General Meeting held on August 11, 2017 until the conclusion of the forty-first AGM of the Company. M/s P.G. Bhagwat LLP tenure of 5 years as Statutory Auditors concludes at this ensuing Annual General Meeting ('AGM').

The report of the Statutory Auditors on the Standalone and the Consolidated Financial Statements for the financial year ended March 31, 2022 is enclosed to this Report and does not contain any qualification, reservation or adverse remark requiring any explanations / comments by the Board of Directors.

The Board of Directors of the Company has on the recommendation of the Audit Committee at its meeting held on May 18, 2022 and as per Section 139 of the Companies Act, 2013 proposed to appoint M/s. Walker Chandiok & Co. LLP (Firm Registration No. 001076N/N500013), Chartered Accountants, as the Statutory Auditors of the Company for a tenure of 5 consecutive years, to hold the office from the conclusion of the forty-first AGM until the conclusion of the forty-sixth AGM of the Company to be held in year 2027. The appropriate resolution seeking your approval for the appointment and remuneration of M/s. Walker Chandiok & Co. LLP as the Statutory Auditors forms part of the Notice convening the 41st AGM of the Company.

Further, M/s. Walker Chandiok & Co. LLP have under Section 139(l) of the Companies Act, 2013 and the Rules framed thereunder, furnished a certificate of their eligibility and consent for the appointment. They have further confirmed that the said appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for the appointment and hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India. The Board commend to seek consent of its Members on appointment of Walker Chandiok & Co. LLP as Statutory Auditors for tenure of 5 consecutive years, to examine and audit the accounts of the Company during the said period.

Cost Auditors

Your Company has maintained cost accounting records as specified by the Central Government under Section 148(l) of the Companies Act, 2013. For the financial year 2021-22, M/s. S. R. Bhargave & Co. Cost Accountants (Firm Registration No. 000218) have conducted the audit of the cost records of the Company.

The Board at its meeting held on May 18, 2022 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 March 31, 2023. Pursuant to the provisions of Section 148 of the Companies Act, 2013 and Rules made thereunder, the ratification by the Members is necessary for the payment of remuneration to the cost auditors. Your directors recommend the same.

The Cost Audit Report for the financial year 2020-21, 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 October 4, 2021.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. SVD & Associates, Practising Company Secretaries, Pune (Peer Review No: P2013MH075200) to undertake the secretarial audit of the Company for the financial year 2021-22. The secretarial audit report for the financial year 2021-22, is enclosed as **Annexure-3**.

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

The statutory auditor's report and the secretarial auditor's report do not contain any qualifications, reservations, or adverse remarks or disclaimer.

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 Act.

Annual return

Pursuant to Section 92(3) and Section 134(3)(a) of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, the annual return of the Company for the financial year March 31, 2022 is available on the website of the Company and can be accessed at <https://www.finolexpipes.com/investors/compliance-report/>.

Number of meetings of the Board

During the year under review, nine 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 committees of the directors pursuant to the Listing Regulations 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 Listing Regulations.

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 2021-22.

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 March 31, 2022, 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 judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2022 and of the profit of the Company for the year ended in 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.

Details in respect of fraud reported by Auditors

During the year under review, the statutory auditors or the secretarial auditors or the cost auditors have not reported to the audit committee/ Board and/or Central Government, under Section 143 (12) of the Companies Act, 2013 read with rules framed thereunder, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's report.

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 Listing Obligations, 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 complaint was 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 Company has in place the digital structured database to monitor the insider trading activities.

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, viz. 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. 04 to the financial statements for the financial year 2021-22.

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.

There are no application made or proceeding pending under the Insolvency and Bankruptcy Code, 2016 as at the end of the financial year, nor has the Company done any one time settlement with any Bank or Financial Institutions.

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.

Details pursuant to Regulation 14 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 is available on the Company's website https://www.finolexpipes.com/site/assets/files/13346/disclosure_under_sebi_regulations_on_esop_2021-22.pdf.

The Company has obtained certificate from SVD & Associates, secretarial auditors of the Company pursuant to Regulation 13 of the Securities Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

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 Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is enclosed as **Annexure-4**.

Business Responsibility Report

Business Responsibility Report for the year ended March 31, 2022 as stipulated under Regulation 34(2) (f) of the Listing Regulations, is enclosed as **Annexure-5**.

Corporate Social Responsibility

The Board has constituted a Corporate Social Responsibility (CSR) Committee and also framed the corporate social responsibility policy pursuant to Section 135 of the Companies Act, 2013. The required details pertaining to the composition 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/site/assets/files/12926/corporate_responsibility_policy.pdf.

As a responsible corporate citizen, your Company conducts CSR activities in education, healthcare, sanitation, skill developments, social welfare, water conservation and women empowerment through its CSR partner, Mukul Madhav Foundation ("MMF"). Your Company has been actively contributing to the social and economic development of the underprivileged mainly in and around your Company's plants situated at Ratnagiri and Urse in the state of Maharashtra and at Masar in the state of Gujarat. During the financial year 2021-22, the Company's CSR efforts included COVID-19 relief in multiple states.

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 2021-22, your Company in association with MMF has incurred expenditure on various CSR activities aggregating ₹19.00 Crores against the mandatory CSR expenses of ₹12.38 Crores.

The Annual report on the CSR activities is enclosed as **Annexure-6**.

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

May 18, 2022
Place: London

Prakash P. Chhabria
Executive Chairman
DIN : 00016017

Annexure-1 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-2 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:**

- i) The percentage increase in remuneration of each director, chief financial officer, company secretary or manager, if any, in the financial year 2021-22, the ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2021-22 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 2021-22 (₹. in Crore)	Percentage increase/ (decrease) in remuneration in the Financial Year 2021-22	Ratio of remuneration of each Director to the median/ remuneration of employees (times)
1	Mr. Prakash P. Chhabria Executive Chairman	22.47	26.68%	304.43
2	Ms. Bhumika L. Batra Non-Executive Director	0.64	54.91%	8.60
3	Mrs. Ritu P. Chhabria Non- Executive Director	0.60	46.62%	8.14
4	Mrs. Kanchan U. Chitale Non-Executive Director	0.69	68.57%	9.36
5	Mr. Saurabh S. Dhanorkar Non- Executive Director	0.68	65.16%	9.17
6	Mr. Sanjay S. Math Managing Director (KMP)	8.76	30.73%	118.65
7	Dr. Deepak R. Parikh Non-Executive Director	0.63	54.00%	8.55
8	Mr. Pradeep R. Rathi Non-Executive Director	0.75	46.89%	10.15
9	Mr. Anami N. Roy Non-Executive Director	0.64	54.91%	8.60
10	Mr. Anil V. Whabi Director - Finance & CFO (KMP)	6.49	53.00%	88.09
11	Mr. Ashutosh B. Kulkarni Company Secretary (KMP)	0.27	8.00%	3.70

- ii) The percentage increase in the median remuneration of employees for the financial year was 13.40 %.
- iii) There were 1,379 permanent employees on the rolls of the Company as on March 31, 2022.
- iv) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year 2021-22 was 10.11 % and increase of 14.00 % 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.

For and on behalf of the Board of Directors

May 18, 2022
Place: London

Prakash P. Chhabria
Executive Chairman
DIN : 00016017

FORM NO. MR-3**SECRETARIAL AUDITORS' REPORT****FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022**

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

To,
The Members,
Finolex Industries Limited,
Gat No.399, Village Urse, Taluka Maval,
District 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, CIN L40108PN1981PLC024153 (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 and explanation 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, 2022 complied with the statutory provisions listed here under 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, 2022 according to the provisions of:

- i. The Companies Act, 2013, (the Act) and the rules made thereunder as amended from time to time respectively;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment, wherever 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 upto August 12, 2021. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 with effect from August 13, 2021;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 upto August 15, 2021. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations 2021 with effect from August 16, 2021 **(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 **(not applicable to the Company during the audit period);**
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 upto June 10, 2021. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulation 2021, with effect from June 11, 2021 **(not applicable to the Company during the audit period);** and
 - h) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 **(not applicable to the Company during the audit period).**
- vi. We further report that having regards to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, no other law was applicable specifically to the Company.

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

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally 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. Further meetings which were convened at a shorter notice, at least one independent director was present in such 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 were 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. except following:

1. Members of the Company inter-alia through postal ballot dated March 26, 2021 approved the Sub-division of Equity Shares of the Company from 1 Equity Share having face value of ₹10/- each into 5 Equity Shares having face value of ₹2/- each by way of an Ordinary Resolution. The record date for this was fixed as April 16, 2021 and sub division of equity shares took effect under the New ISIN INE183A01024.
2. The Board of Directors at its meeting held on September 15, 2021 have approved the proposal

for transfer of the Company's leasehold land admeasuring approximately 70 acres along with the structures standing thereon located at D-1/10, MIDC, Chinchwad, Pune-411019, subject to necessary due diligence, approvals, consents, permissions from concerns authorities including MIDC to one or more parties in part, piece meal or in full for a total consideration of not less than ₹725 crore to be received in one or more tranches.

3. The Board of Directors at its meeting held on November 27, 2021 have approved the appointment of following key managerial persons, subject to approval of the members at the ensuing Annual General Meeting (AGM):
 - a) Mr. Prakash P. Chhabria as Whole-time Director designated as Executive Director for a period of 5 years from December 01, 2021 who is also the Chairman of the Company;
 - b) Mr. Sanjay S. Math as Managing Director for a period of 6 months from December 01, 2021; and
 - c) Mr. Anil V. Whabi as Whole-time Director designated as Director - Finance for a period of 3 years from December 01, 2021, whose earlier term as Whole time Director expired on August 25, 2021 and he had continued as Chief Financial Officer (CFO) of the Company.
4. Special resolution was passed for the following item in the Annual General Meeting held on September 22, 2021:
 - a) 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.

For **SVD & Associates**
Company Secretaries

Sridhar Mudaliar

Partner
FCS No: 6156
CP No: 2664

Place: Pune
Date: May 18, 2022

Peer Review No: P2013MH075200
UDIN: F006156D000321317

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,
District 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. We have relied on the documents and evidences provided physically and by electronic mode.

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

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.
7. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

For **SVD & Associates**
Company Secretaries

Sridhar Mudaliar

Partner
FCS No: 6156
CP No: 2664

Place: Pune
Date: May 18, 2022

Peer Review No: P2013MH075200
UDIN: F006156D000321317

Annexure-4 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:****1. Resin plant -**

- Vinyl Chloride Monomer (VCM) plant - Fin fan exchanger blades in VCM plant were replaced by FRP blades resulted in saving power consumption of 43,350 KWH / annum.
- Poly Vinyl Chloride (PVC) Plant - Replacement of Emulsifier charging pump in E-PVC resulted in saving power consumption of 22,080 KWH / annum.
- Ethylene Terminal Facility (ETF) plant - Replacement of old low efficient cooling water pump in ETF by new pump resulted in saving power consumption of 68,280 KWH/ annum.
- Captive Power (CP) plant - Multi Grade filter feed Pump system modification in CPP resulted in saving power consumption of 87,500 KWH / annum.

2. Pipe plants -

- Ratnagiri and Masar plant, Extrusion Compounding Facility (ECF) - In ECF (Ratnagiri) auto socketing machine oven heaters were replaced by ceramic blank with SS enclose resulted in saving power consumption up to 31,950 KWH / annum for three extruders and in ECF (Masar) auto socketing machine oven heaters were replaced by ceramic blank with SS enclose resulted in saving power consumption up to 60,480 KWH / annum for seven extruders.
- Masar plant-
 - a) Masar plant - Installed insulating jacket for barrel zone 1 & 2 heater to prevent heat loss resulted in energy

saving of 84,000 KWH/annum/ for five extruders.

- b) Masar plant - Installed a temperature PID controller for 300 TR chilling plant cooling tower fan resulted in energy saving of 46,332 KWH/annum.

- Urse plant -

- a) Installed 22 KWH VFD for cooling tower pump resulted in energy saving of 1,04,040 KWH / annum.
- b) Optimized cooling tower operation by modifying the piping thereby, resulted in energy saving of 2,700 KWH / annum.

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

- Masar plant -

- a) Plan to install solar street light for yard boundary and pipe bay area for expected energy saving of 72,576 KWH/annum.
- b) Plan to install a VFD in unit-2 secondary chilled water pump in chilling plant for expected energy saving of 1,46,880 KWH/ annum.
- c) Plan to setup 1MW Solar on plant rooftop area for expected energy saving of 14,50,000 KWH/annum.
- d) Plan to setup 1MW solar pipe yard bay area for expected energy saving of 14,50,000 KWH/annum.

- Urse plant -

- a) Plan to install day light harvesting fitting in Fissile Area for expected energy saving 64,512 KWH/annum.
- b) Plan to install motion sensors and lux sensors to auto switch of the lighting for expected energy saving 54,801 KWH/annum.

B. Technology absorption

1. Research and Development (R&D)

During the period under review, Company has not carried out R&D activity.

2. Future plans

- Automation - Auto loading of the pipe from the extruder line to the tractor trolley by conveyor.
- Process optimization - Automation of CPVC pipe counting, weighing and strapping to avoid mistakes in manual process and also result.

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	
e.	The expenditure incurred on Research and Development	
(i)	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.
(ii)	Recurring	
(iii)	Total	
(iv)	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 2021-22 was as under:

Foreign Exchange earnings - ₹Nil

Foreign Exchange outgo - ₹2157.53 Crores

For and on behalf of the Board of Directors

Prakash P. Chhabria

Executive Chairman

DIN: 00016017

May 18, 2022

Place: London

Annexure-5 to the Directors' Report

BUSINESS RESPONSIBILITY REPORT 2021-22

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

Introduction:

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

Section A: General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	L40108PN1981PLC024153
2.	Name of the Company	FINOLEX INDUSTRIES LIMITED
3.	Registered address	Gat No.399, Village Urse, Taluka Maval, District Pune 410 506 Maharashtra State, India.
4.	Website	www.finolexpipes.com
5.	Email id	investors@finolexind.com
6.	Financial year reported	2021-22
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"> PVC PVC Pipes & Fittings
9(i).	Number of international locations	Nil
9(ii).	Number of National locations	3 manufacturing units in India at Ratnagiri, 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)	4,647.32
3.	Total profit after taxes (₹Crores)	1,053.47
4.	Total Spending of Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	<p>Statutory limit: ₹12.38 Crores i.e. 2% (based on average net profits of last 3 financial years computed as per Section 198 of the Companies Act, 2013).</p> <p>Actual spent: ₹19.00 Crores</p>
5.	List of CSR activities in which expenditure in above 4 has been incurred	The major areas in which CSR expenditure has been incurred are 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)	investors@finolexind.com

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

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
6.	Indicate the link for the policy to be viewed online?	<p>The following policies are available on FIL's website. www.finolexpipes.com</p> <ul style="list-style-type: none"> • Policy on Sexual Harassment of Women at the Workplace • Whistle Blower Policy • Corporate Social Responsibility Policy • Nomination and Remuneration Policy • Related Party Transactions Policy • Policy on Board Diversity • Policy on Material Subsidiaries • Policy for determining materiality disclosures • Policy for preservation of documents • Code of Fair Disclosure and Conduct • Code of Conduct for Directors and Senior Management • Safety, Health and Environment Policy • Dividend Distribution Policy <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 2021-22 is available at FIL's website : https://www.finolexpipes.com/investors/compliance-report/

Section E: Principle-Wise Performance

Principle No.	Description	Reported
1.1	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others?	Yes.
1.2	How many stakeholder complaints have been received in the past financial year and what percentage were satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	The Company received complaints from 44 investors during the financial year 2021-22. There were no complaints pending from the investors at the beginning of the year 2021-22. All 44 complaints (100%) received during the year were redressed satisfactorily.
2.1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities. (A) PVC (B) PVC Pipes and Fittings	<p>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 (QMS), Environment Management System (EMS) and Occupational Health & Safety Management System (OHSMS)]. Suspension grade FS-6701 PVC resin is certified to NSF / ANSI 14.</p> <p>Migration from lead based stabilizer to calcium zinc stabilizer for PVC pipes manufacturing (Casing and ASTM pipes) REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) COMPLIANCE FOR SPVC RESIN AND EPVC RESIN.</p> <p>As per guidelines of Ministry of Environment, Forest and Climate Change (MOEF) the Company have started manufacturing of lead free pipes in following categories at all manufacturing locations:</p> <ol style="list-style-type: none"> 1) ASTM 2) Casing 3) Column 4) Plumbing pipes.
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?	<p>The production processes of the Company are cost effective and the Company uses 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. In 2021-22, i.e. 306,462 m3 effluent recycled.</p> <p>Effective energy, water consumption reduced by continuous improvement by improving outputs with same resource consumption and adopting new technologies in market for optimized Energy consumption.</p>

Principle No.	Description	Reported	
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 consumed captively. The Company has taken various steps to minimize transportation cost. The Company continuously exercise and practice 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. In case of pipes & fittings more than 95% products and waste recycled. Company has installed the equipment for recycling of products and wastage generated during production process.	
3.1	Please indicate the Total number of employees	There were 1,379 permanent employees on the rolls of the Company as on March 31, 2022.	
3.2	Please indicate the Total number of employees hired on temporary/contractual/casual basis	2,680	
3.3	Please indicate the number of permanent women employees	There were 34 permanent women employees on the Company's payroll as on March 31, 2022.	
3.4	Please indicate the number of permanent employees with disabilities	NIL	
3.5	Do you have an employee association that is recognized by the management	Yes. <ul style="list-style-type: none">Finolex Kamgar Sanghatana for Ratnagiri plantFinolex Pipes Employees Union for Urse plant	
3.6	What percentage of your permanent employees are members of this recognized employee association?	15.05 %	
3.7	Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the bend of the financial year.	NIL	
	No	Category	No of complaints filed during the financial year
	1	Child labour/forced labour/involuntary labour	NIL
	2	Sexual harassment	NIL
	3	Discriminatory employment	NIL
			No of complaints pending as on end of the financial year
			NIL
			NIL
			NIL

Principle No.	Description	Reported
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 44 investors during the year 2021-22. There were no complaints pending from the investors at the beginning of the year 2021-22. All 44 complaints (100%) received during the year were redressed satisfactorily.
6.1	Does the policy related to Principle 6 cover only the company or does it extend to the Group / Joint Ventures/Suppliers/ Contractors/ NGOs/ others.	The Company's environment, health and safety (EHS) policy covers the entire Company.
6.2	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give 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. In the year 2021-22, Company successfully implemented the "Responsible Care" program aimed to further improve EHSS performance (an initiative by Indian Chemical Council) and received permission to use the Responsible Care logo for its Ratnagiri site.
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 emergency management plan which is practiced regularly. Aspect and impact study of products and services has been done during implementation of Integrated Management System.

Principle No.	Description	Reported
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?	<p>The Company strives to minimize the impact of its operations and ensures in uses of natural resources in a responsible manner.</p> <p>Schemes implemented in the year 2021-22:</p> <ol style="list-style-type: none"> 1. Multi grade filter feed pump system modification in CPP saving power of 87500 KWH / annum. 2. Residual life assessment of Boiler and Turbine is carried out in CPP to improve its reliability. 3. In ECF, auto socketing machine oven heater were replaced from IR single to ceramic blank with SS enclose which helped in saving power consumption up to 31950 KWH /annum for three Extruders and by replacement of old low efficient cooling water pump in ETF by new pump saving power of 68280 KWH/ annum. 4. Replacement of Emulsifier charging pump in E-PVC saving power of 22080 KWH / annum. 5. Fin fan exchanger blades in VCM plant were replaced by FRP blades saving power consumption of 43350 KWH / annum. 6. Replacing conventional electrical fixtures by LED in various locations of plant operations saving power consumption of 109652 KWH / annum. 7. Replaced auto socketing machine oven heater from IR single to ceramic blank with SS enclose which helped to reduce the power consumption by 90000 KWH / annum keeping same output. 8. Installed insulating jacket for barrel zone 1 & 2 Heater heat loss and energy saving 84000 KWH/annum/ for five extruders. 9. Installed a temperature PID controller for 300 TR Chilling plant cooling tower fan and resulting the energy saving of 46332 KWH/annum. 10. Covert the conventional high mast lighting fitting to LED type which help to reduce power consumption up to 91836 KWH / annum.
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 destaging 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

Principle No.	Description	Reported
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. 6. Indian Chemical Council
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.
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 2021-22 the Company has spent ₹19.00 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.

Principle No.	Description	Reported
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.

For and on behalf of the Board of Directors

May 18, 2022
Place: London

Prakash P. Chhabria
Executive Chairman
DIN : 00016017

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY REPORT ("CSR")

1	Brief outline on CSR Policy of the Company	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.
2	Composition of CSR Committee	Refer relevant section in Corporate Governance Report for CSR committee composition.
3	Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company	https://www.finolexpipes.com/investors/policies-code-of-conduct/
4	Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report)	Not Applicable
5	Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any	Not Applicable
6	Average net profit of the Company as per section 135(5) (₹in Crores)	619.12
7	(a) Two percent of average net profit of the Company as per section 135(5) (₹in Crores)	12.38
	(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years	Nil
	(c) Amount required to be set off for the financial year, if any	Nil
	(d) Total CSR obligation for the financial year (7a+7b-7c) (₹in Crores)	12.38

8 (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (₹in Crores)*	Amount Unspent (₹in Crores)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
19.00	NIL	NA	NA	NIL	NA

* Includes a sum of ₹0.57 Crores incurred towards administrative overheads.

8 (b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project Duration	Amount allocated for the project (₹ in Crores)	Amount spent in the current financial year (₹ in Crores)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ in Crores)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration No.
1	Medical assistance for Cancer patients	(i)	No	Karnataka	Bangalore	Three years	0.25	0.05	Nil	No	Mukul Madhav Foundation	CSR00000343
2	Educational support to students from Agriculture colleges (BSc., MSc. and PhD)	(ii)	No	Maharashtra	Pune, Karad, Kolhapur, Dhule, Nandurbar, Jalgaon	Four years	1.18	0.21	Nil	No	Mukul Madhav Foundation	CSR00000343
3	Lila Poonawala Project - Scholarship for Nursing Girl Students	(ii)	Yes	Maharashtra	Pune	Four years	0.46	0.11	Nil	No	Mukul Madhav Foundation	CSR00000343
4	Infrastructure and maintenance expenses at Mukul Madhav Junior College	(ii)	Yes	Maharashtra	Ratnagiri	Three years	2.33	0.12	Nil	No	Mukul Madhav Foundation	CSR00000343
5	Water project at Khed Shivapur, Pune	(iv)	Yes	Maharashtra	Pune	Three years	0.26	0.08	Nil	No	Mukul Madhav Foundation	CSR00000343
6	Education support to 385 tribal girls - in Rajasthan	(ii)	No	Rajasthan	Rajasthan	Three years	0.48	0.07	Nil	No	Mukul Madhav Foundation	CSR00000343
7	Bel Air Hospital - Scholarship to 12 girl students for DMLT course	(ii)	Yes	Maharashtra	Panchgani	Two years	0.12	0.06	Nil	No	Mukul Madhav Foundation	CSR00000343
8	SNDT college, Pune - Sponsoring Research study of Geriatric women in Maharashtra SNDT College	(ii)	Yes	Maharashtra	Pune	Three years	0.15	0.05	Nil	No	Mukul Madhav Foundation	CSR00000343
Total 8 (b)							5.23	0.75				

8 (c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (₹in Crores)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number
(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventing health care and sanitation and making available safe drinking water									
1	Medical assistance for underprivileged at various hospitals such as Jehangir Hospital, Ruby Hospital, KEM Hospital, Deenanath Hospital etc.	(i)	Yes	Maharashtra	Pune	0.43	No	Mukul Madhav Foundation	CSR00000343
2	Distribution of hot meal for road side labourers , Gurukulam school etc.	(i)	Yes	Maharashtra	Pune	0.69	No	Mukul Madhav Foundation	CSR00000343
3	Ventilator support, HFNO support,Multi Para monitor support , Oxygen Concentrator support blood donation camp and other covid support to various hospitals, institutes	(i)	Yes	Maharashtra and Pan India	Pune	7.25	No	Mukul Madhav Foundation	CSR00000343
4	Supply of grocery & diapers to old age home, support to differently abled, 'Give with dignity' grocery distribution on daily basis	(i)	Yes	Maharashtra	Pune	1.77	No	Mukul Madhav Foundation	CSR00000343
5	Various equipment like soya milk machine, human milk bank, endoscopy machine support to various hospitals and Institutions	(i)	Yes	Maharashtra	Pune	1.31	No	Mukul Madhav Foundation	CSR00000343
6	Thalassemia project (Wishing Factory, Indian Red Cross, Bharati and Thalassemia Society)	(i)	Yes	Maharashtra	Pune	0.20	No	Mukul Madhav Foundation	CSR00000343
7	Support for fellowship in medical education at KEM Hospital and Sassoon General Hospital	(i)	yes	Maharashtra	Pune	0.06	No	Mukul Madhav Foundation	CSR00000343
8	Expenses towards Cataract surgeries at H. V. Desai Hospital , Diabetic camp at Kem hospital , Diabetic support at Masar	(i)	yes	Maharashtra, Gujarat	Pune, Masar	0.10	No	Mukul Madhav Foundation	CSR00000343

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (₹ in Crores)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number
9	Mission Cerebral Palsy :-Support for differently abled children by giving physiotherapy and speech therapy	(i)	yes	Maharashtra	Pune, Masar, Ratnagiri etc.	0.12	No	Mukul Madhav Foundation	CSR00000343
10	Memography camp	(i)	yes	Maharashtra	Ratnagiri	0.06	No	Mukul Madhav Foundation	CSR00000343
11	Toilet construction at various villages in Palghar to make ODF village	(i)	yes	Maharashtra	Pune	0.75	No	Mukul Madhav Foundation	CSR00000343
12	RO supply to 18 schools	(i)	yes	Maharashtra	Masar	0.08	No	Mukul Madhav Foundation	CSR00000343
(ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects									
13	Support for teachers salary at ROBA Trust Dehradun , Mahatma Gandhi school, Snehalya	(ii)	Yes	Uttarakhand & Maharashtra	Dehradun & Pune	0.07	No	Mukul Madhav Foundation	CSR00000343
14	Project 1:- Project Mukti - elimination of child labour and protection of children in Alirajpur.MP Project 2:- Preventing child trafficking In vulnerable district in Bihar	(ii)	Yes	MP/ Bihar	Alirajpur / Bihar (various districts)	0.50	No	Mukul Madhav Foundation	CSR00000343
15	Support towards library construction work to Drams Social Foundation, Satara	(ii)	Yes	Maharashtra	Satara	0.10	No	Mukul Madhav Foundation	CSR00000343
16	Solar street lights projects in Palghar with GEP solutions	(ii)	Yes	Maharashtra	Pune	0.06	No	Mukul Madhav Foundation	CSR00000343
17	Educational assistance to various colleges as per appeal received from students , various institutions	(ii)	Yes	Maharashtra	Pune	0.32	No	Mukul Madhav Foundation	CSR00000343
18	Infrastructure support to various institutions , old age & orphan age homes	(ii)	Yes	Maharashtra	Pune	0.76	No	Mukul Madhav Foundation	CSR00000343
19	Skill development projects for women and skill development project at yewada jail	(ii)	Yes	Maharashtra	Pune	0.11	No	Mukul Madhav Foundation	CSR00000343
20	Honey bee project with Khadi gramodyog	(ii)	Yes	Maharashtra	Pune	0.06	No	Mukul Madhav Foundation	CSR00000343
21	Developmental projects in Ratnagiri with Yuva parivartan	(ii)	Yes	Maharashtra	Ratnagiri	0.15	No	Mukul Madhav Foundation	CSR00000343
22	Support to Hope Foundation - upgradation, repairs and maintenance of infrastructure facilities	(ii)	Yes	Maharashtra	Pune, Ratnagiri	1.12	Yes	NA	NA
23	Support to Tamahar trust	(ii)	Yes	Tripura	Agartala	0.01	No	Mukul Madhav Foundation	CSR00000343
(iii) Promoting gender equality, empowering women, setting up homes and hotels 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									
24	Support to Mother & Child projects with SEARCH NGO	(iii)	Yes	Maharashtra	Pune	0.05	No	Mukul Madhav Foundation	CSR00000343
25	Support to Holiday home	(iii)	Yes	Maharashtra	Gadchiroli	0.10	No	Mukul Madhav Foundation	CSR00000343
26	Sustainable livelihood for marginalized women workers in Kashmir with Help Foundation	(iii)	Yes	Jammu and Kashmir	Kashmir	0.01	No	Mukul Madhav Foundation	CSR00000343
27	Action aid - Gaurvai	(iii)	Yes	Maharashtra	Pune	0.09	No	Mukul Madhav Foundation	CSR00000343
28	Seed and saree support to Osmanabad widows farmers	(iii)	Yes	Maharashtra	Osmanabad	0.07	No	Mukul Madhav Foundation	CSR00000343
(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									
29	Tree Plantation	(iv)	Yes	Maharashtra	Pune, Masar, Ratnagiri	0.06	No	Mukul Madhav Foundation	CSR00000343
30	Support for drinking water scheme - Kharvi Samaj Parivartan Madal, Purngad	(iv)	Yes	Maharashtra	Ratnagiri	0.06	No	Mukul Madhav Foundation	CSR00000343
31	Water Project at Khed shivapur, Gram Kathpal	(iv)	Yes	Maharashtra	Pune	0.04	No	Mukul Madhav Foundation	CSR00000343
32	Madha Welfare Association Agriculture Testing Lab	(iv)	Yes	Maharashtra	Solapur, Madha	0.42	No	Mukul Madhav Foundation	CSR00000343
33	Cow Shed at Agriculture College	(iv)	Yes	Maharashtra	Pune	0.17	No	Mukul Madhav Foundation	CSR00000343
34	Support for Bhaty beach cleaning	(iv)	Yes	Maharashtra	Ratnagiri	0.01	No	Mukul Madhav Foundation	CSR00000343

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (₹ in Crores)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number

(vi) Measures for the benefit of armed forces veterans, war widows and their dependents

35	Support to widows of the martyrs of Galwan Valley	(vi)	Yes	various	Punjab, Delhi, Rajasthan, Bangalore, Hyderabad	0.04	No	Mukul Madhav Foundation	CSR00000343
36	Sweet distribution to Army Jawans	(vi)	Yes	Pan India	various	0.04	No	Mukul Madhav Foundation	CSR00000343

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

37	Support to Yash aradhya for motor car racing and various sports projects	(vii)	Yes	Karnataka	Bengaluru	0.07	No	Mukul Madhav Foundation	CSR00000343
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(x) Rural development projects

38	Gram Panchayat Khadki, Tal. Daund, Dist. Pune, Support with Highmask lamp	(x)	Yes	Maharashtra	Daund	0.03	No	Mukul Madhav Foundation	CSR00000343
39	Kisan Diwas- Support of equipment and seeds to Farmers	(x)	Yes	Maharashtra	Pune	0.05	No	Mukul Madhav Foundation	CSR00000343

(xii) Disaster management, including relief, rehabilitation and reconstruction activities

40	Flood relief at Kokan	(xii)	Yes	Maharashtra	Kokan	0.31	No	Mukul Madhav Foundation	CSR00000343
Total 8 (c)						17.68			

8 (d)	Amount spent in Administrative Overheads (₹ in Crores)	0.57
8 (e)	Amount spent on Impact Assessment, if applicable	NIL
8 (f)	Total amount spent for the Financial Year (8b+8c+8d+8e) (₹ in Crores)	19.00

8 (g) Excess amount for set off, if any

Sl. No.	Particulars	Amount (₹ in Crores)
(i)	Two percent of average net profit of the company as per section 135(5)	12.38
(ii)	Total amount spent for the Financial Year	19.00
(iii)	Excess amount spent for the financial year [(ii)-(i)]	6.62
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NA
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	6.62

9 (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (₹ in Crores)	Amount spent in the reporting Financial Year (₹ in Crores)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding FY
				Name of the Fund	Amount (₹ in Crores)	Date of Transfer	

Not applicable

9 (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project Duration	Total amount allocated for the project (₹ in Crores)	Amount spent on the project in the reporting FY (₹ in Crores)	Cumulative amount spent at the end of reporting FY (₹ in Crores)	Status of the project -Completed/ Ongoing.
1	MA- Cancer Patients	Medical Assistance for Cancer patients	2019-20	3 Years	0.25	0.05	0.20	Ongoing
2	ES- Agriculture	Educational support to students pursuing higher studies in Agriculture (B.Sc., M.Sc. and PhD)	2019-20	4 Years	1.18	0.21	0.66	Ongoing
3	ES-Nursing	Lila Poonawala Project - Scholarship for nursing Girl Students	2019-20	4 Years	0.46	0.11	0.34	Ongoing
4	IE-MMJ College	Infrastructure and maintenance expenses at Mukul Madhav Jr. College	2019-20	3 Years	2.33	0.12	2.10	Ongoing
5	WP-Khed	Water project at Khed Shivapur, Pune	2019-20	3 Years	0.26	0.08	0.26	complete

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:

(a)	Date of creation or acquisition of the capital asset(s)	None
(b)	Amount of CSR spent for creation or acquisition of capital asset	Nil
(c)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	Not Applicable
(d)	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)	Not Applicable

11 Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5): Not Applicable

Ritu P. Chhabria

Non-Independent & Non-Executive Director
DIN : 00062144
Chairperson, CSR Committee
Place: London
Date: May 18, 2022

Sanjay S. Math

Managing Director
DIN : 01874086
Member, CSR Committee
Place: Ratnagiri
Date: May 18, 2022

CORPORATE GOVERNANCE

CERTIFICATE FROM PRACTICING COMPANY SECRETARY ON CORPORATE GOVERNANCE

To,
The Members,
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 March 31, 2022 as stipulated in relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015.

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

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

We further state that, 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

Sridhar Mudaliar
Partner
FCS No: 6156
CP No: 2664

Place: Pune
Date: May 18, 2022

Peer Review No: P2013MH075200
UDIN: F006156D000321449

Note:

We have relied on the documents and evidences provided by electronic mode, for the purpose of issuing this certificate.

Compliance report for the Financial Year 2021-2022

1. Company's philosophy on code of governance:

The Company is committed towards achieving optimum performance at all levels by adhering to corporate governance practices, such as:

- Fair and transparent business practices
- Effective management control by Board.
- Optimum representation from promoter, executive, non-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 and other relevant 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 and five

non-executive independent directors. Of the ten directors, three are women directors, with two of them being non-executive and independent.

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 & Ms. Bhumika L. Batra are woman non-executive and independent directors.

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

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. Pradeep R. Rathi and Mr. Anami N. Roy.

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 2021-2022, 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. Chhabria	Ms. Bhumika L. Batra	Mrs. Ritu P. Chhabria	Mrs. Kanchan U. Chitale #	Mr. Saurabh S. Dhanorkar	Mr. Sanjay S. Math	Dr. Deepak R. Parikh	Mr. Pradeep R. Rath	Mr. Anami N. Roy	Mr. Anil V. Whabi#
Category	Executive Chairman (Whole-time Director)	Independent Director (ID)	Non-Independent Non-Executive Director	Independent Director (ID)	Non-Independent Non-Executive Director	Managing Director	Independent Director (ID)	Independent Director (ID)	Independent Director (ID)	Director - Finance (Whole-time Director)
Board Meetings attendance during the year 2021-2022										
Attendance	9	9	9	9	9	9	9	9	9	5
Attendance at Fortieth Annual General Meeting held on September 22, 2021										
AGM attended	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	NA
Committee Positions held in Finolex Industries Limited and attendance during the financial year 2021-2022										
Audit Committee										
Membership	Not Member	Member	Not Member	Member	Member	Not Member	Member	Member	Member	Not Member
Attendance	NA	6	NA	6	6	NA	6	6	6	NA
Stakeholders' Relationship Committee										
Membership	Member	Member	Not Member	Member	Member	Not Member	Member	Member	Member	Not Member
Attendance	4	4	NA	4	4	NA	4	4	4	NA
Nomination and Remuneration Committee										
Membership	Not Member	Member	Not Member	Member	Member	Not Member	Member	Member	Member	Not Member
Attendance	NA	4	NA	4	4	NA	4	4	4	NA
Corporate Social Responsibility Committee										
Membership	Member	Member	Member	Member	Member	Member	Member	Member	Member	Not Member
Attendance	4	4	4	4	4	4	4	4	4	NA
Risk Management Committee										
Membership	Member	Member	Not Member	Member	Member	Member	Member	Member	Member	Member
Attendance	3	3	NA	3	3	3	3	3	3	1
Finance Committee										
Membership	Member	Member	Not Member	Member	Member	Member	Member	Member	Member	Member
Attendance										No meeting was held during the financial year 2021-2022
Share Transfer Committee										
Membership	Member	Member	Not Member	Member	Member	Member	Member	Member	Member	Member
Attendance	Nil	Nil	NA	27	20	23	Nil	7	Nil	4

TABLE – 1										
Name of Director	Mr. Prakash P. Chhabria	Ms. Bhumika L. Batra	Mrs. Ritu 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	Mr. Anil V. Whabi#
Category	Executive Chairman (Whole-time Director)	Independent Director (ID)	Non-Independent Non-Executive Director	Independent Director (ID)	Non-Independent Non-Executive Director	Managing Director	Independent Director (ID)	Independent Director (ID)	Independent Director (ID)	Director - Finance (Whole-time Director)
Directorships in other companies										
Chairman	1	Nil	Nil	Nil	Nil	Nil	Nil	2	Nil	Nil
Director	6	11	1	10	Nil	Nil	2	11	11	2
Directorships in other listed companies (category)	Nil	<ul style="list-style-type: none">Hinduja Global Solutions Ltd. (ID)Jyothy Labs Ltd. (ID)NXT digital Ltd. (ID)Repro India Ltd. (ID)Sharp India Ltd. (ID)	Nil	<ul style="list-style-type: none">GOCL Corporation Ltd. (ID)	Nil	Nil	<ul style="list-style-type: none">Sudarshan Chemical Industries Ltd. (ID)	<ul style="list-style-type: none">Clean Science and Technology Ltd. (Chairman & NED)Sudarshan Chemical Industries Ltd. (Chairman & NED)Sanghvi Movers Ltd. (ID)	<ul style="list-style-type: none">Bajaj Auto Ltd. (ID)Bajaj Finserve Ltd. (ID)Bajaj Finance Ltd. (ID)Bajaj Holdings & Investments Ltd. (ID)Glaxosmithkline Pharmaceuticals Ltd. (ID)	Nil
Committee position in other companies										
Chairman	Nil	3	Nil	5	Nil	Nil	Nil	Nil	2	Nil
Member	Nil	8	Nil	9	Nil	Nil	Nil	2	4	Nil
No. of shares held in the Company	853,745	500	22,250	Nil	28,105	15,000	Nil	Nil	Nil	Nil

Notes:

- * Outside directorships include directorships in public and private limited companies. (excluding directorships in the foreign companies and Section 8 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 Listing Regulations, 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 Listing Regulations.
- # Mr. Anil Whabi ceased to be member of the Risk Management Committee, Finance Committee and Share Transfer Committee w.e.f. August 26, 2021. Mrs. Kanchan U. Chitale ceased to be member of the stakeholders' relationship committee w.e.f. March 26, 2022.

No. of Board Meetings held during the year

During 2021-2022, the Board of Directors met 9 (nine) times viz. May 31, 2021, June 25, 2021, July 30, 2021, September 15, 2021, September 27, 2021, October 30, 2021, November 27, 2021, January 25, 2022 and March 30, 2022. The time gap between two Board 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 and both are from promoter group.

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

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

The Company does not have any convertible instruments.

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

https://www.finolexpipes.com/site/assets/files/13104/familiarization_programmes_for_independent_directors_fy_2021-22.pdf

Board Membership Criteria

The Board has approved a Policy on Board Diversity and the Company inducts eminent individuals from diverse fields as director 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;
5. Regulatory, administration and legal; and
6. Information technology

The details of possession of expertise in each area by directors are given in below table (as on March 31, 2022). Tick mark indicates possession of expertise in particular area.

Board Member Details				Committees (Chairman/Chairperson/Member)							Areaof Expertise*					
Name	Director since	Director Age	Designation	Audit Committee	Nomination & Remuneration Committee	Stakeholders Relationship Committee	Risk Management Committee	Corporate Social Responsibility Committee	Finance Committee	Share Transfer Committee	1	2	3	4	5	6
Mr. Prakash P. Chhabria	13-03-1992	58	Executive Chairman	-	-	Member	Member	Member	Chairperson	Member	✓	✓	✓	✓	✓	✓
Ms.Bhumika L.Batra	20-09-2019	40	Independent Director	Member	Chairperson	Member	Member	Member	Member	Member	✓	✓	✓	✓	✓	✓
Mrs. Ritu P. Chhabria	21-03-2015	54	Non-Executive & Non-Independent Director	-	-	-	-	Chairperson	-	-	✓	✓	✓	✓	✓	✓
Mrs. Kanchan U. Chitale*	01-04-2019	69	Independent Director	Member	Member	-	Chairperson	Member	Member	Chairperson	✓	✓	✓	✓	✓	✓
Mr. Saurabh S. Dhanorkar	11-08-2017	66	Non-Executive & Non-Independent Director	Member	Member	Member	Member	Member	Member	Member	✓	✓	✓	✓	✓	✓
Mr. Sanjay S. Math	04-02-2012	66	Managing Director	-	-	-	Member	Member	Member	Member	✓	✓	✓	✓	✓	✓
Dr. Deepak R.Parikh	20-09-2019	60	Independent Director	Member	Member	Member	Member	Member	Member	Member	✓	✓	✓	✓	✓	✓
Mr.Pradeep R. Rathi	20-09-2019	68	Independent Director	Chairman	Member	Member	Member	Member	Member	Member	✓	✓	✓	✓	✓	✓
Mr. Anami N. Roy	20-09-2019	71	Independent Director	Member	Member	Chairman	Member	Member	Member	Member	✓	✓	✓	✓	✓	✓
Mr. Anil V. Whabi #	01-12-2021	62	Director (Finance) & CFO	-	-	-	-	-	-	-	✓	✓	✓	✓	✓	✓

Mr. Anil V. Whabi ceased to be member of the Risk Management Committee, Finance Committee and Share Transfer Committee w.e.f. August 26, 2021. Mrs. Kanchan U. Chitale ceased to be member of the stakeholders' relationship committee w.e.f. March 26, 2022.

* 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

6 Information technology

Succession Planning

Succession is an essential component to the survival and growth of any business. Succession planning is a tool for an organization to ensure its continued effective performance through leadership continuity. The Board of Directors has adopted 'succession planning policy' for the Board and senior management. The Company has a mechanism in place for ensuring orderly succession for appointments to the Board and to Senior Management.

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 16(b) & 25 of the Listing Regulations. 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. Rath (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 2021-22, the Audit Committee met 6 (six) times viz. May 31, 2021, June 25, 2021, July 30, 2021, September 15, 2021, October 30, 2021 and January 25, 2022.

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

Mr. Ashutosh Kulkarni, Company Secretary of the Company acts 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 Listing Regulations, 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:
 - 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.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on exercise of judgement by the management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - 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;
- Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders; and
- Review required information under SEBI (Prohibition of Insider Trading) Regulations, 2015 and take necessary action as required.

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. Rath, Mr. Anami N. Roy and 1 (one) non-independent and non-executive director namely Mr. Saurabh S. Dhanorkar.

Mr. Ashutosh Kulkarni, Company Secretary acts as secretary to the committee.

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 Listing Regulations, are as follows:

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.

- 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 consist 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.
 - Review and approve the benefits to be granted to the employees, in compliance with SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

Meetings and attendance during the year

During the year, 4 (four) meetings of the Nomination and Remuneration Committee were held on May 31, 2021, June 25, 2021, July 30, 2021 and November 27, 2021. 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/site/assets/files/12928/nomination_and_remuneration_policy.pdf and also as Annexure - 1 to this Annual Report. The remuneration of the Directors for the year 2021-22, is based on the said policy.

In accordance with the nomination and remuneration policy of the Company, the evaluation of Independent Director has been carried out by the entire Board based on the performance of the respective director 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/site/assets/files/12928/nomination_and_remuneration_policy.pdf.

Details of remuneration to the executive directors for the financial year 2021-2022, are given below:

(₹ in Crores)

Particulars	Mr. Prakash P. Chhabria, Executive Chairman	Mr. Sanjay S. Math, Managing Director	Mr. Anil V. Whabi, Director-Finance
Salary and Allowance	2.78	1.32	1.34
Contribution of PF	0.19	0.07	0.06
Performance incentive/Bonus	0.31	0.12	0.09
Total	3.28	1.51	1.49
Commission	19.19	7.25	5.00
Notice period	6 months	3 months	3 months
Service Contract	Five years*	Six Months *	Three Years *
Severance Fees	Not Applicable	Not Applicable	Not Applicable

*For details, please refer Explanatory Statement annexed to the Notice of 41st AGM.

The above aggregate remuneration paid to executive directors is within the ceiling limits prescribed under the Companies Act, 2013.

Note:

As post-employment obligations and other long-term employee benefits obligation are computed for all employees in aggregate, the amounts relating to key management personnel cannot be individually computed and hence are not included in the above.

The details of remuneration to the non-executive directors for the financial year 2021-22, are given below:

Sr. No.	Name	Remuneration (₹ in Crores)	
		Commission	Sitting fees
1	Ms. Bhumika L. Batra	0.56	0.08
2	Mrs. Ritu P. Chhabria	0.56	0.04
3	Mrs. Kanchan U. Chitale	0.56	0.13
4	Mr. Saurabh S. Dhanorkar	0.56	0.12
5	Dr. Deepak R. Parikh	0.56	0.07
6	Mr. Pradeep R. Rathi	0.66	0.09
7	Mr. Anami N. Roy	0.56	0.08

The above aggregate commission paid to non-executive directors is 0.40 % of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013.

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 2021-2022.

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 Listing Regulations, is as under:

The Committee at present, comprises of 6 (six) members out of which 4 (four) are independent directors viz. Mr. Anami N. Roy (Chairman of the Committee) Ms. Bhumika L. Batra, Dr. Deepak R. Parikh and Mr. Pradeep R. Rathi. The other two members are Mr. Prakash P. Chhabria, the Executive Chairman and Mr. Saurabh S. Dhanorkar, non-executive & non-independent director of the Company.

During the year, Mrs. Kanchan U. Chitale ceased to be member of the stakeholders' relationship committee w.e.f. March 26, 2022.

Mr. Ashutosh Kulkarni, Company Secretary acts as secretary to the committee and is also a 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 Listing Regulations, 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 Practicing Company Secretary in compliance of Regulation 40 (9) to (11) or any other applicable regulation(s) of the Listing Regulations;
- 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 the financial year 2021-22, four (4) meetings of the Stakeholders' Relationship Committee were held viz. June 25, 2021, July 30, 2021, October 30, 2021 and January 25, 2022. The attendance for the same is given in Table 1.

Details of shareholders' complaints during the financial year 2021-2022

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 March 31, 2022
44	44	NIL	NIL

Risk Management Committee**Composition**

The Board at its meeting held on July 26, 2014 has constituted the Risk Management Committee (RMC). The Committee at present, comprises of 8 (eight) members out of which 5 (five) are independent directors viz. Mrs. Kanchan U. Chitale (Chairperson of the Committee), Ms. Bhumika L. Batra, Dr. Deepak R. Parikh, Mr. Pradeep R. Rathi and Mr. Anami N. Roy and 1 (one) non-independent and non-executive director viz. Mr. Saurabh S. Dhanorkar and other 2 (two) members are Mr. Prakash P. Chhabria and Mr. Sanjay S. Math, Executive Directors of the Company.

During the year, Mr. Anil V. Whabi ceased to be member of the risk management committee w.e.f. August 26, 2021.

Mr. Ashutosh Kulkarni, Company Secretary acts as secretary to the committee.

Brief description of terms of reference

The terms of reference of Risk Management Committee are in accordance with the Regulation 21 of the Listing Regulations, are as follows:

- To formulate a detailed risk management policy which shall include:
 - A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - Measures for risk mitigation including systems and processes for internal control of identified risks.
 - Business continuity plan.
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
- 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 the financial year 2021-22, three (3) meetings of the Risk Management Committee was held on June 25, 2021, October 30, 2021 and January 25, 2022. The attendance for the same is given in Table 1.

The Audit Committee also 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 Committee at present, comprises of 9 (nine) members out of which 5 (five) are independent directors viz. Ms. Bhumika L. Batra, Mrs. Kanchan U. Chitale, Dr. Deepak R. Parikh, Mr. Pradeep R. Rathi and Mr. Anami N. Roy and 2 (two) non-independent and non-executive director viz. Mrs. Ritu P. Chhabria (Chairperson of the Committee), Mr. Saurabh S. Dhanorkar and other 2 (two) members are Mr. Prakash P. Chhabria and Mr. Sanjay S. Math, Executive Directors of the Company.

Mr. Ashutosh Kulkarni, Company Secretary acts as secretary to the committee.

Meetings and attendance during the year

During the financial year 2021-22, 4 (four) meetings of CSR Committee were held i.e. on June 25, 2021, July 30, 2021, October 30, 2021 and January 25, 2022.

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:

The Corporate Social Responsibility Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the following, namely:-

- The list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- The manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4;
- The modalities of utilization of funds and implementation schedules for the projects or programmes;
- Monitoring and reporting mechanism for the projects or programmes; and
- Details of need and impact assessment, if any, for the projects undertaken by the company
- The CSR Committee/Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year
- Monitor and ensure that the surplus arising out of the CSR projects or programs or activities shall not form part of the business profits of a Company.
- Identify need of impact assessment, if applicable, for the activities undertaken by the Company.

Meetings and attendance during the year

During the financial year 2021-22, 27 (twenty seven) meetings of Share Transfer Committee were held as under:

Sr. No.	Month	Date of meetings	Sr. No.	Month	Date of meetings
1.	April, 2021	April 5, 2021	6.	November, 2021	November 10, 2021, November 20, 2021, November 30, 2021
2.	July, 2021	July 10, 2021, July 30, 2021	7.	December, 2021	December 10, 2021, December 20, 2021, December 30, 2021
3.	August, 2021	August 20, 2021, August 30, 2021	8.	January, 2022	January 10, 2022, January 18, 2022, January 20, 2022, January 31, 2022
4.	September, 2021	September 11, 2021, September 20, 2021, September 30, 2021	9.	February, 2022	February 10, 2022, February 21, 2022, February 28, 2022
5.	October, 2021	October 9, 2021, October 20, 2021, October 30, 2021	10.	March, 2022	March 10, 2022, March 21, 2022 and March 30, 2022.

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

- Review and comply with the requirements of the provisions of the Act, CSR Rules and periodical disclosure requirements.

Share Transfer Committee

Composition

The Committee at present, comprises of 8 (eight) members out of which 5 (five) are independent directors viz. Mrs. Kanchan U. Chitale (Chairperson of the Committee), Ms. Bhumika L. Batra, Dr. Deepak R. Parikh, Mr. Pradeep R. Rathi and Mr. Anami N. Roy and 1 (one) non-independent and non-executive director viz. Mr. Saurabh S. Dhanorkar and other 2 (two) members are Mr. Prakash P. Chhabria and Mr. Sanjay S. Math, Executive Directors of the Company.

During the year, Mr. Anil Whabi ceased to be member of the share transfer committee w.e.f. August 26, 2021.

Mr. Ashutosh Kulkarni, Company Secretary acts as secretary to the committee.

Brief description of terms of reference

The terms of reference of Share Transfer Committee are as follows:

- 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 dematerialisation and rematerialisation of securities; and
- To take necessary actions on the matters delegated by the Board from time to time.

Finance Committee

Composition

The Finance Committee consists of 9 (nine) directors out of which 5 (five) are independent directors viz. Ms. Bhumika L. Batra, Mrs. Kanchan U. Chitale, Dr. Deepak R. Parikh, Mr. Pradeep R. Rath and Mr. Anami N. Roy and 1 (one) non-independent and non-executive director viz. Mr. Saurabh S. Dhanorkar and other 2 (two) members are Mr. Prakash P. Chhabria (Chairman of the Committee) and Mr. Sanjay S. Math, Executive Directors of the Company.

During the year, Mr. Anil V. Whabi ceased to be member of the finance committee w.e.f. August 26, 2021.

Mr. Ashutosh Kulkarni, Company Secretary acts as secretary to the committee.

Brief description of terms of reference

The terms of reference of Finance Committee are as follows:

- 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 financial year 2021-2022.

Independent Directors' Meeting

The Independent Directors had a separate meeting on February 23, 2022 without the attendance of the Non-Independent Directors and the members of the Management. All the Independent Directors were present at the meeting.

During the said meeting, Independent Directors

- a. Reviewed the performance of the Non-Independent Directors and the Board as a whole.
- b. Reviewed the performance of the Chairperson of the Company, taking into account the views of the Managing Director and Executive Directors.

- c. Assessed the quality, quantity and timeliness of the flow of information between the Company's Management and the Board that is necessary for the Board to effectively and reasonably perform 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 March 31, 2022 on behalf of themselves and to the best of their knowledge and also on behalf of all the employees reporting to them. The said Code can be viewed on the Company's website <https://www.finolexpipes.com/site/assets/files/6453/code-of-conduct-finolex-industries-limited.pdf>.

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

Declaration regarding compliance 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 Requirement) 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 March 31, 2022, 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**

Date: May 11, 2022

Sanjay S. Math
Managing Director
DIN : 01874086

Equity Shares lying in the Suspense Account

In compliance with Para F of Schedule V to the Listing Regulations, we confirm 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 Listing Regulations, the Related Party Disclosure is given in note no. 37 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 Listing Regulations. The Related Party Transactions policy has been placed on the Company's website https://www.finolexpipes.com/site/assets/files/12932/related_party_transactions_policy.pdf.

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/site/assets/files/12927/dividend_distribution_policy.pdf.

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/site/assets/files/12934/whistle_blower_policy-1.pdf.

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 Listing Regulations, the Company has formulated a policy on material subsidiaries. The policy is available on the Company's website https://www.finolexpipes.com/site/assets/files/12930/policy_on_material_subsidary-1.pdf.

6) Disclosure of commodity price risks and commodity hedging activities

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

- Same underlying commodity (crude oil) and
- 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 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:

- Total exposure of the Company to commodities and intermediates ₹4,885.98 Crores
- 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				Total
			Domestic market		International market		
			OTC	Exchange	OTC	Exchange	
EDC	676.34	1,07,779	Nil	Nil	Nil	Nil	Nil
Ethylene	170.18	19,958	Nil	Nil	Nil	Nil	Nil
VCM	873.51	86,584	Nil	Nil	Nil	Nil	Nil
PVC	2,962.10	2,24,924	Nil	Nil	Nil	Nil	Nil
Coal	147.22	2,12,062	Nil	Nil	Nil	Nil	Nil
NAPHTHA	53.65	10,548	Nil	Nil	Nil	Nil	Nil
Liquefied petroleum gas	2.57	424	Nil	Nil	Nil	Nil	Nil
Total exposure of the Company to commodities and intermediates	4,885.98	6,62,279					

- 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, separate posts of the Chairperson and the Chief Executive Officer, reporting of the internal auditor directly to the Audit Committee of Part E of Schedule II have been adopted.
- Sub-para 2 to 10 of Para C and Para D of Schedule V; - Regulations 17 to 27; and
- Regulation 46(2) (b) to (i) and (t)

8) Practicing Company Secretary's Corporate Governance Certificate

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 Listing Regulations. The Certificate is annexed to this Report.

9) General body meetings:

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

Financial Year	2018-2019	2019-2020	2020-2021
Date of AGM	September 19, 2019	September 19, 2020	September 22, 2021
Time	11.00 a.m.	11.00 a.m.	4.00 p.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.	Through Video Conferencing (Deemed Venue Registered Office of the Company)	Through Video Conferencing (Deemed Venue Registered Office of the Company)

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

Date of AGM	Item of special resolution
September 19, 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.
September 19, 2020	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.
September 22, 2021	<p>a) To accord consent to the Board for payment of commission to the directors other than managing director or executive directors of the company not exceeding one percent of the net profit of the Company calculated under provisions of Section 198 of the Companies Act, 2013 with a cap of ₹4,00,00,000 (Rupees Four Crore Only) for each financial year commencing from April 1, 2020.</p> <p>b) 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.</p>

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 exercise and 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 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: August 30, 2022 Time: 4.00 p.m. (IST) Venue: The Company is conducting meeting through VC/OAVM pursuant to the MCA Circular dated May 5, 2020 read with Circulars dated April 8, 2020, April 13, 2020, January 13, 2021 and May 5, 2022 and SEBI Circulars dated May 12, 2020, January 15, 2021 and May 13, 2022. The deemed venue of the ensuing annual general meeting is address of Registered Office of the Company. For details of registered office address please refer to the Notice of this AGM.				
B	Financial year	Financial year April to March is followed by the Company				
		Announcement of quarterly results of 2022-23 & Annual General Meeting		Tentative quarterly results by August 14, 2022, November 14, 2022, February 14, 2023 and May 30, 2023 and Annual General Meeting by end of September, 2023.		
C	Dividend Payment date	September 15, 2022				
D	Book closure period	August 24, 2022 to August 30, 2022				
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		
		The Company has paid all due annual listing fees to all Stock Exchanges where shares are listed.				
F	Stock Code:	NSE : Equity- FINPIPE BSE: Equity- 500940/FINOLEXIND ISIN : INE183A01024				
G	Market Price data of Equity Shares- High, Low during each month in last financial year 2021-2022	Month	NSE		BSE	
			High (₹)	Low (₹)	High (₹)	Low (₹)
		Apr-21	154.25	129.60	154.75	128.39
		May-21	176.30	148.65	177.00	149.55
		Jun-21	197.85	162.75	198.90	162.90
		Jul-21	187.35	171.00	187.00	171.50
		Aug-21	179.00	160.65	180.00	160.00
		Sep-21	209.80	167.00	210.00	167.00
		Oct-21	244.50	206.35	268.00	206.70
		Nov-21	234.00	185.00	234.00	187.10
		Dec-21	214.10	195.60	214.90	195.20
		Jan-22	210.00	166.20	210.20	166.35
		Feb-22	186.80	140.10	186.85	140.45
		Mar-22	162.05	144.15	162.00	144.25

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

Stock Performance



I	In case the securities are suspended from trading, the Directors Report shall explain the reasons thereof.	No securities are suspended from trading.
J	Registrar to an issue and share transfer agent	KFin Technologies Limited (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 Listing Regulations as amended, securities can be transferred only in dematerialized form w.e.f. April 1, 2019, Further w.e.f. January 24, 2022 transmission or transposition of securities held in physical or dematerialised form shall be effected only in dematerialised form. 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 as per requirement. Demat requests are confirmed within 21 days from the date of receipt of both electronic and physical request by RTA, if found in order.

L	Distribution of shareholding as on March 31, 2022	Category	Total Shareholders	% of total B	Total Shares	% of total D
		A	B	C	D	E
		Below 5,000	2,70,067	99.19	9,34,96,399	15.07
		Between 5,001 and 10,000	1,294	0.48	92,14,040	1.48
		Between 10,001 and 20,000	455	0.17	64,25,138	1.04
		Between 20,001 and 30,000	118	0.04	29,51,283	0.48
		Between 30,001 and 40,000	56	0.02	19,62,210	0.32
		Between 40,001 and 50,000	43	0.02	20,00,136	0.32
		Between 50,001 and 1,00,000	85	0.03	61,30,775	0.99
		Above 1,00,001	164	0.06	49,82,96,924	80.31
	Total	2,72,282	100	62,04,76,905	100	
M	Dematerialisation of shares and liquidity as on March 31, 2022	Depository/ Physical		No. of shares	% of total shares	
		NSDL		32,90,48,714	53.03	
		CDSL		26,46,43,421	42.65	
		Physical		2,67,84,770	4.32	
		Total		62,04,76,905	100	
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">PVC & PVC Pipes Plant: Ranpar – Pawas Road District Ratnagiri 415 616 MaharashtraPVC Pipes and Fittings Plants: 1. Gat No.399, Urse, Taluka Maval, District – Pune 410 506, Maharashtra 2. D 1/10 MIDC, Chinchwad, Pune 411019 MaharashtraPVC Pipes Plant: Village Masar, Taluka Padra, District Vadodara 391 421, Gujarat				
Q	Address for investor correspondence	KFin Technologies 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	As on March 31, 2022 - <ul style="list-style-type: none">Short term - CRISIL / INDIA Ratings CRISIL A1+ / IND A1+Long term - CRISIL / INDIA Ratings CRISIL AA / IND AA During the year under review, there is no revision in credit rating.				

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.
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 Listing Regulations.</p> <p>The Company has adopted following non-mandatory requirements as specified in Part E of Schedule II of the Listing Regulations.</p> <ol style="list-style-type: none"> The Company has an Executive Chairman. During the financial year 2021-22, there was no audit qualification in the Auditors' Report on the Company's Financial Statement. The Chairman and Managing Director of the Company are different persons. The internal auditor is a permanent invitee to the audit committee and regularly attends the meetings of the Audit Committee.
E	Web link where policy for determining 'material' subsidiaries is disclosed	https://www.finolexpipes.com/site/assets/files/12930/policy_on_material_subsidary-1.pdf
F	Web link where policy on dealing with related party transactions is disclosed	https://www.finolexpipes.com/site/assets/files/12932/related_party_transactions_policy.pdf
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 2021-22.
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 May 18, 2022 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 2021-22.

	Disclosure required									
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. 32 of notes to accounts under heading Auditors' Remuneration.								
L	Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.	Details of complaints during the year 2021-22: <table><tr><th>Particulars</th><th>Number of Complaints</th></tr><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></table>	Particulars	Number of Complaints	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
Particulars	Number of Complaints									
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									
M	Disclosure by Company and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount'.	The Company has not provided any loans and advances in the nature of loans to firms/companies in which directors are interested.								

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,
Gat No.399, Village Urse, Taluka Maval,
District 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, District Pune - 410506, produced before us by the Company on the e-mail for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C 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) 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 March 31, 2022 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 or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Original date of appointment
1	Mr. Prakash Pralhad Chhabria	00016017	March 13, 1992
2	Ms. Bhumika Batra	03502004	September 20, 2019
3	Mrs. Ritu Prakash Chhabria	00062144	March 21, 2015
4	Mrs.Kanchan Uday Chitale	00007267	April 1, 2019
5	Mr. Saurabh Sarvottam Dhanorkar	00011322	August 11, 2017
6	Mr. Sanjay Shankar Math	01874086	February 4, 2012
7	Dr. Deepak Rasiklal Parikh	06504537	September 20, 2019
8	Mr. Pradeep Ramwilas Rathi	00018577	September 20, 2019
9	Mr. Anami Narayan Prema Roy	01361110	September 20, 2019
10	Mr. Anil Vithaldas Whabi*	00142052	December 1, 2021

Note:

*Anil Vithaldas Whabi ceased to be Whole Time Director due to completion of his tenure on August 25, 2021. However he was re-appointed as Additional Director and Whole Time Director designated as Director (Finance) w.e.f. December 1, 2021.

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

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

Place: Pune
Date: May 18, 2022

Peer Review No.: P2013MH075200
UDIN: F006156D000321405

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To the Members of
Finolex Industries Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Finolex Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the 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, 2022, and its profit (including Other Comprehensive Income), 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 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 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.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Corporate Governance and Board of Director's report, but does not include the Financial Statements and our auditor's report thereon.

Our opinion on the 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 Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Ind AS 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 matter described below to be the key audit matter to be communicated in our report.

Valuation of Inventory:

The company has at balance sheet date Inventory amounting to ₹1,015.47 Crores as disclosed in Note 8 which constitute 19.3% of total assets of the company. The inventory is valued at the lower of cost and net realizable value. Refer to Note 2.7 which describes company's accounting policy on valuation of inventory. The Inventory valuation is considered as Key Audit matter since it constitutes significant portion of assets and considering price volatility of raw material and management estimate in respect of realizable value.

Our audit methodology included the following:

- Obtained an understanding and assessed internal controls and its effectiveness with respect to process of Inventory recording, verification and valuation
- Reviewed the management's inventory verification process, observed the physical verification process for sample items, taken cognizance and assessed the trend of past inventory differences.
- Performed cut off procedures on test check basis to ensure completeness of Inventory.
- Tested on sample basis the accuracy of weighted average cost and Overhead absorption for Raw material, Work in Progress, Finished Goods and Trading material as per the accounting policy adopted by the company
- Evaluated the management judgement, estimate and process for identification and valuation of slow moving / non-moving, obsolete and damaged items of inventory.

- Performed analysis of Net realizable value (NRV) vs Cost of inventory on test basis to ensure that the Inventory is carried at Cost or NRV whichever is lower as per applicable Ind AS 2.
- Ensured presentation and disclosure as per applicable Ind AS and accounting framework

Responsibilities of Management and Those Charged with Governance for the 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 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 Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 with reference to financial statements 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 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 Financial Statements, including the disclosures, and whether the 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 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, 2020 ("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 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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 with reference to financial statements 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 Ind AS financial statements – Refer Note 38.2 to the financial statements.
 - (ii) The Company did not have any long-term contracts including derivative contracts as at 31 March 2022
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - (iv) (a) The management has represented to us that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts to the financial statements, if any, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in

- other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) the management has represented to us, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts to the Financial Statements, if any, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the information and explanation given to us and audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations made by the management and as mentioned under sub-clause (iv)(a) and (iv)(b) above contain any material misstatement.
- (v) (a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable
- (b) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
- (vi) The requirement to the use of accounting software for maintaining Company's books of account which has a feature of recording audit trail (edit log) facility is deferred to financial years commencing on or after April 1, 2023, therefore reporting under Rule 11(g) of Companies (Audit & Auditors) Rules, 2014 is not applicable for financial year ended on March 31, 2022.

For P G BHAGWAT LLP

Chartered Accountants

Firm Registration Number: 101118W/W100682

Nachiket Deo

Partner

Membership Number: 117695

UDIN: 22117695AJFISD8457

Pune

Date: May 18, 2022

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT (CARO)

Referred to in paragraph 1 of our "Report on Other Legal and Regulatory Requirements" on even date

- (i) (a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company is maintaining proper records showing full particulars of intangible assets.
- (b) The Company has a regular program of physical verification to cover all the items of Property, Plant & Equipment in a phased manner, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Part of the property, plant and equipment has been verified by the management in the current year as per the program 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 (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in Note 3.5 on Property, Plant & Equipment to the financial statements, are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year. Accordingly provisions of Clause 3(i)(d) of the said Order are not applicable to the Company.
- (e) According to the information and explanations provided to us there are no proceedings have been initiated or are pending against the company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) and rules made thereunder. Therefore reporting under clause 3(i)(e) of the order is not applicable.
- (ii) (a) Inventory has been physically verified by the Management during the year. In our opinion and based on the policy adopted by the management, the coverage and procedure of such verification is appropriate. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory and have been appropriately dealt with in the books of accounts.
- (b) According to the information and explanations provided to us, the company has been sanctioned working capital limits in excess of

five crore rupees during the year, in aggregate, from banks or financial institutions on the basis of security of current assets till 21st December, 2021 and unsecured facility subsequent to that date. Accordingly, the charge has been satisfied in full. The management of the company has provided us with the quarterly returns or statements, which they have represented to us have been filed by the company with their banks or financial institutions. In our opinion, these quarterly returns or statements upto Q3 FY 2021-22 are in agreement with the books of account of the Company.

- (iii) (a) The company during the year has given loan to vendors and employees.

The aggregate amount of such loans during the year and balance thereof as at balance sheet date are as under :

Particulars	Loans (₹ In Crores)
Aggregate amount granted/ provided during the year	
Other than Subsidiaries, Joint ventures & Associates	21.89
Balance outstanding as at balance sheet date in respect of above cases	
Other than Subsidiaries, Joint ventures & Associates	21.88

- (b) In terms of the information and explanations given to us and the books of account and records examined by us, the investments made and the terms and conditions of the grant of loans, during the year are not prejudicial to the Company's interest.
- (c) In respect of the aforesaid loans, the schedule of repayment of principal and payment of interest has been stipulated and accordingly, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable.
- (d) In respect of the aforesaid loans, there is no amount which is overdue for more than ninety days.
- (e) In respect of the aforesaid loans; there are no loans which has fallen due during the year and no renewal or extension has been granted or no fresh loans granted to settle the overdues of existing loans of same parties.

- (f) The Company has not granted any loans or advances in the nature of loans during the year, either repayable on demand or without specifying any terms or period of repayment.
- (iv) According to the information and explanations given to us, the Company has not granted any loans or made investments, or provided guarantees or security to the parties covered under Section 185 of Companies Act, 2013. According to the information and explanations given to us, the Company has complied with the provisions of Sections 186 of the Companies Act, 2013 in respect of investments made, as applicable.
- (v) In our opinion and according to information and explanation given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified, hence, reporting under clause 3(v) of the Order is not applicable.
- (vi) Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and 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 the records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including Goods and Service Tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, Goods and services tax and provident fund and other material statutory dues, as applicable were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable, except TCS of ₹ 0.01 Crs (since paid.)
- (b) According to the information and explanations given to us, the particulars of dues of income tax, sales tax, wealth tax, service tax, custom duty, goods and service tax, excise duty and cess as at 31st March, 2022 which has not been deposited on account of disputes are as follows:

Name of the Statute	Nature of dispute due	*Amount under dispute not deposited (₹ in Crores)	Period to which amount is related	Forum where the dispute is pending
Customs Act, 1962	Disputes related to exemptions, classification & other matters	21.67	FY 2012-13, FY 2014-15 to 2016-17, FY 2018-19	CESTAT
		13.55	FY 2020-21	Commissioner
Central Excise Act, 1944	Disputes on account of disallowance of CENVAT credit on Input goods & capital goods and reversal thereof	0.09	FY 2001-02	High Court
		30.07	FY 2002-03, FY 2008-09 to 2015-16	CESTAT
		0.17	FY 2016-17	Assistant Commissioner
Finance Act, 1994	Disputes on account of disallowance of CENVAT credit availed on inadmissible services & reversal thereof	1.12	FY 2008-09, FY 2012-13 to 2017-18	CESTAT
		0.77	FY 2015-16 & 2016-17	Commissioner
Income Tax Act, 1961	Disallowance on account of 14A Disallowance & Others	0.79	FY 2015-16 to 2017-18	Commissioner of Income Tax
Sales Tax-MVAT Act, 2002 & CST Act, 1956	Disallowance on account of non-receipt of Forms & disallowance of credit	2.05	FY 2006-07, FY 2014-15 & 2015-16	Commissioner

- (viii) In terms of the information and explanations given to us and the books of account and records examined by us, the Company has not surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Therefore reporting under clause 3(viii) of the order is not applicable.
- (ix) (a) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender as at the balance sheet date.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) According to the information and explanations given to us and on the basis of our audit procedures, the Company has not availed any term loan.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that funds raised on short-term basis have, prima facie, not been used for long-term purposes by the company during the year.
- (e) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its associates.
- (f) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that the Company has not raised any loans during the year on the pledge of securities held in its associates.
- (x) (a) In our opinion, and according to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) during the year. Accordingly, the provisions of Clause 3(x)(a) of the Order are not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares or fully or partly or optionally convertible debentures during the year. Accordingly, the provisions of Clause 3(x)(b) of the Order are not applicable to the Company.
- (xi) (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company noticed or reported during the year, nor have we been informed of any such case by the Management.
- (b) According to the information and explanations given to us, report in the form ADT-4 as specified under sub-section (12) of section 143 of the Companies Act has not been filed. Accordingly reporting under clause 3(xi)(b) of the order is not applicable.
- (c) According to the information and explanations given to us and as represented to us by the management, there are no whistle blower complaints received by the company during the year.
- (xii) In our opinion, the company is not a Nidhi company. Accordingly, the provisions specified in Paragraph 3(xii)(a), 3(xii)(b) and 3(xii)(c) of Companies (Auditor's Report) order, 2020 are not applicable to the company.
- (xiii) According to the information and explanations given to us and in our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) (a) In our opinion and based on our examination, the company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

(xvi) (a), (b), (c) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.

(d) Based on information and explanation given to us and as represented by the management, the Group does not have more than one Core Investment Company (CIC) as part of the Group. Accordingly, clause 3(xvi)(d) of Companies (Auditor's Report) order, 2020 is not applicable to the company.

(xvii) The Company has not incurred cash losses during current financial year and had not incurred cash losses during immediately preceding financial year.

(xviii) There has been no resignation by statutory auditors during the year hence reporting under clause 3(xviii) of the order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of

the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.

(b) There are no unspent amounts towards Corporate Social Responsibility (CSR) in respect of ongoing projects requiring a transfer to a Special Account in compliance with sub-section (6) of Section 135 of the Act. Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable for the year.

For **P G BHAGWAT LLP**

Chartered Accountants

Firm Registration Number: 101118W/W100682

Nachiket Deo

Partner

Membership Number: 117695

UDIN: 22117695AJFISD8457

Pune

Date: May 18, 2022

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 with reference to 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 Financial Statements of Finolex Industries Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the 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 controls over financial reporting criteria established by the Company considering the essential components of internal controls 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 with reference to the 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 the 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 adequacy of the internal financial controls with reference to the Financial Statements and their operating effectiveness. Our audit of internal

financial controls with reference to the Financial Statements included obtaining an understanding of internal financial controls with reference to the Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

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

Meaning of Internal Financial controls with reference to the Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to the Financial Statements

Because of the inherent limitations of internal financial controls with reference to the Financial Statements, 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 with reference to the Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Financial Statements 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, adequate internal financial controls with reference to the Financial Statements and such internal financial controls with reference to the Financial Statements were operating effectively as at March 31, 2022, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance

Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **P G BHAGWAT LLP**

Chartered Accountants

Firm Registration Number: 101118W/W100682

Nachiket Deo

Partner

Membership Number: 117695

UDIN: 22117695AJFISD8457

Pune

Date: May 18, 2022

STANDALONE BALANCE SHEET

as at March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	Note No	March 31, 2022	March 31, 2021
A. ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	3	992.33	1,001.29
(b) Capital work-in-progress	3	9.46	8.15
(c) Other Intangible assets	3	0.90	1.06
(d) Financial assets			
i) Investments	4	1,080.77	1,085.26
ii) Loans	5	13.48	0.05
iii) Other financial assets	6	38.16	32.34
(e) Tax assets (net)	24	25.60	31.93
(f) Other non-current assets	7	54.34	57.93
Total non-current assets		2,215.04	2,218.01
2 Current assets			
(a) Inventories	8	1,015.47	918.82
(b) Financial assets			
i) Investments	9	1,552.52	506.94
ii) Trade receivables	10	334.46	147.98
iii) Cash and cash equivalents	11.1	23.55	31.40
iv) Bank balances other than (iii) above	11.2	57.49	304.86
v) Loans	12	8.70	0.34
vi) Other financial assets	13	13.00	11.35
(c) Other current assets	14	40.77	67.16
Total current assets		3,045.96	1,988.85
Total assets		5,261.00	4,206.86
B. EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital	15	124.10	124.10
(b) Other equity	16	3,739.66	2,948.78
Total equity		3,863.76	3,072.88
Liabilities			
2 Non-current liabilities			
(a) Financial liabilities	17	0.14	0.12
(b) Provisions	18.1	15.50	13.43
(c) Deferred tax liabilities (net)	24	115.70	118.51
(d) Government grants	19	67.05	65.76
Total non-current liabilities		198.39	197.82
3 Current liabilities			
(a) Financial liabilities			
i) Borrowings	20	278.03	203.85
ii) Trade payables	21		
- total outstanding dues of Micro & Small Enterprises (Refer Note 42)		8.05	24.42
- total outstanding dues of creditors other than Micro & Small Enterprises		455.03	411.37
iii) Other financial liabilities	22	275.22	208.62
(b) Other current liabilities	23	150.08	50.22
(c) Provisions	18.2	4.21	3.83
(d) Current tax liabilities (net)		17.50	24.78
(e) Government grants	19	10.73	9.07
Total current liabilities		1,198.85	936.16
Total liabilities		1,397.24	1,133.98
Total equity and liabilities		5,261.00	4,206.86

Notes to accounts form an integral part of the financial statements

Corporate information & Significant accounting policies

Other notes

As per our report of even date

1 to 2

3 to 50

For P G BHAGWAT LLP

Chartered Accountants
FRN 101118W/W100682

Nachiket Deo

Partner
M.No. 117695
Pune
May 18, 2022

For FINOLEX INDUSTRIES LIMITED

Prakash P. Chhabria

Executive Chairman
DIN: 00016017
London

Kanchan U. Chitale

Director
DIN: 00007267
Mumbai

Deepak R. Parikh

Director
DIN: 06504537
USA

Anil V. Whabi

Director - Finance & CFO
DIN: 00142052
Pune
May 18, 2022

Bhumika L. Batra

Director
DIN: 03502004
Mumbai

Saurabh S. Dhanorkar

Director
DIN: 00011322
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Pradeep R. Rathi

Director
DIN: 00018577
Singapore

Ashutosh Kulkarni

Company Secretary
M. No.: A18549
Pune

Ritu P. Chhabria

Director
DIN: 00062144
London

Sanjay S. Math

Managing Director
DIN: 01874086
Ratnagiri

Anami N. Roy

Director
DIN: 01361110
Pune

STATEMENT OF STANDALONE PROFIT AND LOSS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	Note No	March 31, 2022	March 31, 2021
INCOME			
I Revenue from operations	25	4,647.32	3,462.27
II Other income	26	83.16	72.48
III Total Income (I+II)		4,730.48	3,534.75
IV EXPENSES			
Cost of materials and components consumed	27	2,801.75	1,940.24
Purchase of stock-in-trade		14.71	10.00
Changes in inventories of finished goods, stock-in-trade and work-in-progress	28	32.60	(21.48)
Employee benefits expenses	29	190.84	166.80
Finance costs	30	14.09	7.27
Depreciation and amortisation expense	31	83.40	77.72
Other expenses	32	583.68	377.40
Total expenses		3,721.07	2,557.95
V Profit before exceptional items and tax (III-IV)		1,009.41	976.80
VI Exceptional items Gain/(loss)	33	376.06	-
VII Profit before tax after exceptional items (V+VI)		1,385.47	976.80
VIII Tax expense			
Current tax	24	321.00	247.00
(Excess) / short provision of earlier year(s)		13.63	-
Deferred tax	24	(2.63)	1.78
Total tax expense		332.00	248.78
IX Profit for the period (VII-VIII)		1,053.47	728.02
X Other Comprehensive Income (OCI)			
A Items that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement of defined benefit plans gain / (loss)		(0.32)	0.31
Income tax effect on above	24	0.08	(0.08)
(i) Re-measurement of defined benefit plans net off income tax		(0.24)	0.23
Equity instruments through OCI gain / (loss)		(14.27)	415.65
Income tax effect on above	24	0.11	(0.83)
(ii) Equity instruments through OCI net off income tax		(14.16)	414.82
Total Other Comprehensive Income for the year net off income tax [(i)+(ii)]		(14.40)	415.05
XI Total Comprehensive Income for the period (IX+X)		1,039.07	1,143.07
XII Earnings per equity share having nominal value per share of ₹ 2	35		
Basic (₹)		16.98	11.73
Diluted (₹)		16.98	11.73

Notes to accounts form an integral part of the financial statements

Corporate information & Significant accounting policies

Other notes

1 to 2

3 to 50

As per our report of even date

For P G BHAGWAT LLP

Chartered Accountants

FRN 101118W/W100682

Nachiket Deo

Partner
M.No. 117695
Pune
May 18, 2022

For FINOLEX INDUSTRIES LIMITED

Prakash P. Chhabria

Executive Chairman
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DIN: 01361110
Pune

STATEMENT OF STANDALONE CASH FLOW

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	March 31, 2022	March 31, 2021
I Cash flows from operating activities		
Profit before tax	1,385.47	976.80
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expense	83.40	77.72
Balances written off / (written back)	1.37	(0.93)
Profit on sale of investments (net)	(8.15)	(7.22)
(Gain)/loss on fair valuation of investment	(8.90)	(3.33)
(Profit)/loss on sale/discard of assets (net)	0.87	0.61
Dividend income	(13.14)	(13.14)
Exceptional item	(376.06)	-
Unwinding of government grant income	(10.73)	(9.07)
Interest income	(36.57)	(29.79)
Unrealised exchange fluctuation (gain)/ loss (net)	1.50	1.51
Finance costs	14.09	7.27
Operating profit before working capital changes	1,033.15	1,000.42
Change in operating assets and liabilities		
(Increase) / decrease in inventories	(96.66)	(61.01)
(Increase) / decrease in trade receivables	(186.48)	(75.40)
(Increase) / decrease in loans	(21.79)	(0.44)
(Increase) / decrease in other financial assets	(10.37)	0.00
(Increase) / decrease in other current assets	33.15	2.68
(Increase)/ decrease in government grants (net)	11.89	(12.45)
Increase / (decrease) in trade payables	27.21	166.62
Increase / (decrease) in provisions	2.13	(12.16)
Increase / (decrease) in other financial liabilities	65.49	129.66
Increase / (decrease) in other current liabilities	99.85	14.86
Cash generated from working capital changes	(75.58)	152.38
Less - Income tax paid	(335.58)	(211.81)
Net cash inflow/(outflow) from operating activities	621.99	940.98
II Cash flow from investing activities		
Proceeds from sale of property, plant and equipment(net)	380.63	0.19
Payment for purchase of property, plant and equipment	(84.41)	(64.91)
Net proceeds from purchase/sale of investments	(1,038.32)	(585.94)
Dividend income received	13.14	13.14
Investments in fixed deposits and bank balances	247.37	(264.76)
Interest income received	41.26	25.71
Net cash inflow/(outflow) from investing activities	(440.34)	(876.57)

STATEMENT OF STANDALONE CASH FLOW

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	March 31, 2022	March 31, 2021
III Cash flow from financing activities		
Finance costs	(14.08)	(7.69)
Proceeds / (repayment) of borrowings (net)	72.77	(78.43)
Dividend paid	(248.19)	(4.18)
Net cash inflow/(outflow) from financing activities	(189.50)	(90.30)
IV Net increase / (decrease) in cash and cash equivalents at the end of the year (I+II+III)	(7.84)	(25.89)
V Cash and cash equivalents at the beginning of the financial year	31.40	57.29
VI Cash and cash equivalents at the end of the financial year (IV+V) (Refer note 11.1)	23.56	31.40

Components of cash and cash equivalents

Particulars	March 31, 2022	March 31, 2021
Balances with banks (current accounts)	23.42	31.24
Deposits with bank	-	-
Cash on hand	0.13	0.16
Total cash and cash equivalents	23.55	31.40

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

As per our report of even date

For P G BHAGWAT LLP

Chartered Accountants
FRN 101118W/W100682

Nachiket Deo

Partner
M.No. 117695
Pune
May 18, 2022

For FINOLEX INDUSTRIES LIMITED

Prakash P. Chhabria

Executive Chairman
DIN: 00016017
London

Kanchan U. Chitale

Director
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Mumbai

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Sanjay S. Math

Managing Director
DIN: 01874086
Ratnagiri

Anami N. Roy

Director
DIN: 01361110
Pune

STATEMENT OF STANDALONE CHANGES IN EQUITY

for the year ended March 31, 2022

A. Equity share capital

Issued, subscribed and fully paid equity shares of ₹ 2 each

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	No. of Shares	Amount
Opening Balance as at April 1, 2020	12,40,95,381	124.10
Change in equity share capital due to prior period errors	-	-
Restated balance as at April 1, 2020	12,40,95,381	124.10
Increase in the number of shares on account of share split (Refer note 15 (iv))	49,63,81,524	-
Closing Balance as at March 31, 2021	62,04,76,905	124.10
Change in equity share capital due to prior period errors	-	-
Restated balance as at April 1, 2021	62,04,76,905	124.10
Increase/ (decrease) during the year	-	-
Closing Balance as at March 31, 2022	62,04,76,905	124.10

(Refer Note No 15)

B. Other Equity

Particulars	Reserves and Surplus					Total
	General Reserve	Securities Premium	Capital Redemption Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	
Balance as at April 1, 2020	394.50	151.27	25.18	1,431.92	(197.16)	1,805.71
Change in other equity due to change in accounting policy or prior period errors	-	-	-	-	-	-
Restated balance as at April 1, 2020	394.50	151.27	25.18	1,431.92	(197.16)	1,805.71
Profit for the period	-	-	-	728.02	-	728.02
Other comprehensive income (net of tax)	-	-	-	0.23	414.82	415.05
Total Comprehensive income for the year	-	-	-	728.25	414.82	1,143.07
Balance as at March 31, 2021	394.50	151.27	25.18	2,160.17	217.66	2,948.78
Change in other equity due to change in accounting policy or prior period errors	-	-	-	-	-	-
Restated balance as at April 1, 2021	394.50	151.27	25.18	2,160.17	217.66	2,948.78
Profit for the period	-	-	-	1,053.47	-	1,053.47
Final Dividend	-	-	-	(248.19)	-	(248.19)
Other comprehensive income (net of tax)	-	-	-	(0.24)	(14.16)	(14.40)
Total Comprehensive income for the year	-	-	-	805.04	(14.16)	790.88
Balance as at March 31, 2022	394.50	151.27	25.18	2,965.21	203.50	3,739.66

(Refer Note No 15)

As per our report of even date

For P G BHAGWAT LLP

Chartered Accountants
FRN 101118W/W100682

Nachiket Deo

Partner
M.No. 117695
Pune
May 18, 2022

For FINOLEX INDUSTRIES LIMITED

Prakash P. Chhabria

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Director
DIN: 01361110
Pune

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

1. Corporate Information

Finolex Industries Limited ('FIL' or 'the Company') is a company domiciled in India and incorporated under the provisions of Companies Act 1956. The equity shares of the company are listed on BSE Limited and National Stock Exchange of India Limited. 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. The Company has manufacturing facilities in the states of Maharashtra & Gujarat.

2. Summary of significant accounting policies

2.1 Basis of Preparation

The Company's standalone financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ("Ind AS") as issued under the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereof issued by the Ministry of Corporate Affairs in exercise of the powers conferred by section 133 read with rule 7 of the companies (Accounts) Rules, 2014. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) and the guidelines issued by the Securities and Exchange Board of India are also applied.

The financial statements were approved and were authorized for issue in accordance with a resolution of the Board of Directors on May 18, 2022.

2.2 Basis of measurement

The standalone financial statements have been prepared on accrual basis following historical cost convention, except for:

- (i) certain financial assets and financial liabilities that are measured at fair value or amortised cost in accordance with Ind AS.
- (ii) defined benefit plans - plan assets measured at fair value.

2.3 Functional and presentation currency

The financial statements are presented in Indian rupees (INR) which is the Company's functional currency.

Amounts in the financial statements are presented in Indian Rupees in crore rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013 unless otherwise stated.

2.4 Current or non-current classification

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

An asset is classified as 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 classified as 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 classified 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.

2.5 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:

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

Judgements

Government Grant/Subsidy

The company was entitled to receive Industrial Promotion Subsidy under the Package Scheme of Incentives, for the period from April, 2011 to March 31, 2018. Further, the company during the previous year has received extension for 5 years which will expire by March 2023. 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.

Leases

From April 1, 2019, Ind AS 116 - 'Leases' had 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, 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.

Estimates

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.

The most sensitive parameter is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are mainly based on expected future inflation rates for the country.

Further details about defined benefit obligations are provided in Note 36.

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.

Deferred Tax

Deferred tax assets are recognised for all deductible temporary differences including 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.

2.6 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

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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 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 39 for detailed disclosures.)

2.7 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 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.

2.8 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.

Capital work-in-progress comprises cost of property, plant and equipment that are not yet installed and not ready for their intended use at the balance sheet date.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date are disclosed under "Other non-current assets".

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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 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	5
Vehicles	8 to 13
Other Intangible Assets	3 to 6

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.

2.9 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:

- 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.

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

2.10 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 is established, which is in the year when shareholders approve the dividend.

Borrowing costs

Borrowing 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.

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.

All other borrowing costs are expensed in the period in which they are incurred.

2.11 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 recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.12 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.

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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.

2.13 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 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.

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.

2.14 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.

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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.

2.15 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.

2.15.1 Financial assets

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 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/ (other income) in the profit and loss statement. The losses arising from impairment are recognised in the statement of profit and loss.

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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 FVOCI

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

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

After initial measurement, such financial assets, until they are derecognised or reclassified, are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income except for interest income, impairment gains or losses and foreign exchange gains and losses which 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.

(c) Financial assets classified as measured at FVTPL

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

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 FVOCI, 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.

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.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

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Original Classification	Revised Classification	Accounting Treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in the statement of Profit and loss.
FVTPL	Amortised cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to statement of profit and loss at the reclassification date.

2.15.2 Financial liabilities

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 liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

(a) Financial liabilities at FVTPL

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

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

Financial liabilities designated as such upon initial recognition at the initial date of recognition, if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognized in OCI. These gains/ loss are not subsequently transferred to the statement of profit and loss. However,

the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

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

(b) Financial liabilities at amortised cost

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

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.

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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.

2.16 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.

2.17 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.

2.18 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.

2.19 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.

The Company recognises the following changes in the net defined benefit obligation under 'employee benefit expenses' in the statement of profit and loss:

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

- 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 36 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.

2.20 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.

2.21 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.

2.22 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:

Exposure Drafts:

Following exposure drafts have been issued by the Institute of Chartered Accountants of India:

1. Amendment to Ind AS 116, "Leases" - Covid-19-Related Rent Concessions beyond 30 June 2021

On 24 July 2020, the MCA issued the Companies (Indian Accounting Standard) Amendment Rules, 2020 which amended Ind AS 116 to provide relief for lessees in accounting for eligible rent concessions upto 31 July 2021 that are a direct consequence of COVID-19. The exposure draft on amendments to Ind AS 116 issued by the Institute of Chartered Accountants of India proposes amendments to extend the relief for lessees in accounting for eligible rent concessions upto 31 July 2022.

2. Amendment to Ind AS 116, "Leases" - Interest Rate Benchmark Reform: Phase 2

The exposure draft on amendments to Ind AS 116 issued by the Institute of Chartered Accountants of India proposes amendments to include a practical expedient in respect of all lease modifications that change the basis for determining future lease payments as a result of interest rate benchmark reform.

3. Amendments to Ind AS 37, "Provisions, Contingent Liabilities and Contingent Assets" - Onerous Contracts

The exposure draft on amendments to Ind AS 37 issued by the Institute of Chartered Accountants of India proposes amendments regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

4. Amendments to Ind AS 16, "Property, Plant and Equipment" - Proceeds before Intended Use

The exposure draft on amendments to Ind AS 16 issued by the Institute of Chartered Accountants of India proposes amendments regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.

5. Amendments to Ind AS 103, "Business Combinations" - Reference to the Conceptual Framework

The exposure draft on amendments to Ind AS 103 issued by the Institute of Chartered Accountants of India proposes amendments to change out updated reference to "Framework for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards" and update it with reference to "Conceptual Framework for Financial Reporting under Indian Accounting Standards". It also proposes certain consequential amendments.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

6. Amendments to 101, “First-time Adoption of Indian Accounting Standards” – Subsidiary as a First-time Adopter

The exposure draft on amendments to Ind AS 101 issued by the Institute of Chartered Accountants of India proposes amendments to simplify the application of Ind AS 101 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

7. Amendments to 41, “Agriculture” – Taxation in Fair Value Measurements

The exposure draft on amendments to Ind AS 41 issued by the Institute of Chartered Accountants of India proposes amendments to remove a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in Ind AS 41 with those in other Ind AS's.

8. Amendments to Ind AS 109, “Financial Instruments” and Ind AS 107, “Financial Instruments: Disclosures” - Interest Rate Benchmark Reform: Phase 2

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 assist entities in providing useful information about the effects of the transition to alternative benchmark rates and support preparers in applying the requirements of Ind AS's when changes are made to contractual cash flows or hedging relationships as a result of the transition to an alternative benchmark interest rate.

9. New Indian Accounting Standard (Ind AS) 117, Insurance Contracts

The exposure draft of Ind AS 117 is issued by the Institute of Chartered Accountants of India as replacement for Ind AS 104 Insurance Contracts.

The above exposure drafts have not been notified by the Ministry of Corporate Affairs ('MCA') to be applicable from 1 April, 2021 as at the date of approval of these financial statements. On issue of the amendment by MCA, the Company would evaluate the impact of the change in the standalone financial statements.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

3 : Property, plant and equipment and other intangible assets (including capital work-in-progress)

Particulars	Freehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Leasehold Land (Right of Use asset)	Total	Capital Work-in-progress	Other intangible Assets
Gross carrying value										
Balance as at April 1, 2020	105.70	277.86	1,922.70	6.19	10.79	3.61	1.01	2,327.86	7.28	6.41
Additions	2.50	7.19	53.80	0.10	-	0.35	-	63.94	14.90	0.04
Deletions/ transfer	-	-	(6.62)	(0.06)	(0.31)	(0.02)	-	(7.01)	(14.03)	(0.51)
Balance as at March 31, 2021	108.20	285.05	1,969.88	6.23	10.47	3.94	1.01	2,384.78	8.15	5.94
For the year										
Additions	0.85	2.54	71.26	0.18	3.19	1.21	-	79.23	3.50	0.48
Deletions/ transfer	-	(6.20)	(11.16)	(0.01)	(1.13)	(0.11)	(0.43)	(19.04)	(2.19)	-
Balance as at March 31, 2022	109.05	281.39	2,029.98	6.40	12.54	5.04	0.58	2,444.98	9.46	6.42
Accumulated depreciation / amortisation										
Balance as at April 1, 2020	-	92.26	1,210.02	4.38	4.44	1.12	0.35	1,312.57	-	4.81
For the year										
Depreciation/ amortisation	-	8.60	66.19	0.29	1.17	0.90	0.01	77.15	-	0.57
Deletions/ transfer	-	-	(6.04)	(0.05)	(0.13)	(0.02)	-	(6.23)	-	(0.50)
Balance as at March 31, 2021	-	100.86	1,270.17	4.62	5.48	2.01	0.36	1,383.49	-	4.88
For the year										
Depreciation/ amortisation	-	9.07	71.18	0.31	1.09	1.10	0.01	82.76	-	0.64
Deletions/ transfer	-	(2.48)	(10.24)	(0.01)	(0.60)	(0.10)	(0.17)	(13.60)	-	-
Balance as at March 31, 2022	-	107.45	1,331.11	4.92	5.98	3.01	0.19	1,452.65	-	5.52
Net Block as at March 31, 2022	109.05	173.94	698.87	1.48	6.56	2.04	0.38	992.33	9.46	0.90
Net Block as at March 31, 2021	108.20	184.18	699.71	1.62	4.99	1.93	0.65	1,001.29	8.15	1.06

Notes:

1. For Depreciation and amortisation refer accounting policy (Note 2.8)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

3 : Property, plant and equipment and other intangible assets (including capital work-in-progress) (Contd..)

2. Property, plant and equipment pledged as security :

There is no charge on property, plant and equipment as on March 31, 2022.

As on March 31, 2021, extension of second equitable mortgage, existed in favour of Consortium of lenders 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 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.

3. 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.

The Company does not have any projects which are overdue or exceeded cost estimate hence disclosure of completion schedule is not applicable.

CWIP ageing schedule as at March 31, 2022

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Capital work-in-progress	2.59	6.87	-	-	9.46
	2.59	6.87	-	-	9.46

CWIP ageing schedule as at March 31, 2021

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Capital work-in-progress	7.25	0.90	-	-	8.15
	7.25	0.90	-	-	8.15

4. There are no intangible assets under development as at March 31, 2022 or as at March 31, 2021.

5. Title deeds of immovable properties not held in name of the Company:

There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) whose title deed is not held in the name of the Company.

6. Benami properties:

No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

7. Capital commitments:

Refer Note 38.1 for disclosure of contractual commitments for the acquisition of Property, plant and equipment.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

4 Investments : Non-current

Particulars	Face Value* ₹	No of shares as at *		Balances as at	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Quoted					
Investments in equity shares					
Investments designated at fair value through other comprehensive income (FVOCI)					
Finolex Cables Limited	2	2,21,87,075	2,21,87,075	836.61	850.85
Investments designated at fair value through profit and loss (FVTPL)					
GOCL Corporation Limited	2	4,950	4,950	0.14	0.11
Gulf Oil Lubricants India Limited	2	4,950	4,950	0.21	0.36
Gold Crest Corporation Limited	10	12,400	12,400	0.22	0.08
				0.57	0.55
Unquoted					
Investments designated at fair value through other comprehensive income (FVOCI)					
a) Finolex Infrastructure Limited	10	53,73,938	53,73,938	12.36	12.38
Investments designated at fair value through profit and loss (FVTPL)					
a) The Saraswat Co-op Bank Limited #	10	1,000	1,000	-	-
Investments measured at cost					
Associate Companies					
a) Finolex Plasjon Industries Private Limited	10	46,35,000	46,35,000	7.50	7.50
b) Pawas Port Limited	10	49,994	49,994	0.05	0.05
				7.55	7.55
Investments in bonds measured at amortised cost (Quoted)					
Perpetual Bonds					
9.56% State Bank of India	10,00,000	350	250	37.18	26.68
8.50% State Bank of India	10,00,000	250	250	26.21	26.37
8.75% State Bank of India	10,00,000	100	100	10.82	10.94
7.74% State Bank of India	10,00,000	200	200	21.11	-
8.85% HDFC Bank Limited	10,00,000	300	300	32.38	32.62
8.99% Bank of Baroda	10,00,000	250	250	25.84	25.91
8.25% Bank of Baroda	10,00,000	200	200	21.20	21.22
Tax Free Bonds					
8.23% Indian Railway Finance Corporation 18 Feb 2024	1,000	1,00,000	1,00,000	11.44	11.76
7.07% Indian Railway Finance Corporation 21 Dec 2025	1,000	60,000	60,000	6.76	6.90
7.18% Indian Railway Finance Corporation 19 Feb 2023	1,000	-	1,00,000	-	10.78
7.93% Rural Electrification Corporation Limited 27 Mar 2022	1,000	-	60,000	-	6.59
8.01% Rural Electrification Corporation Limited 24 Sep 2023	1,000	75,000	75,000	8.14	8.42

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

4 Investments : Non-current (Contd..)

Particulars	Face Value* ₹	No of shares as at *		Balances as at	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
7.55% Indian Railway Finance Corporation 8 Nov 2021	1,00,000	-	250	-	2.64
7.19% Indian Railway Finance Corporation 31 July 2025	10,00,000	50	50	5.80	5.93
7.17% Rural Electrification Corporation Limited 23 July 2025	10,00,000	100	100	11.13	11.38
7.15% National Thermal Power Corporation Limited 21 Aug 2025	10,00,000	50	50	5.67	5.79
Total				1,080.77	1,085.26

* Number of shares/bonds and face value are in full figures

The value of shares in full figures is ₹ 10,000/-

The Company measures its investments in associates at cost, as per option provided by Ind AS 27 "Separate Financial Statements".

Particulars	March 31, 2022	March 31, 2021
Aggregate book value of quoted investments	335.81	315.11
Aggregate value of unquoted investments	19.91	19.93
Aggregate market value of quoted investments	1,060.86	1,065.33

Fair Value disclosures

Fair value disclosures for financial assets and liabilities are stated in Note 39 and fair value hierarchy disclosures for investment are stated in Note 39.

Risk Management Strategy

Refer Note 40 on financial risk management objectives and policies for financial instruments.

5 Non-current loans

Particulars	March 31, 2022	March 31, 2021
Unsecured, considered good		
Loans to employees	0.04	0.05
Loans to vendors	13.44	-
	13.48	0.05
Less: Loss Allowance	-	-
Total	13.48	0.05

There are no loans having significant increase in credit risk or which are credit impaired or doubtful as at March 31, 2022 (₹ Nil as at March 31, 2021)

Refer note 39 for classification of financial instruments by category and into fair value level of hierarchy

The company has not granted any loans to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013) either severally or jointly with any other person, that are:

- (a) repayable on demand; or
- (b) without specifying any terms or period of repayment

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

6 Other non-current financial assets

Particulars	March 31, 2022	March 31, 2021
Unsecured considered good		
Claims receivable (under mega incentive schemes) (Refer Note 19)	31.97	30.18
Security deposits	6.19	2.16
Total	38.16	32.34

Refer note 39 for classification of financial instruments by category and into fair value level of hierarchy

7 Other non-current assets

Particulars	March 31, 2022	March 31, 2021
Unsecured considered good		
Capital advances	11.57	7.06
Prepaid expenses	0.55	0.15
Balances with government authorities:	42.22	50.72
Total	54.34	57.93

8 Inventories

Particulars	March 31, 2022	March 31, 2021
Raw materials	489.71	373.41
Work-in-progress	80.83	79.52
Finished goods	364.08	398.30
Stock-in-trade	1.42	1.13
Stores and spares	72.62	61.28
Packing material	6.81	5.18
Total	1,015.47	918.82

- Raw materials include goods in transit of ₹ 21.63 Crores (₹ 6.02 Crores as at March 31, 2021)
- Write-down of inventories to net realisable value (net of reversal) amounted to ₹12.68 Crores (March 31, 2021- ₹ 4.95 Crores). These were recognised as an expense during the year.
- As on March 31, 2022, there is no hypothecation on inventories. As on March 31, 2021, inventories were hypothecated against current borrowings. Also refer Note 20.
- Refer Note 2.7 for basis of valuation of inventories.

9 Investments: Current

Particulars	Face Value* ₹	No of units as at *		Balances as at	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Investment in Mutual Fund classified as fair value through profit and loss (FVTPL)					
IDFC Over Night Fund Direct Growth	1000	-	148	-	0.02
ICICI Prudential Fixed Maturity Plan Series 28 - 1185 Days Plan I Direct	10	-	24,165,680	-	30.56
SBI Magnum Low Duration Fund - Growth	1000	138,032	143,579	40.16	40.14
Axis Treasury Advantage Fund Direct Growth	1000	190,415	82,096	49.32	20.38
Axis Overnight Fund Direct Plan Growth	1000	-	147,154	-	16.01
Dsp Ultra Short Term Fund Direct Growth	1000	362,677	174,731	107.44	49.87
IDFC Ultra Short Term Fund Direct Growth	10	79,360,600	44,104,475	98.49	52.80

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

9 Investments: Current (Contd.)

Particulars	Face Value* ₹	No of units as at *		Balances as at	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Nippon India Floating Rate Fund Growth	10	14,355,726	14,355,726	54.18	51.66
Nippon India Overnight Fund Direct Growth	100	1,437,957	422,498	16.41	4.67
Kotak Saving Fund Growth Direct Plan Growth	10	35,860,590	6,411,440	129.21	22.24
ICICI Prudential Overnight Fund Direct Growth	100	7,520,554	593,923	86.19	6.59
Nippon India Arbitrage Fund Direct Growth	10	14,493,853	-	33.09	-
Nippon India Low Duration Fund Direct Growth	1000	120,428	-	38.16	-
SBI Arbitrage Opportunities Fund Direct - Growth	10	10,703,733	-	30.54	-
ICICI Prudential Money Market Fund Direct Plan Growth	100	3,884,168	-	119.20	-
Nippon India Money Market Fund Direct Growth	1000	268,702	-	90.03	-
SBI Overnight Fund Direct - Growth	1000	245,803	-	85.08	-
Kotak Money Market Growth Direct Plan	1000	276,261	-	100.03	-
Tata Liquid Fund Direct Growth	1000	283,363	-	95.22	-
Tata Money Market Fund Direct Growth	1000	39,210	-	15.00	-
Aditya Birla Sun Life Manager Growth	100	3,346,689	-	100.04	-
ICICI Prudential Equity Arbitrage Fund Direct Plan Growth	10	12,697,386	-	37.19	-
Investment in Fixed Deposits classified at cost (Unquoted)					
LIC Housing Finance Limited				217.00	212.00
Investments measured at amortised cost - Bonds (Quoted)					
7.18% Indian Railway Finance Corporation 19 Feb 2023 (FV ₹1,000)		100,000	-	10.55	-

Particulars	March 31, 2022	March 31, 2021
Aggregate cost of quoted investments	1,326.64	291.61
Aggregate market value of quoted investments	1,335.52	294.94
Aggregate value of unquoted investments	217.00	212.00

* Number of units and face value are in full figures

Fair Value disclosures

Fair value disclosures for financial assets and liabilities and fair value hierarchy disclosures for investment are stated in Note 39.

Risk Management Strategy

Refer Note 40 on financial risk management objectives and policies for financial instruments.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

10 Trade receivables

Particulars	March 31, 2022	March 31, 2021
Secured, considered good	1.40	1.40
Unsecured, considered good	333.06	146.58
Less: Loss allowance	-	-
Total	334.46	147.98

Trade receivables ageing schedule as at March 31, 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed considered good	325.11	7.95	-	-	-	-	333.06
Disputed considered good	-	-	-	-	-	1.40	1.40
	325.11	7.95	-	-	-	1.40	334.46

Trade receivables ageing schedule as at March 31, 2021

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed considered good	146.58	-	-	-	-	-	146.58
Disputed considered good	-	-	-	-	-	1.40	1.40
	146.58	-	-	-	-	1.40	147.98

There are no trade receivables having significant increase in credit risk or which are credit impaired or doubtful as at March 31, 2022 (₹ Nil as at March 31, 2021)

There are no dues from private companies in which director of the Company, is a director or a member.

Refer note 37 for terms and conditions relating to related party receivables.

Refer note 39 for classification of financial instruments by category and into fair value level of hierarchy

Refer note 40 for credit risk of trade receivables.

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 in certain cases credit period is generally upto 60 days. Company also charges interest @ 18% p.a. in case of delay in collection of trade receivables.

As on March 31, 2022, the trade receivables are free from hypothecation. As on March 31, 2021, trade receivables were hypothecated against current borrowings. (Refer Note 20).

11.1 Cash and cash equivalents

Particulars	March 31, 2022	March 31, 2021
Balances with banks		
In current accounts	23.42	31.24
Cash on hand	0.13	0.16
Total	23.55	31.40

11.2 Other bank balances

Particulars	March 31, 2022	March 31, 2021
Unpaid dividend accounts	30.19	28.24
Deposits with original maturity more than 3 months but less than 12 months	27.30	276.62
Total	57.49	304.86

Refer note 39 for classification of financial instruments by category and into fair value level of hierarchy

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

12 Current loans

Particulars	March 31, 2022	March 31, 2021
Unsecured, considered good		
Loans to employees	0.31	0.34
Loans to vendors	8.39	-
Total	8.70	0.34

There are no loans having significant increase in credit risk or which are credit impaired or doubtful as at March 31, 2022 (₹ Nil as at March 31, 2021)

Refer note 39 for classification of financial instruments by category and into fair value level of hierarchy

The Company has not granted any loans to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013) either severally or jointly with any other person, that are:

- (a) repayable on demand; or
- (b) without specifying any terms or period of repayment

13 Other current financial assets

Particulars	March 31, 2022	March 31, 2021
Unsecured, considered good		
Interest receivable- deposits and others*	6.15	10.83
Security deposits	2.80	0.40
Other receivables	4.05	0.12
Total	13.00	11.35

* Includes interest on advance given to vendor @ 15% p.a.

Refer note 39 for classification of financial instruments by category and into fair value level of hierarchy

14 Other current assets

Particulars	March 31, 2022	March 31, 2021
Unsecured, considered good		
Advances to vendors	25.76	54.53
Prepaid expenses	8.83	5.16
GST receivables (net)	6.18	7.47
Total	40.77	67.16

15 Equity Share Capital

Particulars	March 31, 2022		March 31, 2021	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores
Authorised equity share capital of ₹ 2 each				
Reconciliation of number of Equity Shares Authorised				
Shares outstanding at the beginning of the period	75,00,00,000	150.00	15,00,00,000	150.00
Increase in the number of shares on account of share split (Refer note (iv) below)	-	-	60,00,00,000	-
Shares outstanding at the end of the period	75,00,00,000	150.00	75,00,00,000	150.00
Unclassified share capital (shares of ₹ 10 each)	8,50,00,000	85.00	8,50,00,000	85.00
Total Authorised Share Capital	83,50,00,000	235.00	83,50,00,000	235.00

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

15 Equity Share Capital (Contd.)

Particulars	March 31, 2022		March 31, 2021	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores
Issued, Subscribed and fully paid up equity share capital of ₹ 2 each				
Reconciliation of number of Equity Shares and amount outstanding				
Shares outstanding at the beginning of the period	62,04,76,905	124.10	12,40,95,381	124.10
Change in equity share capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the period	62,04,76,905	124.10	12,40,95,381	124.10
Increase in the number of shares on account of share split (Refer note (iv) below)	-	-	49,63,81,524	-
Shares outstanding at the end of the period	62,04,76,905	124.10	62,04,76,905	124.10

Out of above, 2,163,000 shares (March 31, 2021: 2,163,000) are held by Finolex Industries Limited Employee Welfare trust under ESOP scheme (refer note (iv) below)

Number of shares held by each shareholder holding more than 5 percent of the Equity Shares of the Company are as follows:

Name of Shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of Shares held*	% of Holding	No. of Shares held*	% of Holding
Finolex Cables Limited	20,09,62,985	32.39%	20,09,62,985	32.39%
Orbit Electricals Private Limited	11,66,54,505	18.80%	11,66,54,505	18.80%

*Refer note (iv) below

Number of shares held by the promoters at the end of the year are as follows :

Name of the Promoter	As at March 31, 2022		% Change during the year
	No. of Shares held*	% of Holding	
Katara Mukesh Dolumal	17,500	0.00%	-
Katara Mukesh Dolumal	1,15,150	0.02%	-
Katara Aruna Mukesh	12,88,895	0.21%	0.02%
Sunita Kishandas Chhabria	-	0.00%	-100.00%
Prakash Pralhad Chhabria	8,53,745	0.14%	-
Priya Vijay Chhabria	3,01,000	0.05%	-
Vini Deepak Chhabria	1,32,000	0.02%	-
Kishandas Parashram Chhabria	1,000	0.00%	-99.88%
Deepak Kishan Chhabria	4,04,605	0.07%	-
Pralhad Parsram Chhabria	-	0.00%	-100.00%
Vijay Kishandas Chhabria	21,51,420	0.35%	304.59%
Kavita Sanjay Raheja	4,64,395	0.07%	-
Ritu Prakash Chhabria	22,250	0.00%	-
Rishi Vijay Chhabria	6,750	0.00%	-
Gayatri Prakash Chhabria	3,74,125	0.06%	-
Hansika Hiya Prakash Chhabria	3,34,875	0.05%	-
Katara Amit Mukesh	2,03,160	0.03%	-
Katara Amrita Mukesh	2,10,375	0.03%	-
Orbit Electricals Private Limited	11,66,54,505	18.80%	-
Finolex Cables Ltd.	20,09,62,985	32.39%	-
Katara Dental Pvt.Ltd.	10,69,750	0.17%	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

15 Equity Share Capital (Contd.)

- i) The Company has not made any bonus issue of equity shares during last 5 years.
- ii) The Company has only one class of equity shares having a par value of ₹ 2/- each. Each equity shareholder is entitled to one vote per share and has a right to receive dividend as recommended by Board of Directors subject to the necessary approval from the shareholders.

In the event of liquidation of the Company, the holders of equity shares will be 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.

- iii) The Board of Directors have proposed on May 18, 2022, a Final Dividend of ₹ 2/- (100%) per equity share and a Special Dividend of ₹ 2/- (100%) per equity share for financial year 2021-22. The same is subject to approval of the shareholders of the Company at the annual general meeting for the year ended March 31, 2022.
- iv) The Board of Directors at their Meeting held on February 1, 2021 approved the sub-division of each equity share of face value of ₹ 10/- fully paid up into 5 equity shares of face value of ₹ 2/- each fully paid up. The same was approved by the Members on March 26, 2021 through postal ballot and e-voting. The effective date for the subdivision was April 16, 2021. Consequently the split of equity shares is been effected from April 16, 2021. Accordingly, equity shares and earning per shares have been adjusted for share split in accordance with IND AS 33 'Earning Per Share' read with Ind AS 10 Events after Reporting Period.
- v) Capital Management:

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings as detailed in notes 20 and 11.1 offset by cash and cash equivalents) and total equity of the Company. The Company is not subject to any externally imposed capital requirements. The Company's risk management committee reviews the capital structure of the Company on an ongoing basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

16 Other Equity

Particulars	March 31, 2022	March 31, 2021
Reserves & Surplus		
- Securities Premium Account*		
Opening balance	151.27	151.27
Addition	-	-
Deletion	-	-
Closing balance	151.27	151.27
- Capital Redemption Reserve*		
Opening balance	25.18	25.18
Addition	-	-
Deletion	-	-
Closing balance	25.18	25.18
- General Reserve*		
Opening balance	394.50	394.50
Addition	-	-
Deletion	-	-
Closing balance	394.50	394.50
- Retained Earnings		
Opening balance	2,160.17	1,431.92
Change in accounting policy or prior period errors	-	-
Restated opening balance	2,160.17	1,431.92
Add :		
Profit for the year	1,053.47	728.02
Other Comprehensive Income (net)	(0.24)	0.23
[Re-measurement of defined benefit plan gain/(loss)]		

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

16 Other Equity (Contd.)

Particulars	March 31, 2022	March 31, 2021
Less : Appropriation		
Equity Dividend- Final (March 31, 2021 : ₹ 4 per share)	(248.19)	-
Closing balance	2,965.21	2,160.17
Other Reserves		
- Equity Instruments through Other Comprehensive Income		
Opening balance	217.66	(197.16)
Add : Increase/ (decrease) in fair value during the year (net)	(14.16)	414.82
Closing balance	203.50	217.66
Total	3,739.66	2,948.78

* There is no effect, on account of all change in accounting policy period years in March 31, 2022 and March 31, 2021.

Note

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

General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

17 Other non - current financial liabilities

Particulars	March 31, 2022	March 31, 2021
Security deposits	0.07	0.05
Dealer deposits	0.07	0.07
Total	0.14	0.12

Refer note 39 for classification of financial instruments by category and into fair value level of hierarchy

18.1 Non-current provisions

Particulars	March 31, 2022	March 31, 2021
Provision for employee benefits		
Gratuity (Refer Note 36)	2.28	1.58
Compensated absences (Refer Note 36)	13.22	11.85
Total	15.50	13.43

18.2 Current provisions

Particulars	March 31, 2022	March 31, 2021
Provision for employee benefits		
Gratuity (Refer Note 36)	2.21	1.95
Compensated absences (Refer Note 36)	2.00	1.88
Total	4.21	3.83

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

19 Government grants

Particulars	March 31, 2022	March 31, 2021
Non-current portion	67.05	65.76
Current portion	10.73	9.07
Total	77.78	74.83

- a) The Company was entitled to receive Industrial Promotion Subsidy under the Package Scheme of Incentives, for the period from April 1, 2011 to March 31, 2018. Further, during FY 2020-21, the Company has received extension for 5 years which will expire by March 2023. 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

Particulars	March 31, 2022	March 31, 2021
As at the beginning of the year	74.83	57.68
Recognised during the year	13.68	26.22
Released to the statement of profit and loss	(10.73)	(9.07)
As at the end of the year	77.78	74.83

- b) The Company has received the eligibility certificate for the industrial promotion subsidy under the package incentive scheme as mentioned above. The government grant accrued during the current year aggregating ₹ 13.67 Crore (March 31, 2021 - ₹ 26.22 Crore)

Asset movement

Particulars	March 31, 2022	March 31, 2021
As at the beginning of the year	30.17	8.66
Add: Grant accrued during the year	13.68	26.22
Less: Grant received during the year	(11.88)	(4.70)
As at the end of the year	31.97	30.17

Refer note 6

20 Current borrowings

Particulars	March 31, 2022	March 31, 2021
Secured	-	134.46
Unsecured	-	-
Acceptance from banks - Buyers Credit	276.22	19.39
Others	1.81	50.00
TOTAL	278.03	203.85

Details of terms of borrowings and security for the borrowings

The Company has aggregate limits of working capital borrowings of ₹ 1,606 Crores (₹ 2,205.75 Crores as at March 31, 2021) from various banks.

As at March 31, 2021, the Company had working capital borrowing limits aggregating ₹ 2,205.75 Crores (including limits of ₹ 1,395.75 Crores, from Bank of India Consortium which were secured against hypothecation of inventories and book debts and second equitable mortgage 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).

Borrowings from banks have been utilized for the purpose for which it were taken.

Quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts which are filed during the year.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

20 Current borrowings (Contd.)

As on 31st March 2022, the Company does not have any sanctions against the security of current assets.

The Company has not been declared as wilful defaulter by any bank.

Refer Note 40 for discussion on Company's financial risk management policies and procedures.

21 Trade payables

Particulars	March 31, 2022	March 31, 2021
Trade payables		
a) total outstanding dues of Micro & Small Enterprises (Refer Note 42)	8.05	24.42
b) total outstanding dues of creditors other than Micro & Small Enterprises	455.03	411.37
Total	463.08	435.79

Trade Payables ageing schedule as at March 31, 2022

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	4.20	3.09	0.74	0.01	0.00	8.05
Others	335.58	20.86	0.67	0.79	1.08	358.98
Unbilled dues	82.88	12.92	0.14	0.04	0.07	96.05
	422.67	36.87	1.55	0.84	1.15	463.08

Trade Payables ageing schedule as at March 31, 2021

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	19.69	4.58	0.01	-	0.14	24.42
Others	333.56	21.73	1.30	0.64	1.21	358.43
Unbilled dues	49.46	3.36	0.05	0.07	-	52.94
	402.71	29.67	1.36	0.70	1.35	435.79

Trade payables including related parties are non-interest bearing and are normally settled within 30 to 45 days.

Refer Note 40 for discussion on Company's financial risk management policies and procedures.

22 Other current financial liabilities

Particulars	March 31, 2022	March 31, 2021
Interest accrued but not due	0.13	0.14
Employee benefits payable	50.13	44.72
Payables for expenses	187.24	129.11
Payable for capital purchases	7.53	6.41
Unpaid dividend	30.19	28.24
Total	275.22	208.62

Refer Note 40 for discussion on Company's financial risk management policies and procedures.

23 Other current liabilities

Particulars	March 31, 2022	March 31, 2021
Advances from customers	10.03	13.82
Statutory dues (includes indirect and withholding taxes)	140.05	36.40
Total	150.08	50.22

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

24 Income Taxes

The note below details the major components of income tax expenses for the year ended March 31, 2022 and March 31, 2021. The note further describes the significant estimates made in relation to Company's income tax position, and also explains how the income tax expense is impacted by non-assessable and non-deductible items.

A Composition of income tax expense is as follows:

Particulars	March 31, 2022	March 31, 2021
Statement of profit and loss		
Current tax		
Current income tax charge	321.00	247.00
Adjustments in the current period for tax of prior periods	13.63	-
Deferred tax		
Relating to temporary differences	(2.63)	1.78
Income tax expense reported in the statement of profit and loss	332.00	248.78
Other Comprehensive Income		
Deferred tax* related to items recognised in OCI during the year		
Remeasurement gains/ (losses) on defined benefit plans	0.08	(0.08)
Fair value changes of financial assets	0.11	(0.83)
Income tax charged to OCI	0.19	(0.91)

*Related to items recognised in OCI during the year.

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.

Particulars	March 31, 2022	March 31, 2021
Accounting profit before tax expense	1,385.47	976.80
At applicable tax rate @ 25.168%	348.70	245.84
Adjustments For:		
Donation expenses	0.04	0.01
Corporate Social Responsibility expenses	4.78	2.26
Other non-deductible expenses	2.68	5.10
Agricultural income U/S.10(1) (Mango harvesting)	-	(0.01)
Deductions allowed under income tax	(3.40)	(4.15)
Other income credited to statement of profit and loss, either exempt or considered separately	(0.72)	(0.27)
Prior period tax adjustments	13.63	-
Permanent allowance against capital gain on sale of land including difference in tax rates	(33.71)	-
Tax expense as per statement of Profit and loss	332.00	248.78

The Company's effective tax rates for the year ended March 31, 2022 and March 31, 2021 are 23.96% & 25.47% respectively.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

24 Income Taxes (Contd.)

C Composition of deferred tax assets, deferred tax liabilities and deferred tax (expense)/income

Particulars	Balance Sheet		Statement of Profit and Loss	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Deferred tax liabilities				
Depreciation	(138.10)	(140.84)	2.75	(1.81)
Fair valuation of FVOCI investment	(0.89)	(1.00)	0.11	(0.84)
Fair valuation of FVTPL investment	(2.25)	(0.86)	(1.40)	(0.86)
Deferred tax assets				
Government grant- Deferred	19.58	18.83	0.74	4.31
Fair valuation of FVTPL investment		-	-	(1.37)
TDS Disallowance	1.01	1.01	-	1.01
Leave encashment	3.83	3.46	0.38	0.94
Defined benefit obligation and others	1.13	0.89	0.24	(4.07)
Deferred tax (expense)/income			2.81	(2.69)
Net deferred tax assets/(liabilities)	(115.70)	(118.51)		

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)

Particulars	March 31, 2022	March 31, 2021
As at the beginning of the year	(118.51)	(115.82)
Tax (expense)/ income recognised in the statement of profit and loss	2.63	(1.78)
Tax (expense)/ income recognised in the OCI	0.19	(0.91)
As at the end of the year	(115.70)	(118.51)

E Composition of deferred tax (expense)/ income recognised in the statement of profit and loss

Particulars	March 31, 2022	March 31, 2021
Deferred tax expense	(1.40)	(8.95)
Deferred tax income	4.21	6.26
Net deferred tax (expense)/ income	2.81	(2.69)

Tax losses

Particulars	March 31, 2022	March 31, 2021
Unused tax losses for which no deferred tax assets have been recognised- Long term capital losses	-	24.39
Potential tax benefit	-	5.68

The carried forward long term capital losses of ₹ 24.39 crore has been set off against long term capital gain on transfer of leasehold rights during the year, which is disclosed as exceptional item. Refer Note 33.

During the year 2019-20, new section 115BAA is introduced by the CBDT. As per this section, option is given to all existing companies to either pay income tax as per the 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 March 31, 2022 and March 31, 2021.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

25 Revenue from operations

Particulars	March 31, 2022	March 31, 2021
Revenue from sale of products		
Sale of products	4,610.87	3,437.00
Other operating revenue		
a) Scrap sales	24.01	14.31
b) Recovery of port charges	1.71	1.89
c) Government grant/Subsidy (Refer Note 19)	10.73	9.07
Total	4,647.32	3,462.27

The Company derives revenue from sale of Pipes & Fittings and PVC resin, which is disclosed in note no. 33 as segment revenue. Hence, no disaggregation of revenue is provided separately.

26 Other income

Particulars	March 31, 2022	March 31, 2021
I) Interest on		
a) Deposit with bank and financial institution	22.58	19.35
b) Interest on Investment in bonds	13.99	10.43
c) On advance to vendor	0.80	3.77
d) Income tax refund	8.34	0.16
e) Overdue receivables from customers	0.05	0.01
f) Others	-	0.01
II) Dividend from non-current investments		
a) Classified as fair value through FVTPL	0.01	0.01
b) Classified as fair value through FVOCI	12.20	12.20
c) Classified as cost - associate	0.93	0.93
III) Other non-operating income		
a) Insurance claims received	6.26	0.13
b) Net gains/(losses) on fair value changes on investment classified as FVTPL	8.90	3.49
c) Net gain / (loss) on sale of current investments (mutual funds) classified as FVTPL	8.15	7.22
d) Net foreign currency exchange gain on transaction and translations	-	14.36
e) Excess provision written back	-	0.33
f) Credit balances written back	-	0.01
g) Others	0.95	0.07
Total	83.16	72.48

27 Cost of materials consumed

Particulars	March 31, 2022	March 31, 2021
Cost of raw materials consumed	2,763.72	1,912.31
Packing material consumed	38.03	27.93
Total	2,801.75	1,940.24

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

28 Changes in inventories of finished goods, work-in-progress and stock in trade

Particulars	March 31, 2022	March 31, 2021
Inventories at the end of the year		
Work-in-progress	80.83	79.52
Finished goods	364.08	398.28
Stock-in-trade	1.42	1.13
Sub Total (A)	446.33	478.93
Inventories at the beginning of the year		
Work-in-progress	79.52	53.53
Finished goods	398.28	402.07
Stock-in-trade	1.13	1.85
Sub Total (B)	478.93	457.45
Changes in inventories of finished goods, work-in-progress and stock in trade (B-A)	32.60	(21.48)

29 Employee benefits expense

Particulars	March 31, 2022	March 31, 2021
Salaries, wages and bonus	170.53	148.20
Gratuity fund expenses (refer Note 36)	2.31	2.88
Contribution to provident fund and other funds (refer Note 36)	6.11	5.22
Staff welfare expenses	11.89	10.50
Total	190.84	166.80

30 Finance Cost

Particulars	March 31, 2022	March 31, 2021
Interest expense on borrowings and others	1.69	7.67
Other borrowing costs	1.87	1.75
Exchange differences regarded as an adjustment to borrowing cost	10.53	(2.15)
Total	14.09	7.27

31 Depreciation and amortisation expense

Particulars	March 31, 2022	March 31, 2021
Depreciation on property, plant and equipment	82.76	77.15
Amortisation of intangible assets	0.64	0.57
Total	83.40	77.72

32 Other expenses

Particulars	March 31, 2022	March 31, 2021
Power and fuel	181.83	97.85
Stores and spares consumed	65.25	34.48
Other manufacturing expenses	115.64	97.48
Rent on short term or low value leases	1.48	1.74
Rates and taxes	9.14	13.04
Insurance	17.55	12.92
Repairs & maintenance (buildings)	12.20	6.36
Repairs & maintenance (plant & machinery)	26.49	15.42
Repairs & maintenance (others)	10.52	3.20
Communication expenses	1.40	1.77
Traveling and conveyance	6.59	3.80

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

32 Other expenses (Contd.)

Particulars	March 31, 2022	March 31, 2021
Directors' sitting fees	0.62	0.43
Commission to non-executive directors	4.00	3.00
Auditor's remuneration :		
- Statutory audit fees	0.34	0.29
- Tax audit fees	0.05	0.05
- Limited review	0.06	0.06
- Certification	0.01	0.08
- Out of pocket expenses	0.01	-
Advertisement, publicity and sales promotion	71.26	46.74
Freight outward expenses	0.70	(0.05)
Loss on sale/discard of assets	0.87	0.61
Legal and professional fees	9.52	11.31
Donations	0.17	0.03
Corporate social responsibility (CSR)(refer note below)	19.00	9.00
Security expenses	8.19	8.06
Information technology maintenance	7.74	4.44
Net loss on foreign currency transactions and translations (other than considered as finance cost)	2.98	-
Miscellaneous expenses	10.07	5.29
Total	583.68	377.40

Corporate social responsibility (CSR) Contribution	March 31, 2022	March 31, 2021
Contribution to Mukul Madhav Foundation Trust (related party)	13.60	7.60
Expenses incurred by the Company	5.40	-
Contribution to others	-	1.40
Total	19.00	9.00
a) Amount required to be spent during the period	12.38	8.81
b) Amount spent during the year on:	19.00	9.00
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	19.00	9.00
c) Shortfall at the end of the year	-	-
d) Total of previous years' shortfall	-	-
e) Reason of shortfall	NA	NA
f) Details of related party transactions (refer note 37)	13.60	7.60
g) Provision made with respect to any liability incurred by entering into contractual obligation, the movement of provision	-	-

Nature of CSR activities :

Agriculture & rural development, eradicating hunger and poverty, promoting education, vocational skills and livelihood, gender equality, preventive healthcare, heritage art & culture, environmental sustainability, sanitation & hygiene, animal welfare, support to differently abled, contribution to Swachh Bharat Kosh Clean Ganga Fund.

33 Exceptional item

Particulars	March 31, 2022	March 31, 2021
Profit on transfer of leasehold rights of land	376.06	-

Consequent to the approval of the Board of Directors at their meeting held on September 15, 2021, the Company has transferred leasehold rights of approx. 34.88 acres of land (out of approx. 70 acres) during the quarter post completion of necessary regulatory approvals and formalities. The Company has accordingly, recognised ₹ 376.06 crores net gain, disclosed as exceptional item during the year.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

34 Segment information

The Company is in the business of manufacturing PVC resin and PVC pipes & fittings. Therefore as per Ind AS 108 "Operating Segments", the Company has disclosed two segments i.e. PVC resin and PVC pipes & fittings.

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, 2022

Particulars	PVC	PVC pipes & fittings	Total	Adjustments and eliminations	Net
Revenue					
External customers	794.65	3,852.67	4,647.32	-	4,647.32
Inter-segment	2,167.45	-	2,167.45	(2,167.45)	-
Total revenue	2,962.10	3,852.67	6,814.77	(2,167.45)	4,647.32
Income/(expenses)					
Depreciation and amortisation	(12.27)	(53.67)	(65.94)	-	(65.94)
Segment profit	722.78	250.24	973.02	-	973.02
Total assets	1,019.16	1,369.84	2,389.00	-	2,389.00
Total liabilities	276.58	139.00	415.58	-	415.58
Other disclosures					
Capital expenditure	10.88	82.29	93.17	-	93.17

Year ended March 31, 2021

Particulars	PVC	PVC pipes & fittings	Total	Adjustments and eliminations	Net
Revenue					
External customers	827.52	2,634.75	3,462.27		3,462.27
Inter-segment	1,445.79	-	1,445.79	(1,445.79)	-
Total revenue	2,273.31	2,634.75	4,908.06	(1,445.79)	3,462.27
Income/(expenses)					
Depreciation and amortisation	(13.99)	(46.27)	(60.26)	-	(60.26)
Segment profit	696.40	251.19	947.59	-	947.59
Total assets	975.96	1,115.98	2,091.94	-	2,091.94
Total liabilities	323.62	90.68	414.30	-	414.30
Other disclosures					
Capital expenditure	7.83	57.57	65.40	-	65.40

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, 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 these segments as they are 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

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

34 Segment information (Contd.)

Reconciliation of profit

Particulars	March 31, 2022	March 31, 2021
Segment profit	973.02	947.59
Unallocable income*	459.04	57.80
Finance costs	(14.09)	(7.27)
Unallocable expense	(32.50)	(21.32)
Profit before tax	1,385.47	976.80

* Include gain on exceptional items, Refer Note 33.

Reconciliation of assets

Particulars	March 31, 2022	March 31, 2021
Segment operating assets	2,389.00	2,091.94
Current tax assets	25.60	31.93
Financial assets carried at FVTPL	0.57	0.55
Financial assets carried at FVTOCI	848.97	863.23
Financial assets carried at cost	7.55	7.55
Financial assets carried at amortised cost	223.68	213.93
Current investments	1,552.52	506.94
Cash and cash equivalents (including other bank balances)	81.04	336.26
Other unallocated assets	132.07	154.54
Total assets	5,261.00	4,206.86

Reconciliation of liabilities

Particulars	March 31, 2022	March 31, 2021
Segment operating liabilities	415.58	414.30
Deferred tax liabilities	115.70	118.51
Trade payables	65.06	41.72
Current Tax Liability	17.50	24.78
Short term borrowings	278.03	203.85
Financial liabilities at cost	237.51	173.95
Interest accrued	0.13	0.14
Unpaid dividend	30.19	28.24
Statutory dues	140.05	36.40
Provisions	19.71	17.26
Government grant	77.78	74.83
Total liabilities	1,397.24	1,133.98

Capital employed : Segment Assets (-) Segment Liabilities

Particulars	March 31, 2022	March 31, 2021
PVC	1,019.16	975.96
PVC Pipes & Fittings	1,369.84	1,115.98
Unallocated	2,872.00	2,114.92
Total Segment Assets	5,261.00	4,206.86
PVC	276.58	323.62
PVC Pipes & Fittings	139.00	90.68
Unallocated	981.66	719.68
Total Segment Liabilities	1,397.24	1,133.98
PVC	742.58	652.34
PVC Pipes & Fittings	1,230.84	1,025.30
Unallocated	1,890.34	1,395.24
Capital Employed	3,863.76	3,072.88

Geographic information

The Company operates in domestic market only, hence no separate geographical information has been provided.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

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35 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. In compliance with Indian Accounting Standard 33 - 'Earnings per share', the disclosure of earnings per share for the year ended March 31, 2022 and March 31, 2021 has been arrived at after giving effect of share split. (Refer Note 15 (iv))

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

Particulars	March 31, 2022	March 31, 2021
Basic		
Profit for the year before Tax (in ₹ Crores)	1,385.47	976.82
Less : Attributable tax thereto	332.00	248.78
Net profit / (loss) after tax (in ₹ Crores)	1,053.47	728.04
Weighted average number of equity shares*	62,04,76,905	62,04,76,905
Basic earnings/(loss) per share of ₹ 2 each	16.98	11.73

* Refer note 15(iv) & on shares split.

36 Disclosure pursuant to Employee benefits

A. Defined contribution plans:

Amount of ₹ 6.11 Crores (March 31, 2020: ₹ 5.22 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.

March 31, 2022 : Changes in defined benefit obligation and plan assets

Particulars	April 1, 2021	Gratuity cost charged to statement of profit and loss			Benefit paid	Remeasurement gains/(losses) in other comprehensive income					Contributions by employer	March 31, 2022
		Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 29)		Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		
Gratuity												
Defined benefit obligation	25.17	2.07	1.50	3.57	(2.77)	-	(1.13)	1.59	0.46	-	-	26.44
Fair value of plan assets	21.66	-	1.33	1.33	(2.77)	0.15	(0.04)	0.10	0.06	1.67	1.67	21.94
Total benefit liability	3.52	2.07	0.17	2.24	-	(0.15)	-	(1.09)	1.49	0.40	(1.67)	4.50

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

36 Disclosure pursuant to Employee benefits (Contd)

March 31, 2021 : Changes in defined benefit obligation and plan assets

Particulars	April 1, 2020	Gratuity cost charged to statement of profit and loss			Benefit paid	Remeasurement gains/(losses) in other comprehensive income					Contributions by employer	March 31, 2021
		Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 29)		Return on plan assets (excluding amounts included in net interest)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		
Gratuity												
Defined benefit obligation	23.81	1.85	1.40	3.25	(1.64)	-	-	(0.31)	0.06	(0.25)	-	25.17
Fair value of plan assets	4.09	-	0.44	0.44	(1.64)	-	-	0.19	(0.17)	0.02	18.75	21.66
Total benefit liability	19.72	1.85	0.96	2.81	-	-	-	(0.50)	0.23	(0.27)	(18.75)	3.52

The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:

Particulars	March 31, 2022	March 31, 2021
Insured managed funds (LIC)	21.95	21.66
(%) of total plan assets	100%	100%

The principal assumptions used in determining above defined benefit obligations for the Company's plans is shown below:

Particulars	March 31, 2022	March 31, 2021
Discount rate	7.00%	6.30%
Future salary increase	8.00%	8.00%
Expected rate of return on plan assets	6.30%	6.10%
Expected average remaining working lives (in years)		
Gratuity	9.26	9.31
Compensated absences	9.26	9.31
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

Particulars	Sensitivity level	(increase) / decrease in defined benefit obligation (Impact)	
		March 31, 2022	March 31, 2021
Discount rate	1% increase	1.47	1.42
	1% decrease	(1.64)	(1.61)
Future salary increase	1% increase	(1.37)	(1.35)
	1% decrease	1.26	1.22
Withdrawal rate	1% increase	0.09	0.12
	1% decrease	(0.08)	(0.15)

The sensitivity analysis above has 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 when calculating the recognised defined benefit obligation.

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for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

36 Disclosure pursuant to Employee benefits (Contd)

The following are the expected future benefit payments for the defined benefit plan :

Particulars	March 31, 2022	March 31, 2021
Within the next 12 months (next annual reporting period)	5.20	5.09
Between 2 and 5 years	13.02	11.18
Beyond 5 years	19.14	18.15
Total expected payments	37.36	34.42

Weighted average duration of defined plan obligation (based on discounted cash flows)

Particulars	March 31, 2022	March 31, 2021
	Years	Years
Gratuity	8.99	9.14

The following are the expected contributions to plan assets for the next year:

Particulars	March 31, 2022	March 31, 2021
	Years	Years
Gratuity	2.21	1.95

Risk Exposure And Asset Liability Matching

Provision of a defined benefit scheme 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 practice can have a significant impact on the defined benefit liabilities.

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 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

36 Disclosure pursuant to Employee benefits (Contd)

March 31, 2022 : Changes in defined benefit obligation of compensated absences

Particulars	April 1, 2021	Cost charged to statement of profit and loss				Benefit paid	Contributions by employer	March 31, 2022
		Service cost	Interest cost	Actuarial changes arising from various assumption	Sub-total included in statement of profit and loss (Note 29)			
Compensated absences								
Defined benefit obligation	13.73	1.80	0.80	1.09	3.69	(2.19)	-	15.23
Benefit liability	13.73	1.80	0.80	1.09	3.69	(2.19)	-	15.23

March 31, 2021 : Changes in defined benefit obligation of compensated absences

Particulars	April 1, 2020	Cost charged to statement of profit and loss				Benefit paid	Contributions by employer	March 31, 2021
		Service cost	Interest cost	Actuarial changes arising from various assumption	Sub-total included in statement of profit and loss (Note 29)			
Compensated absences								
Defined benefit obligation	10.01	1.48	0.60	2.21	4.29	(0.57)	-	13.73
Benefit liability	10.01	1.48	0.60	2.21	4.29	(0.57)	-	13.73

37 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	
Mrs. Ritu P. Chhabria	Relative of Key Management Personnel
Ms. Gayatri P. Chhabria	Relative of Key Management Personnel
Finolex Industries Limited Employees Gratuity Fund	Post employment benefit plan of Company

C. Key Management Personnel:

Name of the related party	Nature of relationship
Mr. Prakash P. Chhabria	Executive Chairman
Mr. Sanjay S. Math	Managing Director
Mr. Anil V. Whabi	Director Finance & CFO

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

37 Related party transactions (Contd.)

D. Transactions with related parties

Particulars	March 31, 2022	March 31, 2021
I. Sales, services and other income		
Sale of goods		
Finolex Plasson Industries Private Limited	-	2.74
Dividend received		
Finolex Cables Limited	12.20	12.20
Finolex Plasson Industries Private Limited	0.93	0.93
II. Expenses		
Short-term employee benefits:*		
Salary and perquisites		
Mr. Prakash P. Chhabria	6.28	5.49
Mr. Sanjay S. Math	3.28	2.74
Mr. Anil V. Whabi	1.51	1.50
Mr. Anil V. Whabi	1.49	1.25
Commission	31.44	23.20
Mr. Prakash P. Chhabria	19.19	15.00
Mr. Sanjay S. Math	7.25	5.20
Mr. Anil V. Whabi	5.00	3.00
Mrs. Ritu P. Chhabria (Sitting fees)	0.04	0.03
Mrs. Ritu P. Chhabria (commission)	0.56	0.41
Ms. Gayatri Chhabria (Salary)	0.20	0.10
Dividend paid		
Finolex Cables Limited	80.39	-
Orbit Electricals Private Limited	46.66	-
Contribution towards corporate social responsibility		
Mukul Madhav Foundation	13.60	7.60
Contributions paid		
Finolex Industries Limited Employees Gratuity Fund	1.67	18.75
Amount payable to*	32.16	24.03
Mr. Prakash P. Chhabria	19.61	15.47
Mr. Sanjay S. Math	7.41	5.39
Mr. Anil V. Whabi	5.15	3.17
Mrs. Ritu P. Chhabria (commission)	0.56	0.41
Ms. Gayatri Chhabria (Salary)	0.03	0.01
Finolex Plasson Industries Private Limited	-	0.07

* As post employment obligations and other long-term employee benefits obligation are computed for all employees in aggregate, the amounts relating to key management personnel cannot be individually computed and hence are not included in the above

Terms and conditions of transactions with related parties

Transaction entered into with related parties are made in ordinary course of business and 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 given any commitment to the related party as at March 31, 2022 (March 31, 2021: ₹ Nil)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

38 Commitments and contingencies

38.1 Commitments

a) Capital commitments :

Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2022 ₹ 49.50 Crores (March 31, 2021: ₹ 23.82 Crores)

b) Other commitments :

Aggregate amount of bank guarantees other than the performance guarantees outstanding as on 31st March 2022 is ₹ 31.09 Crores (₹ 32.42 Crores as on 31st March 2021)

38.2 Contingent liabilities

Particulars	March 31, 2022	March 31, 2021
Claims against the Company not acknowledged as debt		
a) Liabilities in respect of income tax matters for which the Company has succeeded in appeal but Income Tax Department has gone in further appeal	0.10	0.10
b) Liabilities in respect of income tax matters for which the Company has gone in further appeal	3.88	4.70
c) Excise/Customs/Service Tax in respect of which either show cause notice is received or the Company/Department is in appeal	70.55	91.43
d) Sales Tax matters in respect of which either show cause notice is received or the Company/Department is in appeal.	2.11	4.59
e) Consumer Protection matters in respect of which customers have gone for recovery on account of quality claims.	0.07	0.27

39 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.

Classification of financial instruments by category and into fair value level of hierarchy as at March 31, 2022

Particulars	Amortised Cost	FVTPL			FVTOCI		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Non-current investments:							
Investment in equity shares/ bonds of :							
Quoted							
Equity instruments	-	0.57	-	-	836.61	-	-
Bonds	223.68	-					
Unquoted							
Equity instruments*	7.55	-	-	-	-	12.36	-
Current investments:							
Investments in units of mutual funds	-	1,324.98	-	-	-	-	-
Bonds	10.55						
Deposit with Non Banking Financial institutions	217.00	-	-	-	-	-	-
Trade and other receivables	334.46	-	-	-	-	-	-
Loans	22.18	-	-	-	-	-	-
Cash & cash equivalents	23.55	-	-	-	-	-	-
Other bank balances	57.49	-	-	-	-	-	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

39 Fair value of financial assets and liabilities (Contd.)

Particulars	Amortised Cost	FVTPL			FVTOCI		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Other financial assets	51.16	-	-	-	-	-	-
Total	947.62	1,325.55	-	-	836.61	12.36	-
Financial liabilities							
Borrowings	278.03	-	-	-	-	-	-
Trade and other payables	463.08	-	-	-	-	-	-
Other financial liabilities	275.36	-	-	-	-	-	-
Total	1,016.47	-	-	-	-	-	-

* In accordance with IND AS 27- Separate financial statement, Company has valued its investment in associate at cost.

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2021:

Particulars	Amortised Cost	FVTPL			FVTOCI		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Non-current investments:							
Investment in equity shares of :							
Quoted							
Equity instruments	-	0.55	-	-	850.85	-	-
Bonds	213.92						
Unquoted							
Equity instruments	7.55	-	-	-	-	-	12.38
Current investments:							
Investments in units of mutual funds	-	294.94	-	-	-	-	-
Bonds	-						
Deposit with Non Banking Financial institutions	212.00	-	-	-	-	-	-
Trade and other receivables	147.98	-	-	-	-	-	-
Loans	0.39	-	-	-	-	-	-
Cash & cash equivalents	31.40	-	-	-	-	-	-
Other bank balances	304.86	-	-	-	-	-	-
Other financial assets	43.69	-	-	-	-	-	-
Total	961.79	295.49	-	-	850.85	-	12.38
Financial liabilities							
Borrowings	203.85	-	-	-	-	-	-
Trade and other payables	435.79	-	-	-	-	-	-
Other financial liabilities	208.74	-	-	-	-	-	-
Total	848.38	-	-	-	-	-	-

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, 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.

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

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39 Fair value of financial assets and liabilities (Contd.)

The Company has not performed a fair valuation of its investment in unquoted ordinary shares of Saraswat Co-op Bank Ltd, which are classified as FVTPL (refer Note 4), as the Company believes that impact of change, if any, on account of fair value is insignificant.

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 March 31, 2022 and March 31, 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

During the year ended March 31, 2022 investments in equity instruments of ₹ 12.36 Crores were transferred from Level 3 to Level 2, based on fair valuation report issued by an independent valuer.

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.

40 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 ensure 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 INR	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 THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

40 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:

Particulars	Asset group	Internal rating	Carrying amount net of impairment provision	
			March 31, 2022	March 31, 2021
Financial assets for which credit risk has not increased significantly from inception	Investments	A	2,633.29	1,592.19
	Loans	A	22.18	0.39
	Other financial assets	A	51.16	43.69

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 Company's financial liabilities based on contractual undiscounted payments.

As at March 31, 2022

Particulars	On demand	< 3 months	3-12 months	1-5 years	Total
Short term borrowings	-	278.03	-	-	278.03
Trade payables	40.41	394.25	28.42	-	463.08
Other financial liabilities	30.19	87.32	157.71	0.14	275.36

As at March 31, 2021

Particulars	On demand	< 3 months	3-12 months	1-5 years	Total
Short term borrowings	-	203.85	-	-	203.85
Trade Payables	33.09	402.70	-	-	435.79
Other financial liabilities	28.24	80.89	99.49	0.12	208.74

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 March 31, 2022 and March 31, 2021. 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 March 31, 2022.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

40 Financial risk management objective and policies (Contd.)

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 (unhedged)

Nature of exposure	Currency	(All amounts in Crores unless otherwise stated)	
		As at March 31, 2022	As at March 31, 2021
Financial liabilities			
Borrowings (Secured)	USD	-	1.84
Borrowings (Unsecured)	USD	3.64	0.27
Interest on borrowings	USD	0.00	0.00
Trade payables	USD	3.87	4.38
Trade payables	EURO	0.02	0.00

Currency wise net exposure (liabilities - assets)

Currency	Amount in Foreign Currency	
	March 31, 2022	March 31, 2021
USD	7.52	6.49
EURO	0.02	0.00

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, 2022	March 31, 2021
Net unhedged exposure in INR		
USD	569.98	474.17
EURO	1.29	0.00

As at	Change in USD rate	Impact on profit before tax and equity (INR Strengthen)	Impact on profit after tax and equity (INR Strengthen)
31-Mar-22	+5%	28.50	21.33
	-5%	(28.50)	(21.33)
31-Mar-21	+5%	23.71	17.74
	-5%	(23.71)	(17.74)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

40 Financial risk management objective and policies (Contd.)

As at	Change in Euro rate	Impact on profit before tax and equity (INR Strengthen)	Impact on profit after tax and equity (INR Strengthen)
31-Mar-22	+5%	0.06	0.05
	-5%	(0.06)	(0.05)
31-Mar-21	+5%	0.00	0.00
	-5%	(0.00)	(0.00)

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 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:

As at	Change in year-end price	Effect on profit before tax
March 31, 2022		
VCM	+5%	43.68
	-5%	(43.68)
Ethylene	+5%	8.51
	-5%	(8.51)
EDC	+5%	33.82
	-5%	(33.82)
March 31, 2021		
VCM	+5%	37.19
	-5%	(37.19)
Ethylene	+5%	10.93
	-5%	(10.93)
EDC	+5%	13.92
	-5%	(13.92)

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 ₹ 12.36 Crores . A decrease of 10% in the fair value will have an impact of approximately ₹ 1.24 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 ₹ 836.61 Crores. A decrease of 10% on the NSE market index could have an impact of approximately ₹ 83.66 Crores on OCI and ₹ 0.055 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 THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

41 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.

Particulars	March 31, 2022	March 31, 2021
Borrowings-Buyer's credit & Unsecured Loan	278.03	203.85
Debt	278.03	203.85
Share Capital	124.10	124.10
Other equity	3,739.66	2,948.78
Equity	3,863.76	3,072.88
Debt/equity ratio	7.20%	6.63%

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2022 and March 31, 2021.

(Net Debt)/Surplus Reconciliation

This section sets out an analysis of net debt and the movements in net debt for the year ended March 31, 2022

Particulars	March 31, 2022	March 31, 2021
Cash and other liquid assets	1,827.06	1,028.88
Current Borrowings	(278.03)	(203.85)
(Net Debt)/surplus	1,549.03	825.03

Particulars	Other Assets	Liabilities from financing activity	TOTAL
	Cash and Cash Equivalents	Current Borrowings	
(Net Debt)/Surplus as on April 01, 2021	1,028.88	(203.85)	825.03
Cash Inflow/(outflow)	798.18	(74.18)	724.00
(Net Debt)/Surplus as on March 31, 2022	1,827.06	(278.03)	1,549.03

42 Details of dues to Micro and Small Enterprises as defined under MSMED Act, 2006 (as amended)

Particulars	March 31, 2022	March 31, 2021
Principal amount outstanding as on year end *	8.05	24.42
Principal amount outstanding and overdue out of above	3.84	1.82
Interest due on above	0.00	0.00
Interest paid	-	-
Payment made beyond appointment date during the year	12.48	3.21
Interest due and payable for overdue payments made during the year	0.06	0.04
Total Interest accrued and remaining unpaid	0.06	0.04
Amount of further interest remaining due and payable in succeeding years	0.24	0.18

* Mainly includes retention money

Note : The information has been given in respect of such vendors on the basis of information available with the Company.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

43 Ratios :

Ratios	Numerator	Denominator	Description	March 31, 2022	March 31, 2021	Variance	Reason for variance
Current Ratio	Operating Current Assets (1)	Current Liability	The current ratio indicates Company's overall liquidity position	1.20	1.26	-4.7%	
Debt-Equity Ratio	Total Debt (2)	Shareholder's Equity	Debt-to-equity ratio compares Company's total debt to shareholders equity	0.07	0.07	8.5%	
Debt Service Coverage Ratio	Earnings available for debt service (3)	Debt service (4)	Debt Service coverage ratio is used to analyse the Company's ability to payoff current interest and instalments	3.66	4.68	-21.8%	
Return on Equity Ratio	Net profits after taxes (5)	Shareholder's Equity	It measures the profitability of equity funds invested in the Company	27.3%	23.7%	3.6%	
Inventory turnover ratio	Cost of goods sold	Average Inventory	This ratio measures the efficiency with which a Company utilizes or manages its inventory	2.95	2.17	35.7%	Inventory Turnover Ratio increased by 36% due to improvement in inventory turnover cycle.
Trade Receivables turnover ratio	Net Sales (6)	Average accounts Receivable	This ratio measures the efficiency at which the firm is managing the receivables	19.27	31.31	-38.5%	TR Turnover Ratio decreased by 38% due to increase in average Trade Receivable in FY-2021-22 in line with increase in share of revenue from plumbing and sanitation.
Trade Payables turnover ratio	Net Purchases (7)	Average trade Payable	This ratio indicates the number of times sundry creditors have been paid during a period	6.27	5.87	6.7%	
Net capital turnover ratio	Net Sales (6)	Average Working Capital (8)	This ratio indicates a company's effectiveness in using its working capital	19.44	11.29	72.2%	Net Capital Turnover Ratio increased by 69% mainly on account of increase in current liabilities.
Net profit ratio	Net profits after taxes (5)	Net Sales (6)	This ratio measures the relationship between net profit and sales of the business	22.7%	21.0%	1.6%	
Return on Capital employed	Earning before Interest & Tax (EBIT) (9)	Capital Employed (10)	Return on capital employed indicates the ability of a company's management to generate returns for both the debt holders and the equity holders	67.1%	65.0%	2.1%	
Return on investment (in %)	Income generated from invested funds	Average invested funds in treasury investments	Return on investment (ROI) is a financial ratio used to calculate the benefit as investor will receive in relation to their investment cost	4.8%	5.3%	-0.5%	

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

44 Utilization of borrowed funds

- (i) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (ii) No funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

45 Compliance with approved scheme of Arrangements :

The Company does not have any Scheme of Arrangements approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.

46 Undisclosed income :

There are no transactions that has been not recorded in the books of accounts and has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961

47 Details of Crypto Currency or Virtual currency :

There are no transaction/holding of crypto or virtual currency.

48 Transactions with struck-off companies :

There is are no transactions with struck-off companies under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956, during current and previous year.

49 Registration/satisfaction of charges with Registrar :

There are no charges or satisfaction yet to be registered with Registrar of Companies beyond the statutory period in the current as well as in the previous year.

50 Previous year comparatives

Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report of even date

For P G BHAGWAT LLP

Chartered Accountants
FRN 101118W/W100682

Nachiket Deo

Partner
M.No. 117695
Pune
May 18, 2022

For FINOLEX INDUSTRIES LIMITED

Prakash P. Chhabria

Executive Chairman
DIN: 00016017
London

Kanchan U. Chitale

Director
DIN: 00007267
Mumbai

Deepak R. Parikh

Director
DIN: 06504537
USA

Anil V. Whabi

Director - Finance & CFO
DIN: 00142052
Pune
May 18, 2022

Bhumika L. Batra

Director
DIN: 03502004
Mumbai

Saurabh S. Dhanorkar

Director
DIN: 00011322
Pune

Pradeep R. Rathi

Director
DIN: 00018577
Singapore

Ashutosh Kulkarni

Company Secretary
M. No.: A18549
Pune

Ritu P. Chhabria

Director
DIN: 00062144
London

Sanjay S. Math

Managing Director
DIN: 01874086
Ratnagiri

Anami N. Roy

Director
DIN: 01361110
Pune

INDEPENDENT AUDITOR'S REPORT

To the Members of
Finolex Industries Limited

Report on the Audit of the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

Opinion

We have audited the accompanying Consolidated Ind AS financial statements of Finolex Industries Limited ("the Company") and its associate Finolex Plasson Industries Private Limited ("the associate") which comprise the Consolidated Balance Sheet as at March 31, 2022, and Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and 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 Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Companies Act, 2013 as amended ('the Act') in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India, of the Consolidated state of affairs of the Company as at March 31, 2022, and its Consolidated profit (including Other Comprehensive Income), Consolidated changes in equity and its Consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of Consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs) as 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 Ind AS 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 Consolidated Ind AS 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 audit opinion on the Consolidated Ind AS Financial Statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Ind AS financial

statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the Consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matter described below to be the key audit matter to be communicated in our report.

Valuation of Inventory:

The company has at balance sheet date Inventory amounting to ₹1,015.47 Crores as disclosed in Note 8 which constitute 19% of total assets of the company. The inventory is valued at the lower of cost and net realizable value. Refer to Note 2.8 which describes company's accounting policy on valuation of inventory. The Inventory valuation is considered as Key Audit matter since it constitutes significant portion of assets and considering price volatility of raw material and management estimate in respect of realizable value.

Our audit methodology included the following:

- Obtained an understanding and assessed internal controls and its effectiveness with respect to process of Inventory recording, verification and valuation
- Reviewed the management's inventory verification process, observed the physical verification process for sample items, taken cognizance and assessed the trend of past inventory differences.
- Performed cut off procedures on test check basis to ensure completeness of Inventory.
- Tested on sample basis the accuracy of weighted average cost and Overhead absorption for Raw material, Work in Progress, Finished Goods and Trading material as per the accounting policy adopted by the company
- Evaluated the management judgement, estimate and process for identification and valuation of slow moving / non-moving, obsolete and damaged items of inventory.
- Performed analysis of Net realizable value (NRV) vs Cost of inventory on test basis to ensure that the Inventory is carried at Cost or NRV whichever is lower as per applicable Ind AS 2.

Ensured presentation and disclosure as per applicable Ind AS and accounting framework

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Corporate Governance and Directors' Report, but does not include the Consolidated Ind AS Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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 Consolidated Ind AS Financial Statements that give a true and fair view of the Consolidated financial position, Consolidated financial performance (including other comprehensive Income), Consolidated changes in equity and Consolidated 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.

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 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 Consolidated Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Ind AS Financial Statements, the respective Board of Directors of the company and its associate are responsible for assessing the Company's and its associate'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 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 Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Ind AS 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 Ind AS 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 Ind AS 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 financial 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 with reference to Consolidated Ind AS financial statements 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 and its associate'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 Consolidated Ind AS 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 Ind AS Financial Statements, including the disclosures, and whether the Consolidated Ind AS 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 of its associate of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS Financial Statements. We are responsible for the direction, supervision and performance of the audit of the Financial Statement of such entity included in the consolidated Financial Statements of which we are the independent auditors. For the other entity (if any) included in the Consolidated Ind AS 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 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 Ind AS Financial Statements for the financial year ended March 31, 2022 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 commenced 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 aforesaid consolidated financial statements.
 - 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 Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with 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, 2022 taken on record by the Board of Directors, none of the director is disqualified as on March 31, 2022

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 with reference to Consolidated Ind AS financial statements of the Company and its associate and the operating effectiveness of such controls, refer to our separate Report in “Annexure A” to this report.
- 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/ provided for 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. The provisions of Section 197 of the Act is not applicable to 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company and its associate has disclosed the impact of pending litigations on its financial position in its Consolidated Ind AS financial statements – Refer Note 38.2 and Note 44 to the Consolidated Financial Statements.
 - (ii) The Company and its associate did not have any long-term contracts including derivative contracts as at March 31, 2022.
 - (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.
 - (iv) (a) The management has represented to us that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts to the financial statements, if any, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether

recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company or its associate (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (b) the management has represented to us, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts to the Financial Statements, if any, no funds have been received by the Company or its associate from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company or its associate shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the information and explanation given to us and audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations made by the management and as mentioned under sub-clause (iv)(a) and (iv)(b) above contain any material misstatement.
- (v) (a) The final dividend proposed in the previous year, declared and paid by the Company and its associate during the year is in accordance with Section 123 of the Act, as applicable.
- (b) The Board of Directors of the Company and its associate have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

- (vi) The requirement to the use of accounting software for maintaining Company's books of account which has a feature of recording audit trail (edit log) facility is deferred to financial years commencing on or after April 1, 2023, therefore reporting under Rule 11(g) of Companies (Audit & Auditors) Rules, 2014 is not applicable for financial year ended on March 31, 2022.
2. With respect to the matters specified in paragraph 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of section 143(11), to be included in the Auditor's Report, according

to the information and explanations given to us, and based on the CARO report issued by us for the Company and its associate included in the consolidated financial statements of the Company, to which the reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

For **P G BHAGWAT LLP**

Chartered Accountants

Firm Registration Number: 101118W/W100682

Nachiket Deo

Partner

Membership Number: 117695

UDIN: 22117695AJFITH8540

Pune

Date: May 18, 2022

ANNEXURE A

to the Independent Auditor's Report of even date on the Consolidated Ind AS Financial Statements of Finolex Industries Limited.

Referred to in paragraph 1(f) under the heading "Report on Other Legal and Regulatory Requirements" to our report on even date:

Report on the Internal Financial Controls with reference to Consolidated Ind AS 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 Consolidated Ind AS Financial Statements of Finolex Industries Limited ("the Company") and its Associate as of March 31, 2022 in conjunction with our audit of the Consolidated Ind AS 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 (ICAI). 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company and its Associate's internal financial controls with reference to Consolidated Ind AS 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 prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Consolidated Ind AS financial statements, 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 Ind AS financial statements were 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 internal financial controls with reference to Consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated Ind AS financial statements included obtaining an understanding of such internal financial controls, 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 Ind AS 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 Ind AS financial statements.

Meaning of Internal Financial Controls over financial reporting with reference to Consolidated Ind AS financial statements

A company's internal financial control over financial reporting with reference to Consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to Consolidated Ind AS financial statements 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Consolidated Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over financial reporting with reference to Consolidated Ind AS financial statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to

Consolidated Ind AS financial Statements, 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 with reference to Consolidated Ind AS financial Statements to future periods are subject to the risk that the internal financial controls over financial reporting with reference to Consolidated Ind AS financial statements 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, to the best of our information and according to the explanations given to us, the Company and its Associate Company has, in all material respects, adequate internal financial controls with reference to Consolidated Ind AS financial statements and such

internal financial controls were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company and its associate 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 **P G BHAGWAT LLP**

Chartered Accountants

Firm Registration Number: 101118W/W100682

Nachiket Deo

Partner

Membership Number: 117695

UDIN: 22117695AJFITH8540

Pune

Date: May 18, 2022

CONSOLIDATED BALANCE SHEET

as at March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	Note No	March 31, 2022	March 31, 2021
A ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	3	992.33	1,001.29
(b) Capital work-in-progress	3	9.46	8.15
(c) Other intangible assets	3	0.90	1.06
(d) Investments accounted using equity method	4.1	91.86	94.52
(e) Financial assets			
i) Investments	4	1,073.28	1,077.76
ii) Loans	5	13.48	0.05
iii) Other financial assets	6	38.16	32.34
(f) Tax assets (net)	24	25.60	31.93
(g) Other non-current assets	7	54.34	57.93
Total non-current assets		2,299.41	2,305.03
2 Current assets			
(a) Inventories	8	1,015.47	918.82
(b) Financial assets			
i) Investments	9	1,552.52	506.94
ii) Trade receivables	10	334.46	147.98
iii) Cash and cash equivalents	11.1	23.55	31.40
iv) Bank balances other than (iii) above	11.2	57.49	304.86
v) Loans	12	8.70	0.34
vi) Other financial assets	13	13.00	11.35
(c) Other current assets	14	40.77	67.16
Total current assets		3,045.96	1,988.85
Total assets		5,345.37	4,293.88
B EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital	15	124.10	124.10
(b) Other equity	16	3,803.71	3,014.86
Total equity		3,927.81	3,138.96
Liabilities			
2 Non-current liabilities			
(a) Financial liabilities	17	0.14	0.12
(b) Provisions	18.1	15.50	13.43
(c) Deferred tax liabilities (net)	24	136.02	139.45
(d) Government grants	19	67.05	65.76
Total non-current liabilities		218.71	218.76
3 Current liabilities			
(a) Financial liabilities			
i) Borrowings	20	278.03	203.85
ii) Trade payables	21		
- total outstanding dues of Micro & Small Enterprises (Refer Note 42)		8.05	24.42
- total outstanding dues of creditors other than Micro & Small Enterprises		455.03	411.37
iii) Other financial liabilities	22	275.22	208.62
(b) Other current liabilities	23	150.08	50.22
(c) Provisions	18.2	4.21	3.83
(d) Current tax liabilities (net)		17.50	24.78
(e) Government grants	19	10.73	9.07
Total current liabilities		1,198.85	936.16
Total liabilities		1,417.56	1,154.92
Total equity and liabilities		5,345.37	4,293.88

Notes to accounts form an integral part of the financial statements

Corporate information & significant accounting policies

1 to 2

Other notes

3 to 51

As per our report of even date

For P G BHAGWAT LLP

Chartered Accountants
FRN 101118W/W100682

Nachiket Deo

Partner
M.No. 117695
Pune
May 18, 2022

For FINOLEX INDUSTRIES LIMITED

Prakash P. Chhabria
Executive Chairman
DIN: 00016017
London

Kanchan U. Chitale
Director
DIN: 00007267
Mumbai

Deepak R. Parikh
Director
DIN: 06504537
USA

Anil V. Whabi
Director - Finance & CFO
DIN: 00142052
Pune
May 18, 2022

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Ashutosh Kulkarni
Company Secretary
M. No.: A18549
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Ritu P. Chhabria
Director
DIN: 00062144
London

Sanjay S. Math
Managing Director
DIN: 01874086
Ratnagiri

Anami N. Roy
Director
DIN: 01361110
Pune

STATEMENT OF CONSOLIDATED PROFIT AND LOSS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	Note No	March 31, 2022	March 31, 2021
INCOME			
I Revenue from operations	25	4,647.32	3,462.27
II Other income	26	82.23	71.55
III Total Income (I+II)		4,729.55	3,533.82
EXPENSES			
IV Cost of materials and components consumed	27	2,801.75	1,940.24
Purchase of stock-in-trade		14.71	10.00
Changes in inventories of finished goods, stock-in-trade and work-in-progress	28	32.60	(21.48)
Employee benefits expenses	29	190.84	166.80
Finance costs	30	14.09	7.27
Depreciation and amortisation expense	31	83.40	77.72
Other expenses	32	583.68	377.40
Total expenses		3,721.07	2,557.95
V Profit before exceptional items and tax (III-IV)		1,008.48	975.87
VI Exceptional items gain/(loss)	33	376.06	-
VII Profit before tax (V +VI)		1,384.54	975.87
VIII Share of profit/(loss) of an associate		(1.47)	16.19
IX Profit before tax after exceptional items (VII+VIII)		1,383.07	992.06
X Tax expense			
Current tax	24	321.10	252.42
(Excess) / short provision of earlier year(s)		13.63	(0.13)
Deferred tax	24	(3.00)	1.98
Total tax expense		331.73	254.27
XI Profit for the period (IX-X)		1,051.33	737.79
XII Other Comprehensive Income (OCI)			
A Items that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement of defined benefit plans gain / (loss)		(0.32)	0.31
Income tax effect on above	24	0.08	(0.08)
(i) Re-measurement of defined benefit plans net off income tax		(0.24)	0.23
Equity instruments through OCI gain / (loss)		(14.27)	415.65
Income tax effect on above	24	0.11	(0.83)
(ii) Equity instruments through OCI net off income tax		(14.16)	414.82
(iii) Share of other comprehensive income (net of tax) of associate accounted for using the equity method		0.09	0.14
Total Other Comprehensive Income for the year net off income tax [(i)+(ii)+(iii)]		(14.31)	415.19
XIII Total Comprehensive Income for the period (XI+XII)		1,037.02	1,152.98
XIV Earnings per equity share having nominal value per share of ₹ 2	35		
Basic (₹)		16.94	11.89
Diluted (₹)		16.94	11.89

Notes to accounts form an integral part of the financial statements

Corporate information & significant accounting policies

1 to 2

Other notes

3 to 51

As per our report of even date

For P G BHAGWAT LLP

Chartered Accountants
FRN 101118W/W100682

Nachiket Deo

Partner
M.No. 117695
Pune
May 18, 2022

For FINOLEX INDUSTRIES LIMITED

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Ratnagiri

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Director
DIN: 01361110
Pune

STATEMENT OF CONSOLIDATED CASH FLOW

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	March 31, 2022	March 31, 2021
I Cash flows from operating activities		
Profit before tax	1,383.07	992.06
Adjustments to reconcile profit before tax to net cash flows:		
Share in (profit)/loss of associate companies	1.47	(16.19)
Depreciation and amortisation expense	83.40	77.72
Balances written off / (written back)	1.37	(0.93)
Profit on sale of investments (net)	(8.15)	(7.22)
(Gain)/loss on fair valuation of investment	(8.90)	(3.33)
(Profit)/loss on sale/discard of assets (net)	0.87	0.61
Dividend income	(12.21)	(12.21)
Exceptional item	(376.06)	-
Unwinding of government grant income	(10.73)	(9.07)
Interest income	(36.57)	(29.79)
Unrealised exchange fluctuation (gain)/ loss (net)	1.50	1.51
Finance costs	14.09	7.27
Operating profit before working capital changes	1,033.15	1,000.42
Change in operating assets and liabilities		
(Increase) / decrease in inventories	(96.66)	(61.01)
(Increase) / decrease in trade receivables	(186.48)	(75.40)
(Increase) / decrease in loans	(21.79)	(0.44)
(Increase) / decrease in other financial assets	(10.37)	-
(Increase) / decrease in other current assets	33.15	2.68
(Increase)/ decrease in government grants (net)	11.89	(12.45)
Increase / (decrease) in trade payables	27.21	166.62
Increase / (decrease) in provisions	2.13	(12.16)
Increase / (decrease) in other financial liabilities	65.49	129.66
Increase / (decrease) in other current liabilities	99.85	14.86
Cash generated from working capital changes	(75.58)	152.37
Less - Income tax paid	(335.58)	(211.81)
Net cash inflow/(outflow) from operating activities	621.99	940.98
II Cash flow from investing activities		
Proceeds from sale of property, plant and equipment(net)	380.63	0.19
Payment for purchase of property, plant and equipment	(84.41)	(64.91)
Net proceeds from (purchase)/sale of investments	(1,038.33)	(585.94)
Dividend income received	13.14	13.14
Investments in fixed deposits and bank balances	247.37	(264.76)
Interest income received	41.26	25.71
Net cash inflow/(outflow) from investing activities	(440.34)	(876.57)

STATEMENT OF CONSOLIDATED CASH FLOW

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	March 31, 2022	March 31, 2021
III Cash flow from financing activities		
Finance costs	(14.08)	(7.69)
Proceeds / (repayment) of borrowings (net)	72.77	(78.43)
Dividend paid	(248.19)	(4.18)
Net cash inflow/(outflow) from financing activities	(189.50)	(90.30)
IV Net increase / (decrease) in cash and cash equivalents at the end of the year (I+II+III)	(7.85)	(25.89)
V Cash and cash equivalents at the beginning of the financial year	31.40	57.29
VI Cash and cash equivalents at the end of the financial year (IV+V) (Refer note 11.1)	23.55	31.40

Components of cash and cash equivalents

Particulars	March 31, 2022	March 31, 2021
Balances with banks (current accounts)	23.42	31.24
Deposits with bank	-	-
Cash on hand	0.13	0.16
Total cash and cash equivalents	23.55	31.40

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

As per our report of even date

For P G BHAGWAT LLP

Chartered Accountants
FRN 101118W/W100682

Nachiket Deo

Partner
M.No. 117695
Pune
May 18, 2022

For FINOLEX INDUSTRIES LIMITED

Prakash P. Chhabria

Executive Chairman
DIN: 00016017
London

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Director
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Director
DIN: 01361110
Pune

STATEMENT OF CONSOLIDATED CHANGES IN EQUITY

for the year ended March 31, 2022

A. Equity share capital

Issued, subscribed and fully paid equity shares of ₹ 2 each

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	No. of Shares	Amount
Opening balance as at April 1, 2020	12,40,95,381	124.10
Change in equity share capital due to prior period errors	-	-
Restated balance as at April 1, 2020	12,40,95,381	124.10
Increase in the number of shares on account of share split (Refer note 15 (iv))	49,63,81,524	-
Closing balance as at March 31, 2021	62,04,76,905	124.10
Change in equity share capital due to prior period errors	-	-
Restated balance as at April 1, 2021	62,04,76,905	124.10
Increase/ (decrease) during the year	-	-
Closing Balance as at March 31, 2022	62,04,76,905	124.10

(Refer Note No 15)

B. Other Equity

Issued, subscribed and fully paid equity shares of ₹ 2 each

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	Reserves and Surplus					Total
	General Reserve	Securities Premium	Capital Redemption Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	
Balance as at April 1, 2020	394.50	151.27	25.18	1,488.09	(197.16)	1,861.88
Change in other equity due to change in accounting policy or prior period errors	-	-	-	-	-	-
Restated balance as at April 1, 2020	394.50	151.27	25.18	1,488.09	(197.16)	1,861.88
Profit for the period	-	-	-	737.79	-	737.79
Other comprehensive income (net of tax)	-	-	-	0.23	414.82	415.05
Add: Share in OCI of associate (net of tax)	-	-	-	0.14	-	0.14
Total Comprehensive income for the year	-	-	-	738.16	414.82	1,152.98
Balance as at March 31, 2021	394.50	151.27	25.18	2,226.25	217.66	3,014.86
Change in other equity due to change in accounting policy or prior period errors	-	-	-	-	-	-
Restated balance as at April 1, 2021	394.50	151.27	25.18	2,226.25	217.66	3,014.86
Profit for the period	-	-	-	1,051.33	-	1,051.33
Final Dividend	-	-	-	(248.19)	-	(248.19)
Other comprehensive income (net of tax)	-	-	-	(0.24)	(14.16)	(14.40)
Add: Share in OCI of associate (net of tax)	-	-	-	0.09	-	0.09
Total Comprehensive income for the year	-	-	-	802.99	(14.16)	788.83
Balance as at March 31, 2022	394.50	151.27	25.18	3,029.24	203.50	3,803.70

(Refer Note No 16)

As per our report of even date

For P G BHAGWAT LLP

Chartered Accountants
FRN 101118W/W100682

Nachiket Deo

Partner
M.No. 117695
Pune
May 18, 2022

For FINOLEX INDUSTRIES LIMITED

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Director
DIN: 01361110
Pune

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

1. Corporate information

The consolidated financial statements comprise of financial statements of Finolex Industries Limited ('the Company') and its Associate for the year ended March 31, 2022. The Company is incorporated and domiciled in India and its equity shares are listed on the Bombay Stock Exchange and the 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 Company's consolidated financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ("Ind AS") as issued under the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereof issued by the Ministry of Corporate Affairs in exercise of the powers conferred by section 133 read with rule 7 of the Companies (Accounts) Rules, 2014. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) and the guidelines issued by the Securities and Exchange Board of India are also applied.

The financial statements were approved and were authorized for issue in accordance with a resolution of the Board of Directors on May 18, 2022.

2.2 Basis of measurement

The consolidated financial statements have been prepared on accrual basis following historical cost convention, except for:

- (i) certain financial assets and financial liabilities that are measured at fair value or amortised cost in accordance with Ind AS.
- (ii) defined benefit plans - plan assets 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.

Amounts in the financial statements are presented in Indian Rupees in crore rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013 unless otherwise stated.

2.4 Current or non-current classification

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

An asset is classified as 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 classified as 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 classified 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.

2.5 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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:

Judgements

Government Grant/Subsidy

The company was entitled to receive Industrial Promotion Subsidy under the Package Scheme of Incentives, for the period from April 1, 2011 to March 31, 2018. Further, the Company during the current year has received extension for 5 years which will expire by March 2023. 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.

Leases

From April 1, 2019, Ind AS 116 - 'Leases' had 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, 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.

Estimates

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 assumptions are reviewed at each reporting date.

The most sensitive parameter is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are mainly based on expected future inflation rates for the country.

Further details about defined benefit obligations are provided in Note 36.

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.

Deferred Tax

Deferred tax assets are recognised for all deductible temporary differences including 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.

2.6 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.

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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 and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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 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)

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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, 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 necessary to make the sale.

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.

Capital work-in-progress comprises cost of property, plant and equipment that are not yet installed and not ready for their intended use at the balance sheet date.

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 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	5
Vehicles (includes boot)	8 to 13
Other Intangible Assets	6

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

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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:

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

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 financial assets.

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Dividends

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

Borrowing costs

Borrowing costs are interest and other costs that the Company 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.

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.

All other borrowing costs are expensed in the period in which they are incurred.

2.12 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 recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.13 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.

2.14 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 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

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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.

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.

2.15 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.

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.

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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.

2.16 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.

2.16.1 Financial assets

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 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 ('FVOCI')
- 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/ (other 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 FVOCI

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

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

After initial measurement, such financial assets, until they are derecognised or reclassified, are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income except for interest income, impairment gains or losses and foreign exchange gains and losses which 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.

(c) Financial assets classified as measured at FVTPL

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

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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 FVOCI, 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.

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.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in the statement of Profit and loss.
FVTPL	Amortised cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to statement of profit and loss at the reclassification date.

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2.16.2 Financial liabilities

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 liabilities are recognised in the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

(a) Financial liabilities at FVTPL

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

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

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

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

(b) Financial liabilities at amortised cost

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

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.

2.17 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.

2.18 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.

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2.19 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.

2.20 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.

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 36 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.

2.21 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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.

2.22 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.

2.23 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:

Exposure Drafts:

Following exposure drafts have been issued by the Institute of Chartered Accountants of India:

1. Amendment to Ind AS 116, "Leases" - Covid-19-related rent concessions beyond 30 June 2021

On 24 July 2020, the MCA issued the Companies (Indian Accounting Standard) Amendment Rules, 2020 which amended Ind AS 116 to provide relief for lessees in accounting for eligible rent concessions upto 31 July 2021 that are a direct consequence of COVID-19. The exposure draft on amendments to Ind AS 116 issued by the Institute of Chartered Accountants of India proposes amendments to extend the relief for lessees in accounting for eligible rent concessions upto 31 July 2022.

2. Amendment to Ind AS 116, "Leases" - Interest Rate Benchmark Reform: Phase 2

The exposure draft on amendments to Ind AS 116 issued by the Institute of Chartered Accountants of India proposes amendments

to include a practical expedient in respect of all lease modifications that change the basis for determining future lease payments as a result of interest rate benchmark reform.

3. Amendments to Ind AS 37, "Provisions, Contingent Liabilities and Contingent Assets" - Onerous Contracts

The exposure draft on amendments to Ind AS 37 issued by the Institute of Chartered Accountants of India proposes amendments regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

4. Amendments to Ind AS 16, "Property, Plant and Equipment" - Proceeds before Intended Use

The exposure draft on amendments to Ind AS 16 issued by the Institute of Chartered Accountants of India proposes amendments regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.

5. Amendments to Ind AS 103, "Business Combinations" - Reference to the Conceptual Framework

The exposure draft on amendments to Ind AS 103 issued by the Institute of Chartered Accountants of India proposes amendments to change out updated reference to "Framework for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards" and update it with reference to "Conceptual Framework for Financial Reporting under Indian Accounting Standards". It also proposes certain consequential amendments.

6. Amendments to 101, "First-time Adoption of Indian Accounting Standards" - Subsidiary as a First-time Adopter

The exposure draft on amendments to Ind AS 101 issued by the Institute of Chartered Accountants of India proposes amendments to simplify the application of Ind AS 101 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

7. Amendments to 41, "Agriculture" - Taxation in Fair Value Measurements

The exposure draft on amendments to Ind AS 41 issued by the Institute of Chartered Accountants of India proposes amendments

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

to remove a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in Ind AS 41 with those in other Ind AS's.

8. Amendments to Ind AS 109, "Financial Instruments" and Ind AS 107, "Financial Instruments: Disclosures" - Interest Rate Benchmark Reform: Phase 2

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 assist entities in providing useful information about the effects of the transition to alternative benchmark rates and support preparers in applying the requirements of Ind AS's when changes are made to contractual cash flows or hedging

relationships as a result of the transition to an alternative benchmark interest rate.

9. New Indian Accounting Standard (Ind AS) 117, Insurance Contracts

The exposure draft of Ind AS 117 is issued by the Institute of Chartered Accountants of India as replacement for Ind AS 104 Insurance Contracts.

The above exposure drafts have not been notified by the Ministry of Corporate Affairs ('MCA') to be applicable from 1 April, 2021 as at the date of approval of these financial statements. On issue of the amendment by MCA, the Company would evaluate the impact of the change in the Consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

3 Property, plant and equipment and other intangible assets (including capital work-in-progress)

	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Leasehold land (Right of use asset)	Total	Capital work-in-progress	Other intangible assets
Gross carrying value										
Balance as at April 1, 2020	105.70	277.86	1,922.70	6.19	10.79	3.61	1.01	2,327.86	7.28	6.41
Additions	2.50	7.19	53.80	0.10	-	0.35	-	63.94	14.90	0.04
Deletions/ transfer	-	-	(6.62)	(0.06)	(0.31)	(0.02)	-	(7.01)	(14.03)	(0.51)
Balance as at March 31, 2021	108.20	285.05	1,969.88	6.23	10.47	3.94	1.01	2,384.78	8.15	5.94
For the year										
Additions	0.85	2.54	71.26	0.18	3.19	1.21	-	79.23	3.50	0.48
Deletions/ transfer	-	(6.20)	(11.16)	(0.01)	(1.13)	(0.11)	(0.43)	(19.04)	(2.19)	-
Balance as at March 31, 2022	109.05	281.39	2,029.98	6.40	12.54	5.04	0.58	2,444.98	9.46	6.42
Accumulated depreciation / amortisation										
Balance as at April 1, 2020	-	92.26	1,210.02	4.38	4.44	1.12	0.35	1,312.57	-	4.81
For the year										
Depreciation/ amortisation	-	8.60	66.19	0.29	1.17	0.90	0.01	77.16	-	0.57
Deletions/ transfer	-	-	(6.04)	(0.05)	(0.13)	(0.02)	-	(6.24)	-	(0.50)
Balance as at March 31, 2021	-	100.86	1,270.17	4.62	5.48	2.01	0.36	1,383.49	-	4.88
For the year										
Depreciation/ amortisation	-	9.07	71.18	0.31	1.09	1.10	0.01	82.76	-	0.64
Deletions/ transfer	-	(2.48)	(10.24)	(0.01)	(0.60)	(0.10)	(0.17)	(13.60)	-	-
Balance as at March 31, 2022	-	107.45	1,331.11	4.92	5.97	3.01	0.19	1,452.65	-	5.52
Net Block as at March 31, 2022	109.05	173.94	698.87	1.48	6.57	2.04	0.38	992.33	9.46	0.90
Net Block as at March 31, 2021	108.20	184.19	699.71	1.62	4.99	1.93	0.65	1,001.29	8.15	1.06

Notes:

1. For Depreciation and amortisation refer accounting policy (Note 2.8)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

3 : Property, plant and equipment and other intangible assets (including capital work-in-progress) (Contd..)

2. Property, plant and equipment pledged as security :

There is no charge on property, plant and equipment as on March 31, 2022.

As on March 31, 2021, extension of second equitable mortgage, existed in favour of Consortium of lenders 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 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.

3. 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.

The Company does not have any projects which are overdue or exceeded cost estimate hence disclosure of completion schedule is not applicable.

CWIP ageing schedule as at March 31, 2022

	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Capital work-in-progress	2.59	6.87	-	-	9.46
	2.59	6.87	-	-	9.46

CWIP ageing schedule as at March 31, 2021

	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Capital work-in-progress	7.25	0.90	-	-	8.15
	7.25	0.90	-	-	8.15

4. There are no intangible assets under development as at March 31, 2022 or as at March 31, 2021.

5. Title deeds of immovable properties not held in name of the Company:

There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) whose title deed is not held in the name of the Company.

6. Benami properties:

No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

7. Capital commitments:

Refer Note 38.1 for disclosure of contractual commitments for the acquisition of Property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

4 Investments : Non-current

Particulars	Face Value* ₹	No of shares as at *		Balances as at	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Quoted					
Investments in equity shares					
Investments designated at fair value through other comprehensive income (FVOCI)					
Finolex Cables Limited	2	2,21,87,075	2,21,87,075	836.61	850.85
Investments designated at fair value through profit and loss (FVTPL)					
GOCL Corporation Limited	2	4,950	4,950	0.14	0.11
Gulf Oil Lubricants India Limited	2	4,950	4,950	0.21	0.36
Gold Crest Corporation Limited	10	12,400	12,400	0.22	0.08
				0.57	0.55
Unquoted					
Investments designated at fair value through other comprehensive income (FVOCI)					
a) Finolex Infrastructure Private Limited	10	53,73,938	53,73,938	12.36	12.38
Investments designated at fair value through profit and loss (FVTPL)					
a) The Saraswat Co-op Bank Limited #	10	1,000	1,000	-	-
Investments measured at cost					
Associate Companies					
a) Pawas Port Limited	10	49,994	49,994	0.05	0.05
				0.05	0.05
Investments in bonds measured at amortised cost (Quoted)					
Perpetual bonds					
9.56% State Bank of India	10,00,000	350	250	37.18	26.68
8.50% State Bank of India	10,00,000	250	250	26.21	26.37
8.75% State Bank of India	10,00,000	100	100	10.82	10.94
7.74% State Bank of India	10,00,000	200	200	21.11	-
8.85% HDFC Bank Limited	10,00,000	300	300	32.38	32.62
8.99% Bank of Baroda	10,00,000	250	250	25.84	25.91
8.25% Bank of Baroda	10,00,000	200	200	21.20	21.22
Tax free bonds					
8.23% Indian Railway Finance Corporation 18 Feb 2024	1,000	1,00,000	1,00,000	11.44	11.76
7.07% Indian Railway Finance Corporation 21 Dec 2025	1,000	60,000	60,000	6.76	6.90
7.18% Indian Railway Finance Corporation 19 Feb 2023	1,000	-	1,00,000	-	10.78
7.93% Rural Electrification Corporation Limited 27 Mar 2022	1,000	-	60,000	-	6.59
8.01% Rural Electrification Corporation Limited 24 Sep 2023	1,000	75,000	75,000	8.14	8.42
7.55% Indian Railway Finance Corporation 8 Nov 2021	1,00,000	-	250	-	2.64

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

4 Investments : Non-current (Contd..)

Particulars	Face Value* ₹	No of shares as at *		Balances as at	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
7.19% Indian Railway Finance Corporation 31 July 2025	10,00,000	50	50	5.80	5.93
7.17% Rural Electrification Corporation Limited 23 July 2025	10,00,000	100	100	11.13	11.38
7.15% National Thermal Power Corporation Limited 21 Aug 2025	10,00,000	50	50	5.67	5.79
Total				1,073.28	1,077.76

*Number of shares/bonds and face value are in full figures

The value of shares in full figures is ₹ 10,000/-

4.1 Investments accounted using Equity method

Particulars	No of shares		Value of investments	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Associate Companies				
Equity Shares of ₹ 10 each in				
a) Finolex Plasson Industries Private Limited	46,35,000	46,35,000	94.52	83.52
Dividend received			(0.93)	(0.93)
Share in dividend distribution tax			-	-
Share in current year profits			(1.47)	16.19
Share in tax expenses			(0.34)	(4.40)
Share in current year OCI			0.09	0.14
Share in Ind AS 116 adjustment to retained earnings			-	-
Total value of investment in associate			91.86	94.52

The Company measures its investments in associates at cost, as per option provided by Ind AS 27 "Separate Financial Statements".

Particulars	March 31, 2022	March 31, 2021
Aggregate cost of quoted investments	335.81	315.11
Aggregate value of unquoted investments	19.91	19.93
Aggregate market value of quoted investments	1,060.86	1,065.33

Fair value disclosures

Fair value disclosures for financial assets and liabilities are stated in Note 39 and fair value hierarchy disclosures for investment are stated in Note 39.

Risk management strategy

Refer Note 40 on financial risk management objectives and policies for financial instruments.

5 Non-current loans

Particulars	March 31, 2022	March 31, 2021
Unsecured, considered good		
Loans to employees	0.04	0.05
Loans to vendors	13.44	-
	13.48	0.05
Less: Loss allowance	-	-
Total	13.48	0.05

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

5 Non-current loans (Contd.)

There are no loans having significant increase in credit risk or which are credit impaired or doubtful as at March 31, 2022 (₹ Nil as at March 31, 2021)

Refer note 39 for classification of financial instruments by category and into fair value level of hierarchy

The Company has not granted any loans to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013) either severally or jointly with any other person, that are:

- (a) repayable on demand; or
- (b) without specifying any terms or period of repayment

6 Other non-current financial assets

Particulars	March 31, 2022	March 31, 2021
Unsecured considered good		
Claims receivable (under mega incentive schemes) (Refer note 19)	31.97	30.18
Security deposits	6.19	2.16
Total	38.16	32.34

Refer note 39 for classification of financial instruments by category and into fair value level of hierarchy

7 Other non-current assets

Particulars	March 31, 2022	March 31, 2021
Unsecured considered good		
Capital advances	11.57	7.06
Prepaid expenses	0.55	0.15
Balances with government authorities	42.22	50.72
Total	54.34	57.93

8 Inventories

Particulars	March 31, 2022	March 31, 2021
Raw materials	489.71	373.41
Work-in-progress	80.83	79.52
Finished goods	364.08	398.30
Stock-in-trade	1.42	1.13
Stores and spares	72.62	61.28
Packing material	6.81	5.18
Total	1,015.47	918.82

- a) Raw materials include goods-in-transit of ₹ 21.63 Crores (₹ 6.02 Crores as at March 31, 2021)
- b) Write-down of inventories to net realisable value (net of reversal) amounted to ₹ 12.68 Crores (March 31, 2021- ₹ 4.95 Crores). These were recognised as an expense during the year.
- c) As on March 31, 2022, there is no hypothecation on inventories. As on March 31, 2021, inventories were hypothecated against current borrowings. Also refer Note 20.
- d) Refer Note 2.7 for basis of valuation of inventories.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

9 Investments: Current

Particulars	Face Value* ₹	No of shares as at *		Balances as at	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Investment in Mutual Fund classified as fair value through profit and loss (FVTPL)					
IDFC Over Night Fund Direct Growth	1000	-	148	-	0.02
ICICI Prudential Fixed Maturity Plan Series 28 - 1185 Days Plan I Direct	10	-	2,41,65,680	-	30.56
SBI Magnum Low Duration Fund - Growth	1000	1,38,032	1,43,579	40.16	40.14
Axis Treasury Advantage Fund Direct Growth	1000	1,90,415	82,096	49.32	20.38
Axis Overnight Fund Direct Plan Growth	1000	-	1,47,154	-	16.01
Dsp Ultra Short Term Fund Direct Growth	1000	3,62,677	1,74,731	107.44	49.87
IDFC Ultra Short Term Fund Direct Growth	10	7,93,60,600	4,41,04,475	98.49	52.80
Nippon India Floating Rate Fund Growth	10	1,43,55,726	1,43,55,726	54.18	51.66
Nippon India Overnight Fund Direct Growth	100	14,37,957	4,22,498	16.41	4.67
Kotak Saving Fund Growth Direct Plan Growth	10	3,58,60,590	64,11,440	129.21	22.24
ICICI Prudential Overnight Fund Direct Growth	100	75,20,554	5,93,923	86.19	6.59
Nippon India Arbitrage Fund Direct Growth	10	1,44,93,853	-	33.09	-
Nippon India Low Duration Fund Direct Growth	1000	1,20,428	-	38.16	-
SBI Arbitrage Opportunities Fund Direct - Growth	10	1,07,03,733	-	30.54	-
ICICI Prudential Money Market Fund Direct Plan Growth	100	38,84,168	-	119.20	-
Nippon India Money Market Fund Direct Growth	1000	2,68,702	-	90.03	-
SBI Overnight Fund Direct - Growth	1000	2,45,803	-	85.08	-
Kotak Money Market Growth Direct Plan	1000	2,76,261	-	100.03	-
Tata Liquid Fund Direct Growth	1000	2,83,363	-	95.22	-
Tata Money Market Fund Direct Growth	1000	39,210	-	15.00	-
Aditya Birla Sun Life Manager Growth	100	33,46,689	-	100.04	-
ICICI Prudential Equity Arbitrage Fund Direct Plan Growth	10	1,26,97,386	-	37.19	-
Investment in Fixed Deposits classified at cost (Unquoted)					
LIC Housing Finance Limited				217.00	212.00
Investments measured at amortised cost - Bonds (Quoted)					
7.18% Indian Railway Finance Corporation 19 Feb 2023 (FV ₹1,000)		1,00,000	1,00,000	10.55	-
				1,552.52	506.94

Particulars	March 31, 2022	March 31, 2021
Aggregate cost of quoted investments	1,326.64	291.61
Aggregate market value of quoted investments	1,335.52	294.94
Aggregate value of unquoted investments	217.00	212.00

* Number of units and face value are in full figures

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

9 Investments: Current (Contd.)

Fair value disclosures

Fair value disclosures for financial assets and liabilities and fair value hierarchy disclosures for investment are stated in Note 39.

Risk management strategy

Refer Note 40 on financial risk management objectives and policies for financial instruments.

10 Trade receivables

Particulars	March 31, 2022	March 31, 2021
Secured, considered good	1.40	1.40
Unsecured, considered good	333.06	146.58
Less: Loss allowance	-	-
Total	334.46	147.98

Trade receivables ageing schedule as at March 31, 2022

	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed considered good	325.11	7.95	-	-	-	-	333.06
Disputed considered good	-	-	-	-	-	1.40	1.40
	325.11	7.95	-	-	-	1.40	334.46

Trade receivables ageing schedule as at March 31, 2021

	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed considered good	146.58	-	-	-	-	-	146.58
Disputed considered good	-	-	-	-	-	1.40	1.40
	146.58	-	-	-	-	1.40	147.98

There are no trade receivables having significant increase in credit risk or which are credit impaired or doubtful as at March 31, 2022 (₹ Nil as at March 31, 2021)

There are no dues from private companies in which director of the Company, is a director or a member.

Refer note 37 for terms and conditions relating to related party receivables.

Refer note 39 for classification of financial instruments by category and into fair value level of hierarchy

Refer note 40 for credit risk of trade receivables.

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 in certain cases credit period is generally upto 60 days. Company also charges interest @ 18% p.a. in case of delay in collection of trade receivables.

As on March 31, 2022, the trade receivables are free from hypothecation. As on March 31, 2021, trade receivables were hypothecated against current borrowings. (Refer Note 20).

11.1 Cash and cash equivalents

Particulars	March 31, 2022	March 31, 2021
Balances with banks		
In current accounts	23.42	31.24
Cash on hand	0.13	0.16
Total	23.55	31.40

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

11.2 Other bank balances

Particulars	March 31, 2022	March 31, 2021
Unpaid dividend accounts	30.19	28.24
Deposits with original maturity more than 3 months but less than 12 months	27.30	276.62
Total	57.49	304.86

Refer note 39 for classification of financial instruments by category and into fair value level of hierarchy

12 Current loans

Particulars	March 31, 2022	March 31, 2021
Unsecured, considered good		
Loans to employees	0.31	0.34
Loans to vendors	8.39	-
Total	8.70	0.34

There are no loans having significant increase in credit risk or which are credit impaired or doubtful as at March 31, 2022 (₹ Nil as at March 31, 2021)

Refer note 39 for classification of financial instruments by category and into fair value level of hierarchy

The Company has not granted any loans to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013) either severally or jointly with any other person, that are:

- (a) repayable on demand; or
- (b) without specifying any terms or period of repayment

13 Other current financial assets

Particulars	March 31, 2022	March 31, 2021
Unsecured, considered good		
Interest receivable- deposits and others*	6.15	10.83
Security deposits	2.80	0.40
Other receivables	4.05	0.12
Total	13.00	11.35

* Includes interest on advance given to vendor @ 15% p.a.

Refer note 39 for classification of financial instruments by category and into fair value level of hierarchy

14 Other current assets

Particulars	March 31, 2022	March 31, 2021
Unsecured, considered good		
Advances to vendors	25.76	54.53
Prepaid expenses	8.83	5.16
GST receivables (net)	6.18	7.47
Total	40.77	67.16

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

15 Equity Share Capital

Particulars	March 31, 2022		March 31, 2021	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores
Authorised equity share capital of ₹ 2 each				
Reconciliation of number of Equity Shares Authorised				
Shares outstanding at the beginning of the period	75,00,00,000	150.00	15,00,00,000	150.00
Increase in the number of shares on account of share split (Refer note (iv) below)	-	-	60,00,00,000	-
Shares outstanding at the end of the period	75,00,00,000	150.00	75,00,00,000	150.00
Unclassified share capital (shares of ₹ 10 each)	8,50,00,000	85.00	8,50,00,000	85.00
Total Authorised Share Capital	83,50,00,000	235.00	83,50,00,000	235.00
Issued, Subscribed and fully paid up equity share capital of ₹ 2 each				
Reconciliation of number of Equity Shares and amount outstanding				
Shares outstanding at the beginning of the period	62,04,76,905	124.10	12,40,95,381	124.10
Change in equity share capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the period	62,04,76,905	124.10	12,40,95,381	124.10
Increase in the number of shares on account of share split (Refer note (iv) below)	-	-	49,63,81,524	-
Shares outstanding at the end of the period	62,04,76,905	124.10	62,04,76,905	124.10

out of above, 2,163,000 shares (March 31, 2021: 2,163,000 shares) are held by Finolex Industries Limited Employee Welfare trust under ESOP scheme (refer note (iv) below)

Number of shares held by each shareholder holding more than 5 percent of the Equity Shares of the Company are as follows:

Name of the shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of Shares held	% of Holding	No. of Shares held*	% of Holding
Finolex Cables Limited	20,09,62,985	32.39%	20,09,62,985	32.39%
Orbit Electricals Private Limited	11,66,54,505	18.80%	11,66,54,505	18.80%

*Refer note (iv) below

Number of shares held by the promoters at the end of the year are as follows :

Name of the shareholder	As at March 31, 2022		% Change during the year
	No. of Shares held	% of Holding	
Katara Mukesh Dolumal	17,500	0.00%	-
Katara Mukesh Dolumal	1,15,150	0.02%	-
Katara Aruna Mukesh	12,88,895	0.21%	0.02%
Sunita Kishandas Chhabria	-	0.00%	-100.00%
Prakash Pralhad Chhabria	8,53,745	0.14%	-
Priya Vijay Chhabria	3,01,000	0.05%	-
Vini Deepak Chhabria	1,32,000	0.02%	-

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for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

15 Equity Share Capital (Contd.)

Name of the shareholder	As at March 31, 2022		% Change during the year
	No. of Shares held	% of Holding	
Kishandas Parashram Chhabria	1,000	0.00%	-99.88%
Deepak Kishan Chhabria	4,04,605	0.07%	-
Pralhad Parsram Chhabria	-	0.00%	-100.00%
Vijay Kishandas Chhabria	21,51,420	0.35%	304.59%
Kavita Sanjay Raheja	4,64,395	0.07%	-
Ritu Prakash Chhabria	22,250	0.00%	-
Rishi Vijay Chhabria	6,750	0.00%	-
Gayatri Prakash Chhabria	3,74,125	0.06%	-
Hansika Hiya Prakash Chhabria	3,34,875	0.05%	-
Katara Amit Mukesh	2,03,160	0.03%	-
Katara Amrita Mukesh	2,10,375	0.03%	-
Orbit Electricals Private Limited	11,66,54,505	18.80%	-
Finolex Cables Ltd.	20,09,62,985	32.39%	-
Katara Dental Pvt.Ltd.	10,69,750	0.17%	-

- i) The Company has not made any bonus issue of equity shares during last 5 years.
- ii) The Company has only one class of equity shares having a par value of ₹ 2/- each. Each equity shareholder is entitled to one vote per share and has a right to receive dividend as recommended by Board of Directors subject to the necessary approval from the shareholders.

In the event of liquidation of the Company, the holders of equity shares will be 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.

- iii) The Board of Directors have proposed on May 18, 2022, a Final Dividend of ₹ 2/- (100%) per equity share and a Special Dividend of ₹ 2/- (100%) per equity share for financial year 2021-22. The same is subject to approval of the shareholders of the Company at the annual general meeting for the year ended March 31, 2022.
- iv) The Board of Directors at their Meeting held on February 1, 2021 approved the sub-division of each equity share of face value of ₹ 10/- fully paid up into 5 equity shares of face value of ₹ 2/- each fully paid up. The same was approved by the Members on March 26, 2021 through postal ballot and e-voting. The effective date for the subdivision was April 16, 2021. Consequently the split of equity shares is been effected from April 16, 2021. Accordingly, equity shares and earning per shares have been adjusted for share split in accordance with IND AS 33 'Earning Per Share' read with Ind AS 10 Events after Reporting Period.
- v) Capital Management:
The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings as detailed in notes 20 and 11.1 offset by cash and cash equivalents) and total equity of the Company. The Company is not subject to any externally imposed capital requirements. The Company's risk management committee reviews the capital structure of the Company on an ongoing basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

16 Other Equity

Particulars	March 31, 2022	March 31, 2021
Reserves & Surplus		
- Securities Premium Account		
Opening balance	151.27	151.27
Addition	-	-
Deletion	-	-
Closing balance	151.27	151.27

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

16 Other Equity (Contd.)

Particulars	March 31, 2022	March 31, 2021
- Capital Redemption Reserve*		
Opening balance	25.18	25.18
Addition	-	-
Deletion	-	-
Closing balance	25.18	25.18
- General Reserve*		
Opening balance	394.50	394.50
Addition	-	-
Deletion	-	-
Closing balance	394.50	394.50
- Retained Earnings		
Opening balance	2,226.25	1,488.09
Change in accounting policy or prior period errors	-	-
Restated opening balance	2,226.25	1,488.09
Add :		
Profit for the year	1,051.33	737.79
Other Comprehensive Income (net)	(0.24)	0.23
[Re-measurement of defined benefit plan gain/(loss)]		
Share in OCI of associate (net of tax)	0.09	0.14
Less : Appropriation		
Equity Dividend- Final (March 31, 2021 : ₹ 4 per share)	(248.19)	-
Closing balance	3,029.24	2,226.25
Other Reserves		
- Equity Instruments through Other Comprehensive Income		
Opening balance	217.66	(197.16)
Add : Increase/ (decrease) in fair value during the year (net)	(14.16)	414.82
Closing balance	203.50	217.66
Total	3,803.70	3,014.86

Note

* There is no effect on account of "change in accounting policy or prior period errors" in March 31, 2022 and March 31, 2021.

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

General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

17 Other non - current financial liabilities

Particulars	March 31, 2022	March 31, 2021
Security deposits	0.07	0.05
Dealer deposits	0.07	0.07
Total	0.14	0.12

Refer note 39 for classification of financial instruments by category and into fair value level of hierarchy

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

18.1 Non-current provisions

Particulars	March 31, 2022	March 31, 2021
Provision for employee benefits		
Gratuity (Refer Note 36)	2.28	1.58
Compensated absences (Refer Note 36)	13.22	11.85
Total	15.50	13.43

18.2 Current provisions

Particulars	March 31, 2022	March 31, 2021
Provision for employee benefits		
Gratuity (Refer Note 36)	2.21	1.95
Compensated absences (Refer Note 36)	2.00	1.88
Total	4.21	3.83

19 Government grants

Particulars	March 31, 2022	March 31, 2021
Non-current portion	67.05	65.76
Current portion	10.73	9.07
Total	77.78	74.83

- a) The Company was entitled to receive Industrial Promotion Subsidy under the Package Scheme of Incentives, for the period from April 1, 2011 to March 31, 2018. Further, during FY 2020-21, the Company has received extension for 5 years which will expire by March 2023. 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

Particulars	March 31, 2022	March 31, 2021
As at the beginning of the year	74.83	57.68
Recognised during the year	13.68	26.22
Released to the statement of profit and loss	(10.73)	(9.07)
As at the end of the year	77.78	74.83

- b) The Company has received the eligibility certificate for the industrial promotion subsidy under the package incentive scheme as mentioned above. The government grant accrued during the current year aggregating ₹ 13.68 Crore (March 31, 2021 - ₹ 26.22 Crore)

Asset movement

Particulars	March 31, 2022	March 31, 2021
As at the beginning of the year	30.17	8.66
Add: Grant accrued during the year	13.68	26.22
Less: Claims received during the year	(11.88)	(4.70)
As at the end of the year	31.97	30.17

Refer note 6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

20 Current borrowings

Particulars	March 31, 2022	March 31, 2021
Secured	-	134.46
Unsecured		
Acceptance from banks - Buyers Credit	276.22	19.39
Others	1.81	50.00
TOTAL	278.03	203.85

Details of terms of borrowings and security for the borrowings

The Company has aggregate limits of working capital borrowings of ₹ 1,606 Crores (₹ 2,205.75 Crores as at March 31, 2021) from various banks.

As at March 31, 2021, the Company had working capital borrowing limits aggregating ₹ 2,205.75 Crores (including limits of ₹ 1,395.75 Crores, from Bank of India Consortium which were secured against hypothecation of inventories and book debts and second equitable mortgage of immoveable properties falling within the battery limit of the site of the Company's plant for manufacture of PVC Resin, situated at Village Golap, District Ratnagiri in the State of Maharashtra together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth).

Borrowings from banks have been utilized for the purpose for which it were taken.

Quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts which are filed during the year.

As on 31st March 2022, the Company does not have any sanctions against the security of current assets.

The Company has not been declared as wilful defaulter by any bank.

Refer Note 40 for discussion on Company's financial risk management policies and procedures.

21 Trade payables

Particulars	March 31, 2022	March 31, 2021
Trade payables		
a) total outstanding dues of Micro & Small Enterprises (Refer Note 42)	8.05	24.42
b) total outstanding dues of creditors other than Micro & Small Enterprises	455.03	411.37
Total	463.08	435.79

Trade Payables ageing schedule as at March 31, 2022

	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	4.20	3.09	0.74	0.01	0.00	8.05
Others	335.58	20.86	0.67	0.79	1.08	358.98
Unbilled dues	82.88	12.92	0.14	0.04	0.07	96.05
	422.67	36.87	1.55	0.84	1.15	463.08

Trade Payables ageing schedule as at March 31, 2021

	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	19.69	4.58	0.01	-	0.14	24.42
Others	333.56	21.73	1.30	0.64	1.21	358.43
Unbilled dues	49.46	3.36	0.05	0.07	-	52.94
	402.71	29.67	1.36	0.70	1.35	435.79

Trade payables including related parties are non-interest bearing and are normally settled within 30 to 45 days.

Refer Note 40 for discussion on Company's financial risk management policies and procedures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

22 Other current financial liabilities

Particulars	March 31, 2022	March 31, 2021
Interest accrued but not due	0.13	0.14
Employee benefits payable	50.13	44.72
Payables for expenses	187.24	129.11
Payable for capital purchases	7.53	6.41
Unpaid dividend	30.19	28.24
Total	275.22	208.62

Refer Note 40 for discussion on Company's financial risk management policies and procedures.

23 Other current liabilities

Particulars	March 31, 2022	March 31, 2021
Advances from customers	10.03	13.82
Statutory dues (includes indirect and withholding taxes)	140.05	36.40
Total	150.08	50.22

24 Income Taxes

The note below details the major components of income tax expenses for the year ended March 31, 2022 and March 31, 2021. The note further describes the significant estimates made in relation to Group's income tax position, and also explains how the income tax expense is impacted by non-assessable and non-deductible items.

A Composition of income tax expense is as follows:

Particulars	March 31, 2022	March 31, 2021
Statement of profit and loss		
Current tax		
Current income tax charge	321.10	252.42
Adjustments in the current period for tax of prior periods	13.63	(0.13)
Deferred tax		
Relating to temporary differences	(3.00)	1.98
Income tax expense reported in the statement of profit and loss	331.73	254.27
Other Comprehensive Income		
Deferred tax		
Remeasurement gains/ (losses) on defined benefit plans	0.08	(0.08)
Fair value changes of financial assets	0.11	(0.83)
Income tax charged to OCI	0.19	(0.91)

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.

Particulars	March 31, 2022	March 31, 2021
Accounting profit before tax expense	1,383.07	992.06
At applicable tax rate @ 25.168%	348.09	249.68
Adjustments For:		
Donation expenses	0.04	0.01
Corporate Social Responsibility expenses	4.78	2.26
Other non-deductible expenses	2.68	5.10
Agricultural income U/S.10(1) (Mango harvesting)	-	(0.01)
Deductions allowed under income tax	(3.17)	(3.93)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

24 Income Taxes (Contd.)

Particulars	March 31, 2022	March 31, 2021
Other income credited to statement of profit and loss, either exempt or considered separately	(0.72)	(0.27)
Prior period tax adjustments	13.63	-
Permanent allowance against capital gain on sale of land including difference in tax rates	(33.71)	-
Deferred Tax on Consolidation	(0.62)	1.08
Other items	0.73	0.34
Tax expense as per statement of Profit and loss	331.73	254.27

The Group's effective tax rates for the year ended March 31, 2022 and March 31, 2021 are 23.98% & 25.63% respectively.

C Composition of deferred tax assets, deferred tax liabilities and deferred tax (expense)/income

Particulars	Balance Sheet		Statement of Profit and Loss	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Deferred tax liabilities				
Depreciation	(138.10)	(140.84)	2.75	(1.81)
Fair valuation of FVOCI investment	(0.89)	(1.00)	0.11	(0.84)
Fair valuation of FVTPL investment	(2.25)	(0.86)	(1.40)	(0.86)
Deferred tax on consolidation	(20.32)	(20.94)	0.62	(1.07)
Deferred tax assets				
Government grant- Deferred	19.58	18.83	0.74	4.31
Fair valuation of FVTPL investment		-	-	(1.37)
TDS Disallowance	1.01	1.01	-	1.01
Leave encashment	3.83	3.46	0.38	0.94
Defined benefit obligation and others	1.13	0.89	0.24	(4.07)
Deferred tax (expense)/income			3.43	(3.77)
Net deferred tax assets/(liabilities)	(136.02)	(139.45)		

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 Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Reconciliation of deferred tax liabilities (net)

Particulars	March 31, 2022	March 31, 2021
As at the beginning of the year	(139.45)	(135.68)
Tax (expense)/ income recognised in the statement of profit and loss	3.00	(1.98)
Share of associate in OCI	0.25	(0.88)
Tax (expense)/ income recognised in the OCI	0.19	(0.91)
As at the end of the year	(136.02)	(139.45)

E Composition of deferred tax (expense)/ income recognised in the statement of profit and loss

Particulars	March 31, 2022	March 31, 2021
Deferred tax expense	(1.40)	0.44
Deferred tax income	4.83	(4.21)
Net deferred tax (expense)/ income	3.43	(3.77)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

24 Income Taxes (Contd.)

Tax losses

Particulars	March 31, 2022	March 31, 2021
Unused tax losses for which no deferred tax assets have been recognised- Long term capital losses	-	24.39
Potential tax benefit	-	5.68

The carried forward long term capital losses of ₹ 24.39 crore has been set off against long term capital gain on transfer of leasehold rights during the year, which is disclosed as exceptional item. Refer Note 33.

During the year 2019-20, new section 115BAA is introduced by the CBDT. As per this section, option is given to all existing companies to either pay income tax as per the 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 Group forgoes certain exemptions and deductions.

Since this new rate is beneficial, Group 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 March 31, 2022 and March 31, 2021.

25 Revenue from operations

Particulars	March 31, 2022	March 31, 2021
Revenue from sale of products		
Sale of products	4,610.87	3,437.00
Other operating revenue		
a) Scrap sales	24.01	14.31
b) Recovery of port charges	1.71	1.89
c) Government grant/subsidiary (Refer Note 19)	10.73	9.07
Total	4,647.32	3,462.27

The Company derives revenue from sale of Pipes & Fittings and PVC resin, which is disclosed in note no. 33 as segment revenue. Hence, no disaggregation of revenue is provided separately.

26 Other income

Particulars	March 31, 2022	March 31, 2021
I) Interest on		
a) Deposit with bank and financial institution	22.58	19.35
b) Interest on investment in bonds	13.99	10.43
c) On advance to vendor	0.80	3.77
d) Income tax refund	8.34	0.16
e) Overdue receivables from customers	0.05	0.01
f) Others	-	0.01
II) Dividend from non-current investments		
a) Classified as fair value through FVTPL	0.01	0.01
b) Classified as fair value through FVOCI	12.20	12.20
III) Other non-operating income		
a) Insurance claims received	6.26	0.13
b) Net gains/(losses) on fair value changes on investment classified as FVTPL	8.90	3.49
c) Net gain / (loss) on sale of current investments (mutual funds) classified as FVTPL	8.15	7.22
d) Net foreign currency exchange gain on transaction and translations	-	14.36
e) Excess provision written back	-	0.33
f) Credit balances written back	-	0.01
g) Others	0.95	0.07
Total	82.23	71.55

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

27 Cost of materials consumed

Particulars	March 31, 2022	March 31, 2021
Cost of raw materials consumed	2,763.72	1,912.31
Packing material consumed	38.03	27.93
Total	2,801.75	1,940.24

28 Changes in inventories of finished goods, work-in-progress and stock in trade

Particulars	March 31, 2022	March 31, 2021
Inventories at the end of the year		
Work-in-progress	80.83	79.52
Finished goods	364.08	398.28
Stock-in-trade	1.42	1.13
Sub Total (A)	446.33	478.93
Inventories at the beginning of the year		
Work-in-progress	79.52	53.53
Finished goods	398.28	402.07
Stock-in-trade	1.13	1.85
Sub Total (B)	478.93	457.45
Changes in inventories of finished goods, work-in-progress and stock in trade (B-A)	32.60	(21.48)

29 Employee benefits expense

Particulars	March 31, 2022	March 31, 2021
Salaries, wages and bonus	170.53	148.20
Gratuity fund expenses (refer Note 36)	2.31	2.88
Contribution to provident fund and other funds (refer Note 36)	6.11	5.22
Staff welfare expenses	11.89	10.50
Total	190.84	166.80

30 Finance Cost

Particulars	March 31, 2022	March 31, 2021
Interest expense on borrowings and others	1.69	7.67
Other borrowing costs	1.87	1.75
Exchange differences regarded as an adjustment to borrowing cost	10.53	(2.15)
Total	14.09	7.27

31 Depreciation and amortisation expense

Particulars	March 31, 2022	March 31, 2021
Depreciation on property, plant and equipment	82.76	77.15
Amortisation of intangible assets	0.64	0.57
Total	83.40	77.72

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

32 Other expenses

Particulars	March 31, 2022	March 31, 2021
Power and fuel	181.83	97.85
Stores and spares consumed	65.25	34.48
Other manufacturing expenses	115.64	97.48
Rent on short term or low value leases	1.48	1.74
Rates and taxes	9.14	13.04
Insurance	17.55	12.92
Repairs & maintenance (buildings)	12.20	6.36
Repairs & maintenance (plant & machinery)	26.49	15.42
Repairs & maintenance (others)	10.52	3.20
Communication expenses	1.40	1.77
Traveling and conveyance	6.59	3.80
Directors' sitting fees	0.62	0.43
Commission to non-executive directors	4.00	3.00
Auditor's remuneration :		
- Statutory audit fees	0.34	0.29
- Tax audit fees	0.05	0.05
- Limited review	0.06	0.06
- Certification	0.01	0.08
- Out of pocket expenses	0.01	-
Advertisement, publicity and sales promotion	71.26	46.74
Freight outward expenses	0.70	(0.05)
Loss on sale/discard of assets	0.87	0.61
Legal and professional fees	9.52	11.31
Donations	0.17	0.03
Corporate social responsibility (CSR)(refer note below)	19.00	9.00
Security expenses	8.19	8.06
Information technology maintenance	7.74	4.44
Net loss on foreign currency transactions and translations (other than considered as finance cost)	2.98	-
Miscellaneous expenses	10.07	5.29
Total	583.68	377.40

Corporate social responsibility (CSR)	March 31, 2022	March 31, 2021
Contribution to Mukul Madhav Foundation Trust (related party)	13.60	7.60
Expenses incurred by the Company	5.40	-
Contribution to others	-	1.40
Total	19.00	9.00
a) Amount required to be spent during the period	12.38	8.81
b) Amount spent during the year on:	19.00	9.00
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	19.00	9.00
c) Shortfall at the end of the year	-	-
d) Total of previous years' shortfall	-	-
e) Reason of shortfall	NA	NA
f) Details of related party transactions (refer note 37)	13.60	7.60
g) Provision made with respect to any liability incurred by entering into contractual obligation, the movement of provision	-	-

Nature of CSR activities :

Agriculture & rural development, eradicating hunger and poverty, promoting education, vocational skills and livelihood, gender equality, preventive healthcare, heritage art & culture, environmental sustainability, sanitation & hygiene, animal welfare, support to differently abled, contribution to Swachh Bharat Kosh Clean Ganga Fund.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

33 Exceptional item

Particulars	March 31, 2022	March 31, 2021
Profit on transfer of leasehold rights of land	376.06	-

Consequent to the approval of the Board of Directors at their meeting held on September 15, 2021, the Company has transferred leasehold rights of approx. 34.88 acres of land (out of approx. 70 acres) during the quarter post completion of necessary regulatory approvals and formalities. The Company has accordingly, recognised ₹ 376.06 crores net gain, disclosed as exceptional item during the year.

34 Segment information

The Company is in the business of manufacturing PVC resin and PVC pipes & fittings. Therefore as per Ind AS 108 "Operating Segments", the Company has disclosed two segments i.e. PVC resin and PVC pipes & fittings.

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, 2022

Particulars	PVC	PVC pipes & fittings	Total	Adjustments and eliminations	Net
Revenue					
External customers	794.65	3,852.67	4,647.32	-	4,647.32
Inter-segment	2,167.45	-	2,167.45	(2,167.45)	-
Total revenue	2,962.10	3,852.67	6,814.77	(2,167.45)	4,647.32
Income/(expenses)					
Depreciation and amortisation	(12.27)	(53.67)	(65.94)	-	(65.94)
Segment profit	722.78	250.24	973.02	-	973.02
Total assets	1,019.16	1,369.84	2,389.00	-	2,389.00
Total liabilities	276.58	139.00	415.58	-	415.58
Other disclosures					
Capital expenditure	10.88	82.29	93.17	-	93.17

Year ended March 31, 2021

Particulars	PVC	PVC pipes & fittings	Total	Adjustments and eliminations	Net
Revenue					
External customers	827.52	2,634.75	3,462.27		3,462.27
Inter-segment	1,445.79	-	1,445.79	(1,445.79)	-
Total revenue	2,273.31	2,634.75	4,908.06	(1,445.79)	3,462.27
Income/(expenses)					
Depreciation and amortisation	(13.99)	(46.27)	(60.26)	-	(60.26)
Segment profit	696.40	251.19	947.59	-	947.59
Total assets	975.96	1,115.98	2,091.94	-	2,091.94
Total liabilities	323.62	90.68	414.30	-	414.30
Other disclosures					
Capital expenditure	7.83	57.57	65.40	-	65.40

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.

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(All amounts in ₹ Crores, unless otherwise stated)

34 Segment information (Contd.)

Adjustments and eliminations

Finance income, 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 these segments as they are 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

Particulars	March 31, 2022	March 31, 2021
Segment profit	973.02	947.59
Unallocable income*	458.11	56.87
Finance costs	(14.09)	(7.27)
Unallocable expense	(32.50)	(21.32)
Share of profit/(loss) of an associate	(1.47)	16.19
Profit before tax	1,383.07	992.06

*Includes gain on exceptional item . Refer Note 33.

Reconciliation of assets

Particulars	March 31, 2022	March 31, 2021
Segment operating assets	2,389.00	2,091.94
Current tax assets	25.60	31.93
Financial assets carried at FVTPL	0.57	0.55
Financial assets carried at FVTOCI	848.97	863.23
Financial assets carried at cost	0.05	0.05
Financial assets carried at amortised cost	223.69	213.92
Current investments	1,552.52	506.94
Cash and cash equivalents (including other bank balances)	81.04	336.26
Other unallocated assets	223.93	249.06
Total assets	5,345.37	4,293.88

Reconciliation of liabilities

Particulars	March 31, 2022	March 31, 2021
Segment operating liabilities	415.58	414.30
Deferred tax liabilities	136.02	139.45
Trade payables	65.06	41.72
Current tax liability	17.50	24.78
Short term borrowings	278.03	203.85
Financial liabilities at cost	237.51	173.95
Interest accrued	0.13	0.14
Unpaid dividend	30.19	28.24
Statutory dues	140.05	36.40
Provisions	19.71	17.26
Government grant	77.78	74.83
Total liabilities	1,417.56	1,154.93

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

34 Segment information (Contd.)

Capital employed : Segment assets (-) Segment liabilities

Particulars	March 31, 2022	March 31, 2021
PVC	1,019.16	975.96
PVC pipes & fittings	1,369.84	1,115.98
Unallocated	2,956.37	2,201.94
Total Segment Assets	5,345.37	4,293.88
PVC	276.58	323.62
PVC pipes & fittings	139.00	90.68
Unallocated	1,001.98	740.62
Total Segment Liabilities	1,417.56	1,154.92
PVC	742.58	652.34
PVC pipes & fittings	1,230.84	1,025.30
Unallocated	1,954.39	1,461.32
Capital Employed	3,927.81	3,138.96

Geographic information

The Company operates in domestic market only, hence no separate geographical information has been provided.

35 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. In compliance with Indian Accounting Standard 33 - 'Earnings per share', the disclosure of earnings per share for the year ended March 31, 2022 and March 31, 2021 has been arrived at after giving effect of share split. (Refer Note 15 (iv))

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

Particulars	March 31, 2022	March 31, 2021
Basic		
Profit for the year before Tax (in ₹ Crores)	1,383.07	992.06
Less : Attributable tax thereto	331.73	254.27
Net profit / (loss) after tax (in ₹ Crores)	1,051.34	737.79
Weighted average number of equity shares*	62,04,76,905	62,04,76,905
Basic earnings/(loss) per share of ₹ 2 each	16.94	11.89

*Refer note 15 (iv) for shares split

36 Disclosure pursuant to Employee benefits

A. Defined contribution plans:

Amount of ₹ 6.11 Crores (March 31, 2021: ₹ 5.22 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 CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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36 Disclosure pursuant to Employee benefits (Contd)

March 31, 2022 : Changes in defined benefit obligation and plan assets

Particulars	April 1, 2021	Gratuity cost charged to statement of profit and loss			Benefit paid	Remeasurement gains/(losses) in other comprehensive income					Contributions by employer	March 31, 2022
		Service cost	Net interest (expense) / income	Sub-total included in statement of profit and loss (Note 29)		Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		
Gratuity												
Defined benefit obligation	25.18	2.07	1.50	3.57	(2.77)	-	-	(1.13)	1.59	0.46	-	26.44
Fair value of plan assets	21.65	-	1.33	1.33	(2.77)	0.15	-	(0.04)	0.10	0.06	1.67	21.94
Total benefit liability	3.53	2.07	0.17	2.24	-	(0.15)	-	(1.09)	1.49	0.40	(1.67)	4.50

March 31, 2021 : Changes in defined benefit obligation and plan assets

Particulars	April 1, 2020	Gratuity cost charged to statement of profit and loss			Benefit paid	Remeasurement gains/(losses) in other comprehensive income					Contributions by employer	March 31, 2021
		Service cost	Net interest (expense) / income	Sub-total included in statement of profit and loss (Note 29)		Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		
Gratuity												
Defined benefit obligation	23.81	1.85	1.40	3.25	(1.64)	-	-	(0.31)	0.06	(0.25)	-	25.18
Fair value of plan assets	4.09	-	0.44	0.44	(1.64)	-	-	0.19	(0.17)	0.02	18.75	21.65
Total benefit liability	19.72	1.85	0.96	2.81	-	-	-	(0.50)	0.23	(0.27)	(18.75)	3.53

The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:

Particulars	March 31, 2022	March 31, 2021
Insured managed funds (LIC)	21.94	21.66
(%) of total plan assets	100%	100%

The principal assumptions used in determining above defined benefit obligations for the Company's plans is shown below:

Particulars	March 31, 2022	March 31, 2021
Discount rate	7.00%	6.30%
Future salary increase	8.00%	8.00%
Expected rate of return on plan assets	6.30%	6.10%
Expected average remaining working lives (in years)		
Gratuity	9.26	9.31
Compensated absences	9.26	9.31
Withdrawal rate (based on grade and age of employees)		
Gratuity	7.00%	7.00%
Compensated absences	7.00%	7.00%

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for the year ended March 31, 2022

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36 Disclosure pursuant to Employee benefits (Contd)

A quantitative sensitivity analysis for significant assumption is as shown below:

Gratuity

Particulars	Sensitivity level	(increase) / decrease in defined benefit obligation (Impact)	
		March 31, 2022	March 31, 2021
Discount rate	1% increase	1.47	1.42
	1% decrease	(1.64)	(1.61)
Future salary increase	1% increase	(1.37)	(1.35)
	1% decrease	1.26	1.22
Withdrawal rate	1% increase	0.09	0.12
	1% decrease	(0.08)	(0.15)

The sensitivity analysis above has 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 following are the expected future benefit payments for the defined benefit plan:

Particulars	March 31, 2022	March 31, 2021
Within the next 12 months (next annual reporting period)	5.20	5.09
Between 2 and 5 years	13.02	11.18
Beyond 5 years	19.14	18.15
Total expected payments	37.36	34.42

Weighted average duration of defined plan obligation (based on discounted cash flows)

Particulars	March 31, 2022	March 31, 2021
	Years	Years
Gratuity	8.99	9.14

The following are the expected contributions to plan assets for the next year:

Particulars	March 31, 2022	March 31, 2021
	Years	Years
Gratuity	2.21	1.95

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 practice can have a significant impact on the defined benefit liabilities.

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.

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for the year ended March 31, 2022

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36 Disclosure pursuant to Employee benefits (Contd)

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, 2022 : Changes in defined benefit obligation of compensated absences

Particulars	April 1, 2021	Gratuity cost charged to statement of profit and loss				Benefit paid	Contributions by employer	March 31, 2022
		Service cost	Interest cost	Actuarial changes arising from various assumption	Sub-total included in statement of profit and loss (Note 29)			
Compensated absences								
Defined benefit obligation	13.73	1.80	0.80	1.09	3.69	(2.19)	-	15.23
Benefit liability	13.73	1.80	0.80	1.09	3.69	(2.19)	-	15.23

March 31, 2021 : Changes in defined benefit obligation of compensated absences

Particulars	April 1, 2020	Gratuity cost charged to statement of profit and loss				Benefit paid	Contributions by employer	March 31, 2021
		Service cost	Interest cost	Actuarial changes arising from various assumption	Sub-total included in statement of profit and loss (Note 29)			
Compensated absences								
Defined benefit obligation	10.01	1.48	0.60	2.21	4.29	(0.57)	-	13.73
Benefit liability	10.01	1.48	0.60	2.21	4.29	(0.57)	-	13.73

37 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	Relative of Key Management Personnel
Mrs. Ritu P. Chhabria	Relative of Key Management Personnel
Ms. Gayatri P. Chhabria	Relative of Key Management Personnel
Finolex Industries Limited Employees Gratuity Fund	Post employment benefit plan of Company

C. Key Management Personnel:

Name of the related party	Nature of relationship
Mr. Prakash P. Chhabria	Executive Chairman
Mr. Sanjay S. Math	Managing Director
Mr. Anil V. Whabi	Director Finance & CFO

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for the year ended March 31, 2022

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37 Related party transactions (Contd.)

D. Transactions with related parties

Particulars	March 31, 2022	March 31, 2021
I. Sales, services and other income		
Sale of goods		
Finolex Plasson Industries Private Limited	-	2.74
Dividend received		
Finolex Cables Limited	12.20	12.20
Finolex Plasson Industries Private Limited	0.93	0.93
II. Expenses		
Short-term employee benefits:*		
Salary and perquisites	6.28	5.49
Mr. Prakash P. Chhabria	3.28	2.74
Mr. Sanjay S. Math	1.51	1.50
Mr. Anil V. Whabi	1.49	1.25
Commission	31.44	23.20
Mr. Prakash P. Chhabria	19.19	15.00
Mr. Sanjay S. Math	7.25	5.20
Mr. Anil V. Whabi	5.00	3.00
Mrs. Ritu P. Chhabria (Sitting fees)	0.04	0.03
Mrs. Ritu P. Chhabria (commission)	0.56	0.41
Ms. Gayatri Chhabria (Salary)	0.20	0.10
Dividend paid		
Finolex Cables Limited	80.39	-
Orbit Electricals Private Limited	46.66	-
Contribution towards corporate social responsibility		
Mukul Madhav Foundation	13.60	7.60
Contributions paid		
Finolex Industries Limited Employees Gratuity Fund	1.67	18.75
Amount payable to*	32.16	24.03
Mr. Prakash P. Chhabria	19.61	15.47
Mr. Sanjay S. Math	7.41	5.39
Mr. Anil V. Whabi	5.15	3.17
Mrs. Ritu P. Chhabria (commission)	0.56	0.41
Ms. Gayatri Chhabria (Salary)	0.03	0.01
Finolex Plasson Industries Private Limited	-	0.07

* As post employment obligations and other long-term employee benefits obligation are computed for all employees in aggregate, the amounts relating to key management personnel cannot be individually computed and hence are not included in the above

Terms and conditions of transactions with related parties

Transaction entered into with related parties are made in ordinary course of business and 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 given any commitment to the related party as at March 31, 2022 (March 31, 2021: ₹ Nil)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(All amounts in ₹ Crores, unless otherwise stated)

38 Commitments and contingencies

38.1 Commitments

a) Capital commitments :

Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2022 ₹ 49.50 Crores (March 31, 2021: ₹ 23.82 Crores)

b) Other commitments :

Aggregate amount of bank guarantees other than the performance guarantees outstanding as on 31st March 2022 is ₹ 31.09 Crores (₹ 32.42 Crores as on 31st March 2021)

38.2 Contingent liabilities

Particulars	March 31, 2022	March 31, 2021
Claims against the Company not acknowledged as debt		
a) Liabilities in respect of income tax matters for which the Company has succeeded in appeal but Income Tax Department has gone in further appeal	0.10	0.10
b) Liabilities in respect of income tax matters for which the Company has gone in further appeal	3.88	4.70
c) Excise/Customs/Service Tax in respect of which either show cause notice is received or the Company/Department is in appeal	70.55	91.43
d) Sales Tax matters in respect of which either show cause notice is received or the Company/Department is in appeal.	2.11	4.59
e) Consumer Protection matters in respect of which customers have gone for recovery on account of quality claims.	0.07	0.27

39 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.

Classification of financial instruments by category and into fair value level of hierarchy as at March 31, 2022

	Amortised Cost	FVTPL			FVTOCI		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Non-current investments:							
Investment in equity shares/ bonds of :							
Quoted							
Equity instruments	-	0.57	-	-	836.61	-	-
Bonds	223.68	-					
Unquoted							
Equity instruments*	0.05	-	-	-	-	12.36	-
Current investments:							
Investments in units of mutual funds	-	1,324.98	-	-	-	-	-
Bonds	10.55						
Deposit with Non Banking Financial institutions	217.00	-	-	-	-	-	-
Trade and other receivables	334.46	-	-	-	-	-	-
Loans	22.18	-	-	-	-	-	-
Cash & cash equivalents	23.55	-	-	-	-	-	-
Other bank balances	57.49	-	-	-	-	-	-
Other financial assets	51.16	-	-	-	-	-	-
Total	940.12	1,325.55	-	-	836.61	12.36	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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39 Fair value of financial assets and liabilities (Contd.)

	Amortised Cost	FVTPL			FVTOCI		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial liabilities							
Borrowings	278.03	-	-	-	-	-	-
Trade and other payables	463.08	-	-	-	-	-	-
Other financial liabilities	275.36	-	-	-	-	-	-
Total	1,016.47	-	-	-	-	-	-

* In accordance with IND AS 27- Separate financial statement, Company has valued its investment in associate at cost.

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2021:

	Amortised Cost	FVTPL			FVTOCI		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Non-current investments:							
Investment in equity shares of :							
Quoted							
Equity instruments	-	0.55	-	-	850.85	-	-
Bonds	213.92						
Unquoted							
Equity instruments	0.05	-	-	-	-	-	12.38
Current investments:							
Investments in units of mutual funds	-	294.94	-	-	-	-	-
Bonds	-						
Deposit with Non Banking Financial institutions	212.00	-	-	-	-	-	-
Trade and other receivables	147.98	-	-	-	-	-	-
Loans	0.39	-	-	-	-	-	-
Cash & cash equivalents	31.40	-	-	-	-	-	-
Other bank balances	304.86	-	-	-	-	-	-
Other financial assets	43.69	-	-	-	-	-	-
	954.29	295.49	-	-	850.85	-	12.38
Financial liabilities							
Borrowings	203.85	-	-	-	-	-	-
Trade and other payables	435.79	-	-	-	-	-	-
Other financial liabilities	208.74	-	-	-	-	-	-
Total	848.38	-	-	-	-	-	-

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, 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.

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.

The Company has not performed a fair valuation of its investment in unquoted ordinary shares of Saraswat Co-op Bank Ltd , which are classified as FVTPL (refer Note 4), as the Company believes that impact of change, if any , on account of fair value is insignificant.

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(All amounts in ₹ Crores, unless otherwise stated)

39 Fair value of financial assets and liabilities (Contd.)

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 March 31, 2022 and March 31, 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

During the year ended March 31, 2022 investments in equity instruments of ₹ 12.36 Crores were transferred from Level 3 to Level 2, since these were valued based on fair valuation report issued by an independent valuer.

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.

40 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 ensure 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 INR	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.

a) Trade Receivables

The Company evaluates credit risk with respect to trade receivables as significantly low, as its payment terms are mostly advance basis.

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for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

40 Financial risk management objective and policies (Contd.)

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 its 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:

Particulars	Asset group	Internal rating	Carrying amount net of impairment provision	
			March 31, 2022	March 31, 2021
Financial assets for which credit risk has not increased significantly from inception	Investments	A	2,625.79	1,584.69
	Loans	A	22.18	0.39
	Other financial assets	A	51.16	43.69

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 Company's financial liabilities based on contractual undiscounted payments.

As at March 31, 2022

Particulars	On demand	< 3 months	3-12 months	1-5 years	Total
Short term borrowings	-	278.03	-	-	278.03
Trade payables	40.41	394.25	28.42	-	463.08
Other financial liabilities	30.19	87.32	157.71	0.14	275.36

As at March 31, 2021

Particulars	On demand	< 3 months	3-12 months	1-5 years	Total
Short term borrowings	-	203.85	-	-	203.85
Trade Payables	33.09	402.70	-	-	435.79
Other financial liabilities	28.24	80.89	99.49	0.12	208.74

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 March 31, 2022 and March 31, 2021. 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 March 31, 2022.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

40 Financial risk management objective and policies (Contd.)

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 (unhedged)

Nature of exposure	Currency	(All amounts in Crores unless otherwise stated)	
		As at March 31, 2022	As at March 31, 2021
Financial liabilities			
Borrowings (Secured)	USD	-	1.84
Borrowings (Unsecured)	USD	3.64	0.27
Interest on borrowings	USD	0.00	0.00
Trade payables	USD	3.87	4.38
Trade payables	EURO	0.02	0.00

Currency wise net exposure (liabilities - assets)

Nature of exposure	Amount in Foreign Currency	
	March 31, 2022	March 31, 2021
USD	7.52	6.49
EURO	0.02	0.00

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, 2022	March 31, 2021
Net unhedged exposure in INR		
USD	569.98	474.17
EURO	1.29	0.00

As at	Change in USD rate	Impact on profit before tax and equity (INR Strengthen)	Impact on profit after tax and equity (INR Strengthen)
31-Mar-22	+5%	28.50	21.33
	-5%	(28.50)	(21.33)
31-Mar-21	+5%	23.71	17.74
	-5%	(23.71)	(17.74)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

40 Financial risk management objective and policies (Contd.)

As at	Change in Euro rate	Impact on profit before tax and equity (INR Strengthen)	Impact on profit after tax and equity (INR Strengthen)
31-Mar-22	+5%	0.06	0.05
	-5%	-0.06	-0.05
31-Mar-21	+5%	0.00	0.00
	-5%	(0.00)	(0.00)

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 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:

As at	Change in year-end price	Effect on profit before tax
March 31, 2022		
VCM	+5%	43.68
	-5%	(43.68)
Ethylene	+5%	8.51
	-5%	(8.51)
EDC	+5%	33.82
	-5%	(33.82)
March 31, 2021		
VCM	+5%	37.19
	-5%	(37.19)
Ethylene	+5%	10.93
	-5%	(10.93)
EDC	+5%	13.92
	-5%	(13.92)

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 ₹ 12.36 Crores . A decrease of 10% in the fair value will have an impact of approximately ₹ 1.24 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 ₹ 836.61 Crores. A decrease of 10% on the NSE market index could have an impact of approximately ₹ 83.66 Crores on OCI and ₹ 0.055 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 THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

41 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.

Particulars	March 31, 2022	March 31, 2021
Borrowings - Buyer's credit & unsecured loan	278.03	203.85
Debt	278.03	203.85
Share Capital	124.10	124.10
Other equity	3,803.70	3,014.86
Equity	3,927.80	3,138.96
Debt/equity ratio	7.08%	6.49%

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2022 and March 31, 2021.

Net Debt)/Surplus Reconciliation

This section sets out an analysis of net debt and the movements in net debt for the year ended March 31, 2022

Particulars	March 31, 2022	March 31, 2021
Cash and other liquid assets	1,827.06	1,028.88
Current borrowings	(278.03)	(203.85)
(Net Debt)/surplus	1,549.03	825.03

Particulars	Other Assets	Liabilities from financing activity	TOTAL
	Cash and cash equivalents	Current borrowings	
(Net Debt)/Surplus as on April 01, 2021	1,028.88	(203.85)	825.03
Cash Inflow/(outflow)	798.18	(74.18)	724.00
(Net Debt)/Surplus as on March 31, 2022	1,827.06	(278.03)	1,549.03

42 Details of dues to Micro and Small Enterprises as defined under MSMED Act, 2006 (as amended)

Particulars	March 31, 2022	March 31, 2021
Principal amount outstanding as on year end *	8.05	24.42
Principal amount outstanding and overdue out of above	3.84	1.82
Interest due on above	0.00	0.00
Interest paid	-	-
Payment made beyond appointment date during the year	12.48	3.21
Interest due and payable for overdue payments made during the year	0.06	0.04
Total Interest accrued and remaining unpaid	0.06	0.04
Amount of further interest remaining due and payable in succeeding years	0.24	0.18

* Mainly includes retention money

Note: The information has been given in respect of such vendors on the basis of information available with the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

43 Ratios :

Ratios	Numerator	Denominator	Description	March 31, 2022	March 31, 2021	Variance	Reason for variance
Current Ratio	Operating current assets (1)	Current liability	The current ratio indicates Company's overall liquidity position	1.20	1.26	-4.7%	
Debt-Equity Ratio	Total debt (2)	Shareholder's equity	Debt-to-equity ratio compares Company's total debt to shareholders equity	0.07	0.06	9.0%	
Debt Service Coverage Ratio	Earnings available for debt service (3)	Debt service (4)	Debt Service coverage ratio is used to analyse the Company's ability to payoff current interest and instalments	3.66	4.68	-21.8%	
Return on Equity Ratio	Net profits after taxes (5)	Shareholder's equity	It measures the profitability of equity funds invested in the Company	26.8%	23.5%	3.3%	
Inventory turnover ratio	Cost of goods sold	Average inventory	This ratio measures the efficiency with which a Company utilizes or manages its inventory	2.95	2.17	35.7%	Inventory Turnover Ratio increased by 36% due to improvement in inventory turnover cycle.
Trade Receivables turnover ratio	Net sales (6)	Average accounts receivable	This ratio measures the efficiency at which the firm is managing the receivables	19.27	31.31	-38.5%	TR Turnover Ratio decreased by 38% due to increase in average Trade Receivable in FY-2021-22 in line with increase in share of revenue from plumbing and sanitation.
Trade Payables turnover ratio	Net purchases (7)	Average trade payable	This ratio indicates the number of times sundry creditors have been paid during a period	6.27	5.87	6.7%	
Net capital turnover ratio	Net sales (6)	Average working capital (8)	This ratio indicates a Company's effectiveness in using its working capital	19.44	11.29	72.2%	Net Capital Turnover Ratio increased by 69% mainly on account of increase in current liabilities.
Net profit ratio	Net profits after taxes (5)	Net sales (6)	This ratio measures the relationship between net profit and sales of the business	22.6%	21.3%	1.3%	
Return on Capital employed	Earning before interest & tax (EBIT) (9)	Capital employed (10)	Return on capital employed indicates the ability of a Company's management to generate returns for both the debt holders and the equity holders	63.0%	60.9%	2.0%	
Return on investment (in %)	Income generated from invested funds	Average invested funds in treasury investments	Return on investment (ROI) is a financial ratio used to calculate the benefit as investor will receive in relation to their investment cost	4.8%	5.3%	-0.5%	

(1) Operating current assets = Total current assets - Current investments - other bank balances.

(2) Total debt / debt service= Non current borrowing + Current borrowing

(3) Earnings available for debt service = PBT + Finance cost + Depreciation - Other income - Exception income

(4) Debt service = Principal + Interest

(5) Net profits after taxes includes exceptional income.

(6) Net sales = Revenue from operations

(7) Net purchases = Consumption RM, stores & spares (RSS) - Opening RSS + Closing RSS

(8) Working capital = Operating current Assets - Current liabilities

(9) EBIT = PBT + Finance cost - Other income - Exception income

(10) Capital employed = Total assets - Non current investment - Current investment - FDs - Current liabilities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

44 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 commence 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:

Particulars	March 31, 2022	March 31, 2021
Cash & cash equivalents	19.26	3.33
Current assets	266.65	288.19
Non-current assets	61.83	63.57
Current liabilities	143.09	142.49
Non-current liabilities	6.46	8.67
Net assets	198.19	203.93
Proportion of Company's Ownership	46.35%	46.35%
Proportion of Company's Ownership in net assets	91.86	94.52

Reconciliation to carrying amounts:

Particulars	March 31, 2022	March 31, 2021
Opening net assets	203.93	180.21
Profit after tax for the year	(3.92)	25.41
Other comprehensive income for the year	0.19	0.31
Dividends paid including DDT	(2.00)	(2.00)
Closing net assets	198.19	203.93
Proportion of Company's Ownership	46.35%	46.35%
Proportion of Company's Ownership in net assets	91.86	94.51
Less: Goodwill written off	-	-
Add: Consolidation adjustments	0.00	0.00
Carrying amount of investment in associate	91.86	94.52

Summarized statement of Profit and loss

Particulars	March 31, 2022	March 31, 2021
Total Revenue	336.55	395.52
Total Expenses	339.73	360.59
Profit for the year	(3.92)	25.41
Other comprehensive income	0.19	0.31
Total comprehensive income	(3.74)	25.72

Share in Capital commitments and Contingent liabilities of associate:

Particulars	March 31, 2022	March 31, 2021
a) Share in Capital commitments (net of capital advances)	0.37	3.22
b) Share in claims against the associate Company not acknowledged as debts - matters subjudiced		
i) Share of sales tax matters in respect of which either show cause notice is received or the Company/Department is in appeal	0.11	0.10
ii) Share in other matters	0.35	0.38
Total	0.83	3.70

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts in ₹ Crores, unless otherwise stated)

45 Utilization of borrowed funds

- (i) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (ii) No funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

46 Compliance with approved scheme of Arrangements :

The Company does not have any Scheme of Arrangements approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.

47 Undisclosed income :

There are no transactions that has been not recorded in the books of accounts and has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961

48 Details of Crypto Currency or Virtual currency :

There are no transaction/holding of crypto or virtual currency.

49 Transactions with struck-off companies :

There is are no transactions with struck-off companies under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956, during current and previous year.

50 Registration/satisfaction of charges with Registrar :

There are no charges or satisfaction yet to be registered with Registrar of Companies beyond the statutory period in the current as well as in the previous year.

51 Previous year comparatives

Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report of even date

For P G BHAGWAT LLP
Chartered Accountants
FRN 101118W/W100682

Nachiket Deo
Partner
M.No. 117695
Pune
May 18, 2022

For FINOLEX INDUSTRIES LIMITED

Prakash P. Chhabria
Executive Chairman
DIN: 00016017
London

Kanchan U. Chitale
Director
DIN: 00007267
Mumbai

Deepak R. Parikh
Director
DIN: 06504537
USA

Anil V. Whabi
Director - Finance & CFO
DIN: 00142052
Pune
May 18, 2022

Bhumika L. Batra
Director
DIN: 03502004
Mumbai

Saurabh S. Dhanorkar
Director
DIN: 00011322
Pune

Pradeep R. Rathi
Director
DIN: 00018577
Singapore

Ashutosh Kulkarni
Company Secretary
M. No.: A18549
Pune

Ritu P. Chhabria
Direcor
DIN: 00062144
London

Sanjay S. Math
Managing Director
DIN: 01874086
Ratnagiri

Anami N. Roy
Director
DIN: 01361110
Pune

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 ₹ crores)

Sl. No.	Name of the subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Share capital	Reserves & surplus	Total assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of shareholding
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
The Company does not have subsidiary company, hence this part is not applicable.														

Notes: The following information shall be furnished at the end of the statement:

- 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 Associates/Joint Ventures	Latest audited Balance Sheet Date	Shares of Associate/Joint Ventures held by the company on the year end			Description of how there is significant influence	Reason why the associate/joint venture is not consolidated	Net worth attributable to Shareholding as per latest audited Balance Sheet	Profit / (loss) for the year	
			No.	Amount of Investment in Associates/Joint Venture	Extend of Holding %				Considered in Consolidation	Not Considered in Consolidation (only holding % considered) (-ve indicate loss)
1	Finolex Plasson Industries Pvt Ltd	31.3.2022	4635000	7.50	46.35	3	4	5	6	
						Voting power	N.A.	91.86	(1.82)	Nil

₹ Crores

Names of associates or joint ventures which are yet to commence operations: Pawas Port Limited

For FINOLEX INDUSTRIES LIMITED

Prakash P. Chhabria Executive Chairman DIN: 00016017 London	Bhumika L. Batra Director DIN: 03502004 Mumbai	Ritu P. Chhabria Director DIN: 00062144 London	Kanchan U. Chitale Director DIN: 00007267 Mumbai	Saurabh S. Dhanorkar Director DIN: 00011322 Pune	Sanjay S. Math Managing Director DIN: 01874086 Rathnagiri
Deepak R. Parikh Director DIN: 06504537 USA	Pradeep R. Rathi Director DIN: 00018577 Singapore	Anami N. Roy Director DIN: 01361110 Pune	Anil V. Whabi Director - Finance & CFO DIN: 00142052 Pune	Ashutosh Kulkarni Company Secretary M. No.: A18549	

May 18, 2022

NOTICE

NOTICE is hereby given that the Forty-First Annual General Meeting (AGM) of the Members of Finolex Industries Limited (the "Company") will be held on Tuesday, August 30, 2022, at 4.00 p.m. (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

Ordinary Business

1. To receive, consider, approve and adopt:
 - a. the audited standalone financial statements of the Company for the financial year ended March 31, 2022, together with the Reports of the Board of Directors and the Auditors thereon; and
 - b. the audited consolidated financial statements of the Company for the financial year ended March 31, 2022, together with the Report of the Auditors thereon.
2. To declare final dividend of ₹ 2 per equity share and special dividend of ₹ 2 per equity share for the financial year ended March 31, 2022.
3. To appoint a Director in place of Mrs. Ritu P. Chhabria (DIN: 00062144) who retires by rotation, and being eligible, offers herself for re-appointment.
4. To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory amendments, modification(s) or re-enactment thereof for the time being in force) and based on the recommendations of the Audit Committee and the Board of Directors of the Company (the "Board"), M/s. Walker Chandio & Co. LLP, Chartered Accountants (Firm registration No.: 001076N/N500013) be and is hereby appointed as the statutory auditors of the Company, to hold the office for a period of 5 consecutive years from the conclusion of this forty-first annual general meeting till the conclusion of the forty-sixth annual general meeting to be held in the year 2027, at such remuneration, plus applicable taxes and reimbursement of out-of-pocket expenses as mentioned in Explanatory Statement, annexed to this notice and as may be mutually agreed between the Board and the statutory auditors from time to time.

RESOLVED FURTHER THAT the Board (which term shall include any committee(s) constituted or to be constituted by the Board to exercise the powers conferred on the Board by this Resolution) be and is hereby authorised to take such steps and do and perform all such acts, deeds, matters and things, as may be considered necessary, proper or expedient to give effect to this Resolution."

Special Business

5. 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 ₹ 4.00 Lakhs (Rupees four lakhs 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 March 31, 2023, 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."

6. To consider and if thought fit, to pass, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196 and 197 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Rules made thereunder and in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) the Articles of Association of the Company and based on the recommendation of the Nomination and Remuneration Committee, the approval of Board of Directors (the "Board") and subject to the approval of the Central Government and all other applicable regulatory approvals, as may be required, the approval of the Members be and is hereby accorded to re-appoint Mr. Prakash P. Chhabria (DIN 00016017) Chairman of the Company as the Whole-time Director designated as Executive Director of the Company, for a period of 5 years from December 1, 2021 to November 30, 2026 on the terms and conditions including remuneration, increase in remuneration and remuneration to be paid in case of inadequacy of profits, absence of profits or no profits in any financial year during his said tenure as set out in the draft agreement to

be entered into by the Company with Mr. Prakash P. Chhabria and as mentioned in the Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 annexed to this notice.

RESOLVED FURTHER THAT the draft agreement(s) which is/are placed before this meeting be and is/ hereby specifically approved with liberty to the Board and/or Nomination and Remuneration Committee of the Company to alter and vary the terms and conditions of appointment / reappointment and / or remuneration as it may deem fit from time to time and in accordance with the provisions of the Companies Act, 2013 and/or any schedules thereto (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

RESOLVED FURTHER THAT the remuneration(s) as mentioned in the draft agreements from time to time shall be the minimum remuneration by way of basic salary and/ or variable pay, and other allowances not exceeding the limits specified under Section II of Part II of Schedule V of the Companies Act, 2013, as amended, or such other limits as may be prescribed by the Government from time to time as minimum remuneration payable to Mr. Prakash P. Chhabria in case of inadequate profits or no profits in any financial year during the currency of his tenure as Executive Director, as may be required.

RESOLVED FURTHER THAT the Board be and is hereby authorized to enhance, alter or vary from time to time the scope and quantum of remuneration, perquisites, benefits and amenities payable during the tenure of the appointment of Mr. Prakash P. Chhabria, provided that any revision in the quantum of remuneration payable to him shall not exceed the statutory limits specified under Section 197 read with Schedule V of the Companies Act, 2013 as amended, and shall be subject to such approvals, sanctions, or permissions, as may be required for such revision in the remuneration.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, matters, deeds and things and give all such directions as it may in its absolute discretion deem necessary, expedient or desirable, in order to give effect to this resolution(s), including finalizing, varying, settling, modifying the terms and conditions of the proposed re-appointment, to settle and finalize all issues that may arise in this regard, without requiring the Board to secure any further consent, concurrence or approval and/or consent, of the Members of the Company, to negotiate, finalize, amend, alter, modify, etc. the terms and conditions and/or any other appointment documents (including providing such representation(s), warranty(ies), indemnity(ies) and covenant(s) as may be required) and to execute, deliver and perform such agreement(s), other contract(s), deed(s), undertaking(s) and other

document(s) and subsequent modification thereto; to file application(s) and make representation(s) in respect thereof and seek the requisite approval(s) from the relevant authority(ies) and third party(ies), including governmental authority(ies); to suitably inform and apply to all the concerned authorities, to settle any question, difficulty or doubt that may arise in this regard, and to take all necessary steps in the matter as it may, in its absolute discretion, and in the best interest of the Company deem necessary, desirable or expedient, to give effect to the above resolution(s).

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate any or all of its powers vested on it by this resolution(s) to any of its Committee(s) or individual Director(s) or other Officer(s) or Executive(s) of the Company or such other person(s) like advisor(s), advocate(s), attorney(s), lawyer(s) etc. or any other appropriate agency of persons as may be necessary or desirable, and to settle any question(s), difficulty(ies) or doubt(s) that may arise and generally, to do all acts, deeds, matters and things as it may, in absolute discretion deem necessary, expedient, usual or proper in relation to or in connection with or for matters consequential to the appointment/ re-appointment, remuneration, without being required to seek any further consent, concurrence or approval and/or consent of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval and/or consent, expressly by the authority of this resolution(s)."

7. To consider and if thought fit, to pass, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Rules made thereunder and in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) the Articles of Association of the Company and based on the recommendation of the Nomination and Remuneration Committee, the approval of Board of Directors (the 'Board') and subject to the approval of the Central Government and all other applicable regulatory approvals, as may be required, the approval of the Members be and is hereby accorded to re-appoint Mr. Sanjay S. Math (DIN 01874086), as Managing Director of the Company, for a period of 6 months from December 1, 2021 to May 31, 2022 on the terms and conditions including remuneration, increase in remuneration and remuneration to be paid in case of inadequacy of profits, absence of

profits or no profits in any financial year during his said tenure as set out in the draft agreement to be entered in to by the Company with Mr. Sanjay S. Math and as mentioned in the Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, annexed to this notice.

RESOLVED FURTHER THAT the draft agreement(s) which is/are placed before this meeting be and is/ hereby specifically approved with liberty to the Board and/or Nomination and Remuneration Committee of the Company to alter and vary the terms and conditions of appointment and / or remuneration as it may deem fit from time to time and in accordance with the provisions of the Companies Act, 2013 and/or any schedules thereto (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

RESOLVED FURTHER THAT the remuneration as mentioned in the draft agreements from time to time shall be the minimum remuneration by way of basic salary and/ or variable pay, and other allowances not exceeding the limits specified under Section II of Part II of Schedule V of the Companies Act, 2013 as amended, or such other limits as may be prescribed by the Government from time to time as minimum remuneration payable to Mr. Sanjay S. Math in case of inadequate profits or no profits in any financial year during the currency of his tenure as Managing Director, as may be required.

RESOLVED FURTHER THAT the Board be and is hereby authorized to enhance, alter or vary from time to time the scope and quantum of remuneration, perquisites, benefits and amenities payable during the tenure of the appointment of Mr. Sanjay S. Math, provided that any revision in the quantum of remuneration payable to him shall not exceed the statutory limits specified under Section 197 read with Schedule V of the Companies Act, 2013 as amended, and shall be subject to such approvals, sanctions, or permissions, as may be required for such revision in the remuneration.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, matters, deeds and things and give all such directions as it may in its absolute discretion deem necessary, expedient or desirable, in order to give effect to this resolution(s), including finalizing, varying, settling, modifying the terms and conditions of the proposed re-appointment, to settle and finalize all issues that may arise in this regard, without requiring the Board to secure any further consent, concurrence or approval and/or consent, of the Members of the Company, to negotiate, finalize, amend, alter, modify, etc. the terms and conditions and/or any other appointment documents (including providing such representation(s), warranty(ies), indemnity(ies) and covenant(s) as may be required) and to

execute, deliver and perform such agreement(s), other contract(s), deed(s), undertaking(s) and other document(s) and subsequent modification thereto; to file application(s) and make representation(s) in respect thereof and seek the requisite approval(s) from the relevant authority(ies) and third party(ies), including governmental authority(ies); to suitably inform and apply to all the concerned authorities, to settle any question, difficulty or doubt that may arise in this regard, and to take all necessary steps in the matter as it may, in its absolute discretion, and in the best interest of the Company deem necessary, desirable or expedient, to give effect to the above resolution(s).

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate any or all of its powers vested on it by this resolution(s) to any of its Committee(s) or individual Director(s) or other Officer(s) or Executive(s) of the Company or such other person(s) like advisor(s), advocate(s), attorney(s), lawyer(s) etc. or any other appropriate agency of persons as may be necessary or desirable, and to settle any question(s), difficulty(ies) or doubt(s) that may arise and generally, to do all acts, deeds, matters and things as it may, in absolute discretion deem necessary, expedient, usual or proper in relation to or in connection with or for matters consequential to the appointment/ remuneration, without being required to seek any further consent, concurrence or approval and/or consent of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval and/or consent, expressly by the authority of this resolution(s)."

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 and all other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and in accordance with the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Anil V. Whabi (DIN 00142052) who was appointed as an Additional Director of the Company with effect from December 1, 2021 by the Board of Directors of the Company under Article 118 of Articles of Association of the Company and who holds office up to the date of this Annual General Meeting of the Company under Section 161(1) and other applicable provisions of the Companies Act, 2013 and who is eligible for appointment and in respect of whom the Company has received notice in writing under Section 160 (1) of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

9. To consider and if thought fit, to pass, the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Rules made thereunder and in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) the Articles of Association of the Company and based on the recommendation of the Nomination and Remuneration Committee, the approval of Board of Directors (the ‘Board’) and subject to the approval of the Central Government and all other applicable regulatory approvals, as may be required, the approval of the Members be and is hereby accorded to:

- (i) Appoint Mr. Anil V. Whabi (DIN 00142052), as the Whole-time Director designated as Director - Finance of the Company, for a period of 6 months from December 1, 2021 to May 31, 2022 on the terms and conditions including remuneration, increase in remuneration and remuneration to be paid in case of inadequacy of profits, absence of profits or no profits in the financial year during his said tenure on the terms and conditions as set out in the draft agreement to be entered in to by the Company with Mr. Anil V. Whabi and as mentioned in the Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 annexed to this notice.
- (ii) Re-designate and appoint Mr. Anil V. Whabi (DIN 00142052), as Managing Director of the Company for a period from June 1, 2022 to May 31, 2023, consequent upon the retirement of Mr. Sanjay S. Math as Managing Director of the Company with effect from the close of business hours May 31, 2022, on the remuneration and the terms and conditions including remuneration to be paid in case of inadequate profits or no profits as are set out in the draft Agreement to be entered into by the Company with Mr. Anil V. Whabi and as mentioned in the Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 annexed to this notice.

RESOLVED FURTHER THAT the draft agreement(s) which is/are placed before this meeting be and is/ hereby specifically approved with liberty to the Board and/or Nomination and Remuneration Committee of the Company to alter and vary the terms and conditions of appointment and / or remuneration as it may deem fit from time to time and in accordance with the provisions of the

Companies Act, 2013 and/or any schedules thereto (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

RESOLVED FURTHER THAT the remuneration as mentioned in the draft agreement(s) from time to time shall be the minimum remuneration by way of basic salary and/ or variable pay, and other allowances not exceeding the limits specified under Section II of Part II of Schedule V of the Companies Act, 2013, as amended, or such other limits as may be prescribed by the Government from time to time as minimum remuneration payable to Mr. Anil V. Whabi in case of inadequate profits or no profits in any financial year during the currency of his aforesaid tenure(s) as may be required.

RESOLVED FURTHER THAT the Board be and is hereby authorized to enhance, alter or vary from time to time the scope and quantum of remuneration, perquisites, benefits and amenities payable during the tenure of the appointment of Mr. Anil V. Whabi, provided that any revision in the quantum of remuneration payable to him shall not exceed the statutory limits specified under Section 197 read with Schedule V of the Companies Act, 2013 as amended, and shall be subject to such approvals, sanctions, or permissions, as may be required for such revision in the remuneration.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, matters, deeds and things and give all such directions as it may in its absolute discretion deem necessary, expedient or desirable, in order to give effect to this resolution(s), including finalizing, varying, settling, modifying the terms and conditions of the proposed appointment, to settle and finalize all issues that may arise in this regard, without requiring the Board to secure any further consent, concurrence or approval and/or consent, of the Members of the Company, to negotiate, finalize, amend, alter, modify, etc. the terms and conditions and/or any other appointment documents (including providing such representation(s), warranty(ies), indemnity(ies) and covenant(s) as may be required) and to execute, deliver and perform such agreement(s), other contract(s), deed(s), undertaking(s) and other document(s) and subsequent modification thereto; to file application(s) and make representation(s) in respect thereof and seek the requisite approval(s) from the relevant authority(ies) and third party(ies), including governmental authority(ies); to suitably inform and apply to all the concerned authorities, to settle any question, difficulty or doubt that may arise in this regard, and to take all necessary steps in the matter as it may, in its absolute discretion, and in the best interest of the Company deem necessary, desirable or expedient, to give effect to the above resolution(s).

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate any or all of its

powers vested on it by this resolution(s) to any of its Committee(s) or individual Director(s) or other Officer(s) or Executive(s) of the Company or such other person(s) like advisor(s), advocate(s), attorney(s), lawyer(s), etc. or any other appropriate agency of persons as may be necessary or desirable, and to settle any question(s), difficulty(ies) or doubt(s) that may arise and generally, to do all acts, deeds, matters and things as it may, in absolute discretion deem necessary, expedient, usual or proper in relation to or in connection with or for matters consequential to the appointment/remuneration, without being required to seek any further consent, concurrence or approval and/or consent of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval and/or consent, expressly by the authority of this resolution(s)."

10. 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 and all other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and in accordance with Regulation 17(IC) and the other applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Saumya Chakrabarti (DIN 09594036) who was appointed as an Additional Director of the Company with effect from June 1, 2022 by the Board of Directors of the Company under Article 118 of Articles of Association of the Company and who holds office up to the date of this Annual General Meeting of the Company under Section 161(1) and other applicable provisions of the Companies Act, 2013 and who is eligible for appointment and in respect of whom the Company has received notice in writing under Section 160(1) of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

11. To consider and if thought fit, to pass, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Rules made thereunder and in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) the Articles of Association of

the Company and based on the recommendation of the Nomination and Remuneration Committee, the approval of Board of Directors (the 'Board') and subject to the approval of the Central Government and all other applicable regulatory approvals, as may be required, the approval of the Members be and is hereby accorded to appoint Mr. Saumya Chakrabarti (DIN 09594036), as the Whole-time Director designated as Director - Technical of the Company, for a period of 5 years from June 1, 2022 to May 31, 2027 on the terms and conditions including remuneration to be paid in case of inadequacy of profits, absence of profits or no profits in any financial year during his said tenure as mentioned in the Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 annexed to this notice.

RESOLVED FURTHER THAT the draft agreement(s) which is/are placed before this meeting be and is/ hereby specifically approved with liberty to the Board and/or Nomination and Remuneration Committee of the Company to alter and vary the terms and conditions of appointment and / or remuneration as it may deem fit from time to time and in accordance with the provisions of the Companies Act, 2013 and/or any schedules thereto (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

RESOLVED FURTHER THAT the remuneration as mentioned in the draft agreement(s) from time to time shall be the minimum remuneration by way of basic salary and/ or variable pay, and other allowances not exceeding the limits specified under Section II of Part II of Schedule V of the Companies Act, 2013, as amended, or such other limits as may be prescribed by the Government from time to time as minimum remuneration payable to Mr. Saumya Chakrabarti in case of inadequate profits or no profits in any financial year during the currency of his tenure as Director - Technical as may be required.

RESOLVED FURTHER THAT the Board be and is hereby authorized to enhance, alter or vary from time to time the scope and quantum of remuneration, perquisites, benefits and amenities payable during the tenure of the appointment of Mr. Saumya Chakrabarti, provided that any revision in the quantum of remuneration payable to him shall not exceed the statutory limits specified under Section 197 read with Schedule V of the Companies Act, 2013 as amended, and shall be subject to such approvals, sanctions, or permissions, as may be required for such revision in the remuneration.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, matters, deeds and things and give all such directions as it may in its absolute discretion deem necessary,

expedient or desirable, in order to give effect to this resolution(s), including finalizing, varying, settling, modifying the terms and conditions of the proposed appointment, to settle and finalize all issues that may arise in this regard, without requiring the Board to secure any further consent, concurrence or approval and/or consent, of the Members of the Company, to negotiate, finalize, amend, alter, modify, etc. the terms and conditions and/or any other appointment documents (including providing such representation(s), warranty(ies), indemnity(ies) and covenant(s) as may be required) and to execute, deliver and perform such agreement(s), other contract(s), deed(s), undertaking(s) and other document(s) and subsequent modification thereto; to file application(s) and make representation(s) in respect thereof and seek the requisite approval(s) from the relevant authority(ies) and third party(ies), including governmental authority(ies); to suitably inform and apply to all the concerned authorities, to settle any question, difficulty or doubt that may arise in this regard, and to take all necessary steps in the matter as it may, in its absolute discretion, and in the best interest of the Company deem necessary, desirable or expedient, to give effect to the above resolution(s).

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate any or all of its powers vested on it by this resolution(s) to any of its Committee(s) or individual Director(s) or other Officer(s) or Executive(s) of the Company or such other person(s) like advisor(s), advocate(s), attorney(s), lawyer(s), etc. or any other appropriate agency of persons as may be necessary or desirable, and to settle any question(s), difficulty(ies) or doubt(s) that may arise and generally, to do all acts, deeds, matters and things as it may, in absolute discretion deem necessary, expedient, usual or proper in relation to or in connection with or for matters consequential to the appointment/remuneration, without being required to seek any further consent, concurrence or approval and/or consent of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval and/or consent, expressly by the authority of this resolution(s)."

12. 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 Non-Convertible Securities) Regulations, 2021 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 Non-Convertible Securities) Regulations, 2021 as amended from time to time, including Non-Convertible Debentures ("NCDs") for a sum not exceeding ₹ 250 crore (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**

Place: Pune
Date: May 18, 2022

Ashutosh B. Kulkarni
Company Secretary
M. No. : A18549

Notes:

- 1 In view of the ongoing threat posed by the COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular nos. 14/2020 and 17/2020 dated April 8, 2020 and April 13, 2020 respectively, in relation to "Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid-19", MCA circular no. 20/2020 dated May 5, 2020, circular no. 02/2021 dated January 13, 2021 and circular no. 02/2022 dated May 5, 2022 in relation to "Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)" (collectively referred to as "MCA Circulars") and Securities and Exchange Board of India ("SEBI") vide its circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 circular no. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January, 15 2021 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 (collectively referred to as "SEBI Circulars") has permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM (e-AGM), without the physical presence of the Members at a common venue. In compliance with the MCA Circulars and SEBI Circulars, the 41st AGM of the members of the Company is being held through VC / OAVM. The registered office of the Company shall be deemed to be the venue for the AGM.
- 2 The explanatory statement pursuant to Section 102 (1) of the Companies Act, 2013 ("the Act"), in respect of Item No.4 and special businesses is annexed hereto.

As per the provisions of Clause 3.A.II.of the General Circular No. 20/2020 dated May 5, 2020, the matters of special business as appearing at Item No.(s) 5 to 12 of the accompanying Notice, are considered to be unavoidable by the Board and hence, forming part of this Notice.
- 3 The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, in respect of person(s) seeking appointment(s) / re-appointment(s) as a Director(s) at this AGM are also annexed to this 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/ specimen signature to their respective depository participants. Members holding shares in physical form may please send such details in the SEBI prescribed forms to KFin Technologies Limited (Unit: Finolex Industries Limited), ("KFin") Selenium Tower B, Plot No. 31 & 32, Gachibowli Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500 032, India Toll Free: 1800 309 4001. Email ID: einward.ris@kfintech.com Website: www.kfintech.com. Contact Person: Mr. Mohd Mohsin Uddin - Senior Manager.
- 5 **Since the scrip of the Company is compulsorily traded in Demat form and shareholding in physical form are not transferable, members holding shares in the physical form are requested to consider dematerialising the same on priority to avail numerous benefits of dematerialisation which include easy liquidity, easy trading and transfer, faster credit of dividend and elimination of any possibility of loss of documents and bad deliveries.**
- 6 Members desirous of obtaining any information concerning the accounts and operations of the Company for the financial year ended on March 31, 2022 are requested to address their questions to the Compliance Officer at investors@finolexind.com so as to reach on or before Thursday, August 25, 2022. This will ensure that the requested information may be made available.
- 7 **Updation of KYC, PAN and other details**
 - a. SEBI vide Circular dated November 3, 2021 and December 14, 2021 has mandated furnishing of PAN, KYC details (i.e., Postal Address with Pin Code, e-mail address, mobile number, bank account details) and nomination details by holders of physical securities through Form ISR-1, Form ISR-2 and Form ISR-3 (as applicable). The said forms are available at Company's website - www.finolexpipes.com under the 'Investors' section or on our RTA's website: <https://ris.kfintech.com/clientservices/ISC> and linking PAN with Aadhaar by March 31, 2022 or any other date as may be specified by the CBDT. In case a holder of physical securities fails to furnish these details or link their PAN with Aadhaar before the due date, our registrars are obligated to freeze such folios. Folios wherein any of the above cited documents / details are not available, on or after April 1, 2023, shall be frozen as per the aforesaid circular. The securities in the frozen folios shall be eligible to receive payments (including dividend) and lodge grievances only after furnishing the complete documents. If the securities continue to remain frozen as on December 31, 2025, the registrar / the Company shall refer such securities to the administering authority under the Benami Transactions (Prohibitions) Act, 1988, and / or the Prevention of Money Laundering Act, 2002.

Effective from January 1, 2022, any service requests/ complaints received from a Member holding physical securities will not be processed by the Registrar till the aforesaid details/documents are provided to the Registrar.

- b. The Company has sent individual letters to all the Members holding shares of the Company in physical form on February 28, 2022 for furnishing their PAN, KYC details and Nomination. Members holding shares of the Company in physical form are requested to go through the requirements on the website of the Company at www.finolexpipes.com to furnish the abovementioned details.
- c. Members are also requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone/mobile numbers, PAN, registration of nomination, power of attorney registration, Bank Mandate details, etc. to their DPs in case the shares are held in electronic form and to the Registrar at einward.ris@kfintech.com in case the shares are held in physical form, in the prescribed form, pursuant to the SEBI Circular dated November 3, 2021. Changes intimated to the DP will then be automatically reflected in the Company's records.
- d. In accordance with Regulation 40 of the SEBI Listing Regulations, as amended, all requests for transfer of securities shall be processed only if the securities are held in dematerialized form. Members holding shares of the Company in physical form are requested to kindly get their shares converted into demat/electronic form to get inherent benefits of dematerialisation since physical transfer of equity shares/ issuance of equity shares in physical form have been disallowed by SEBI. Members can contact Company's RTA at einward.ris@kfintech.com for assistance in this regard.
- e. Members may please note that SEBI vide its Circular dated January 25, 2022 has mandated Listed Companies to issue securities in demat form only while processing service requests viz. Issue of duplicate securities certificate; claim from Unclaimed Suspense Account; Renewal/ Exchange of securities certificate; Endorsement; Sub-division/ Splitting of securities certificate; Consolidation of securities certificates/ folios; Transmission and Transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR – 4, the format of which is available on the Company's website www.finolexpipes.com under the 'Investors' section.
- f. We urge Members to support our commitment to environmental protection by choosing to receive the Company's communication through e-mail. Members holding shares in dematerialised form, who have not registered their e-mail addresses are requested to register their e-mail addresses with their respective Depository Participants, and Members holding shares in physical form are requested to update their e-mail addresses with KFin in Form ISR-1 and e-mail to einward.ris@kfintech.com for receiving all communication, including Annual Reports, Notices, Circulars, etc. from the Company electronically.
- g. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to cancel the earlier nomination and record fresh nomination, he/she may submit the same in Form ISR-3 or Form SH-14. The said form can be downloaded from the Company's website at www.finolexpipes.com (under 'Investors' section). Members are requested to submit the said form to their DP in case the shares are held by them in electronic form and to the RTA at einward.ris@kfintech.com in case the shares are held in physical form, quoting your folio number.

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 transferee's/legal heirs are enclosed to the said request. In the absence of PAN card copies along with other required documents, 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 Act 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 2014-15 which remained unclaimed, is due for transfer to the IEPF, in October, 2022.

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 2014-15, to the Demat account of IEPF Authority in October, 2022.

Therefore, the Members who have not claimed their dividend pertaining to the year 2014-15 and/or any subsequent years and that is 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 and register of contracts, register of Directors and KMP's as required under the Act, will be available for inspection through electronic mode of KFIN.

11 Since the AGM will be held through VC/OAVM, the route map of the venue of the Meeting is not annexed hereto. The recorded transcript of the AGM shall also be made available as soon as possible on the website of the Company at www.finolexpipes.com

12 Information relating to attendance at the AGM (Meeting)

Pursuant to the provisions of the circulars of MCA on the VC/OAVM (e-AGM) please note the following relating to attendance at the 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 Since the e-AGM is being held pursuant to MCA circulars through VC/OAVM facility, physical attendance of members has been dispensed with. 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. In this notice, the terms member(s) or shareholder(s) are used interchangeably.
- c Bodies Corporate 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 and / or Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are 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 attend and vote, to the Scrutinizer at e-mail ID: cs@svdandassociates.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_ EVENT No.". The documents should reach the Scrutinizer on or before 5.00 p.m. (IST) on Monday, August 29, 2022.
- e 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.
- f Up to 1000 members will be able to join e-AGM on FIFO basis.
- g 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 Chairperson(s) of the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Auditors etc.
- h 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 Act.
- i The facility of attending e-AGM through VC/OAVM shall be closed within 15 minutes after the meeting is concluded.

13 Information relating to obtaining Annual Report through e-mail.

In line with the MCA and SEBI Circulars, Notice of the AGM along with the Annual Report for Financial Year 2021-22 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 2021-22 for calling the AGM will be uploaded on the website of the Company at 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 and www.nseindia.com respectively and the same will be available on the website of e-voting agency KFin Technologies Limited at the website <https://evoting.kfintech.com/>. The Company will also publish 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.

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 temporarily register the email address with RTA by following the procedure given below:

a	Visit the link: https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx
b	Select the company name i.e. FINOLEX INDUSTRIES LIMITED
c	Select the Holding type from the drop down i.e. - NSDL / CDSL / Physical
d	Enter DPID – Client ID (in case shares are held in electronic form) / Physical Folio No. (in case shares are held in physical form) and PAN.
e	If PAN details are not available in the system, the system will prompt to upload a self-attested copy of the PAN card for updating records.
f	In case shares are held in physical form and PAN is not available in the records, please enter any one of the Share Certificate No. in respect of the shares held by you.
g	Enter the email address and mobile number.
h	System will validate DP ID – Client ID/ Physical Folio No. and PAN / Share certificate No., as the case may be, and send the OTP at the registered Mobile number as well as email address for validation.
i	Enter the OTPs received by SMS and email to complete the validation process. OTPs validity will be for 5 minutes only.
j	The Notice and e-voting instructions along with the User ID and Password will be sent on the email address updated by the member.
k	Alternatively, members may send an email request addressed to einward.ris@kfintech.com along with scanned copy of the request letter duly signed by the first shareholder, providing the email address, mobile number, self-attested copy of PAN and Client Master copy in case shares are held in electronic form or copy of the share certificate in case shares are held in physical form, to enable KFIN to register their email address and to provide them the Notice and the e-voting instructions along with the User ID and Password.
l	Please note that in case the shares are held in electronic form, the above facility is only for temporary registration of email address for receipt of the Notice and the e-voting instructions along with the User ID and Password. Such members will have to register their email address with their DPs permanently, so that all communications are received by them in electronic form.
m	In case of queries, members are requested to write to einward.ris@kfintech.com or call at the toll free number 1-800- 309-4001.
n	Shareholders are requested to visit the website of the company 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.kfintech.com for downloading the Annual Report and Notice of the e-AGM.

14 Instructions for the Members for attending the e-AGM through Video Conference:

a	Member will be able to attend the e-AGM through video conferencing platform provided by KFin Technologies Limited. Members may access the same at https://evoting.kfintech.com/ under shareholders/members login by using the remote e-voting 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.
b	Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience.
c	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.
d	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.

15 Speaker Registration for 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 August 26, 2022 (9.00 a.m. IST) up to August 28, 2022 (5.00 a.m. IST)
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 i.e. August 23, 2022 will be considered.

16	A E-Voting (Voting through electronic means):
	<p>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 41st Annual General Meeting (AGM) of the Company. Necessary arrangements have been made by the Company with KFin Technologies Limited ('KFIN'), to facilitate e-voting. Members who have cast their votes by e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again. The Company has appointed Mr. Sridhar Mudaliar, Partner or failing him Ms. Sheetal Joshi, Partner of M/s. SVD & Associates, Company Secretaries, Pune as the Scrutinizer for analyzing and conducting e-voting process in a fair and transparent manner.</p> <p>E-voting is optional and e-voting rights of the shareholders/ beneficial owners shall be reckoned on the equity shares held by them as on Tuesday, August 23, 2022 (i.e. "cut-off" date). In case a person has become a member of the Company after dispatch of AGM notice, but on or before the cut-off date for e-voting i.e. August 23, 2022 such person may obtain the User ID and password from KFIN by email request on einward.ris@kfintech.com. The remote e-voting period commences on Saturday, August 27, 2022 (9.00 a.m. IST) and ends on Monday, August 29, 2022 (5.00 p.m IST). The voting module shall be disabled by KFIN for e-voting thereafter. A person who is not a member as on the cut-off date should treat this notice for information purpose only.</p>
	Instructions for remote e-voting are as under:-
	For Physical cases (Shares held in Physical Mode)
a	Launch internet browser by typing the URL: https://evoting.kfintech.com
b	Enter the login credentials provided in the email and click on Login.
c	Password change menu appears when you login for the first time with default password. You will be required to mandatorily change the default password.
d	The new password should comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.,).
e	Update your contact details like mobile number, email address, etc. if prompted. 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 not to share your password with any other person and take utmost care to keep it confidential.
f	Login again with the new credentials.
g	On successful login, the system will prompt you to select the "EVENT" i.e. "Finolex Industries Ltd."
h	On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off date under "FOR / AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR / AGAINST" taken together shall not exceed your total shareholding as mentioned above. If the member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
i	Members holding multiple folios may choose to vote differently for each folio/demat account.
j	You may then cast your vote by selecting an appropriate option and click on 'Submit'. A confirmation box will be displayed. Click "OK" to confirm or "CANCEL" to modify. Once you confirm the voting on the resolution, you will not be allowed to modify your vote thereafter. During the voting period, members can login multiple times and vote until they confirm the voting on the resolution by clicking "SUBMIT".
k	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: cs@svdandassociates.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_EVENT No". In case remote e-voting is opted for, the documents should reach the Scrutinizer on/before Monday, August 29, 2022 at 5.00 p.m. (IST).
l	In case of any queries/grievances, you may refer the Frequently Asked Questions (FAQs) for Members at https://evoting.kfintech.com/public/Faq.aspx or call KFin on 1-800-309-4001 (toll free).

For Individual Shareholders Holding Shares in Demat mode

Pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on "e-voting facility provided by Listed Companies", e-voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts/websites of Depositories/DPs in order to increase the efficiency of the voting process. Individual demat account holders would be able to cast their vote without having to register again with the e-voting service provider (ESP) thereby facilitating not only seamless authentication but also ease and convenience of participating in e-voting process.

Shareholders are advised to update their mobile number and e-mail id with their DPs in order to access e-voting facility.

Login method for Individual shareholders holding securities in Demat mode is given below:

Type of shareholders	Login method
Individual shareholders holding securities in demat mode with NSDL	A. Users registered for NSDL IDeAS facility: <ol style="list-style-type: none"> 1. Open web browser by typing the URL: https://eservices.nsdl.com/ either on a personal computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under "IDeAS" section. 2. A new screen will open. Enter your User ID and Password. After successful authentication, you will be able to see e-voting services. Click on "Access to e-voting" under e-voting services and you will be able to see e-voting page. 3. Click on options available against Company name or e-voting service provider - KFintech and you will be re-directed to e-voting service provider website for casting your vote during the remote e-voting period.
	B. Users not registered for IDeAS e-Services: <p>Option to register is available at https://eservices.nsdl.com Select "Register Online for IDeAS" Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp and proceed with completing the required fields i.e. follow steps given in points 1-3 above.</p>
	C. By visiting the e-voting website of NSDL: <ol style="list-style-type: none"> 1. Visit the e-voting website of NSDL. Open web browser by typing the URL: https://www.evoting.nsdl.com/ on a personal computer or on a mobile. Once the home page of e-voting system is launched, click on the "Login" icon, available under the "Shareholder/Member" section. 2. A new screen will open. Enter your User ID (i. e. your 16-digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. 3. Click on options available against Company name or e-voting service provider – Kfintech and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period.
Individual Shareholders holding securities in demat mode with CDSL	A. Existing users who have opted for Easi/Easiest: <ol style="list-style-type: none"> 1. URL to login to Easi/Easiest: https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi 2. Shareholders can login through their User ID and Password. Option will be made available to reach e-voting page without any further authentication. 3. After successful login on Easi/Easiest, the user will also be able to see the e-voting Menu. The menu will have links of ESPs. Click on KFintech to cast your vote.
	B. Users who have not opted for Easi/Easiest: <p>Option to register for Easi / Easiest is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration and proceed with completing the required fields.</p>
	C. By visiting the e-voting website of CDSL: <ol style="list-style-type: none"> 1. The user can directly access e-voting page by providing demat account number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered mobile and e-mail as recorded in the demat Account. 2. After successful authentication, user will be provided links for the respective ESPs i.e. KFintech where the e-voting is in progress.
Individual Shareholders (holding securities in demat mode) logging through their depository participants	<ol style="list-style-type: none"> 1. Shareholders can also login using the login credentials of their demat account through their Depository Participant registered with NSDL/CDSL for e-voting facility. Once logged-in, you will be able to see e-voting option. 2. Once you click on e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. 3. Click on options available against Company name or e-voting service provider- KFintech and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period.

Important Note: Members who are unable to retrieve User ID/Password are advised to use Forgot User ID and Forgot Password option available at respective websites.

Helpdesk for Individual shareholders holding securities in demat mode who need assistance for any technical issues related to login through Depository i.e. NSDL and CDSL:

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 22-23058542-43.

B	Once the vote on a resolution is cast by a Member, the Member shall not be allowed to change it subsequently. Further, the Members who have cast their vote through remote e-voting shall not be allowed to vote again at the AGM.
C	In case of any query pertaining to e-voting, please visit Help & FAQ's section available at KFIN's website https://evoting.kfintech.com or contact KFIN's at Tel. No. 1800 309 4001 (toll free).
D	The Scrutinizer shall, after scrutinizing the votes cast at the 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) working 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) and on the website of KFIN at https://evoting.kfintech.com . The results shall simultaneously be communicated to the BSE Limited and National Stock Exchange of India Limited.
F	A copy of this notice will be placed on the websites of the Company and KFIN.
G	Voting at the e-AGM: Members who unable to vote through remote e-voting may avail the e-voting system provided by KFin Technologies Limited, at the time of e-AGM. 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. However, members who have voted through Remote e-voting will be eligible to attend the e-AGM.
17	BOOK CLOSURE AND DIVIDEND
	The register of members and the share transfer books of the Company will remain closed from Wednesday, August 24, 2022 to Tuesday, August 30, 2022 (both days inclusive) for the purpose of payment of dividend for the financial year ended March 31, 2022. Dividend, if declared at the AGM will be credited / dispatched on/after September 15, 2022 to those members whose names appear on the register of members (holding shares in physical form) on/before the close of business hours on Tuesday, August 23, 2022 of the Company or on the register of beneficial owners maintained by the depositories as at the close of their business hours on Tuesday, August 23, 2022 . Payment of dividend shall be made through electronic mode to the Members who have updated their bank account details. Dividend warrants / demand drafts will be dispatched to the registered address of the Members where the dividend cannot be paid through electronic mode.
18	Dividend related information:
	Pursuant to amendments in the Income Tax Act, 1961 ("IT Act") dividend income is taxable in the hands of the shareholders from April 1, 2020 and the Company is required to deduct tax at source ("TDS") from dividend paid to the Members as per the rates prescribed in IT Act. In general, to enable compliance with TDS requirements, Members are requested to complete and/or update their Residential Status, PAN, Category as per the IT Act with their Depository Participants ("DP") or in case shares are held in physical form, with Company's Registrar and Transfer Agents viz., KFin Technologies Limited ("RTA"). For details, Members are requested to refer to the "Communication on TDS on Dividend Distribution" sent by the Company, from time to time, which is also available on the Company's website www.finolexpipes.com

Explanatory Statement pursuant to Section 102 of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

The following statement sets out all material facts relating to Item Nos. 4 to 12 mentioned in the accompanying Notice.

Item No. 4

This Explanatory Statement is in terms of Regulation 36(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, though statutorily not required in terms of Section 102 of the Companies Act, 2013.

Pursuant to Section 139 of the Act and the Rules made thereunder, M/s. P G Bhagwat LLP, Chartered Accountants, Pune were re-appointed as the statutory auditors of the Company in the thirty sixth Annual General Meeting (AGM) of the Company held on August 11, 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 decided by the Board of Directors. As per the provisions of Section 139 of the Act, no Company can appoint or re-appoint an audit firm as statutory auditor for more than two terms of five consecutive years. In view of the above, P G Bhagwat LLP hold office till the conclusion of ensuing 41st AGM of the Company.

The Board of Directors of the Company has on the recommendation of the Audit Committee at its meeting held on May 18, 2022 and as per Section 139 of the Act proposed to appoint M/s. Walker Chandiok & Co. LLP (Firm Registration No. 001076N/N500013), Chartered Accountants, as the statutory auditors of the Company for a tenure of consecutive 5 years, to hold the office from the conclusion of the forty-first Annual General Meeting to be held in 2022 until the conclusion of the forty-sixth Annual General Meeting of the Company to be held in year 2027.

The details required to be disclosed under provisions of Regulation 36(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are as under:

- A. Proposed fees payable to the statutory auditor(s): ₹. 42 lakhs p.a. plus applicable taxes and reimbursement of traveling and other out-of-pocket expenses actually incurred by them in connection with the audit of accounts of the Company.

The Board of Directors and the Audit Committee are authorised to vary the terms including revision to the fees commensurate with the efforts, in discussion with the Statutory Auditors. For the subsequent years, the remuneration will be determined by the Board of Directors from time to time based on the recommendations of the Audit

Committee and in consultation with the Statutory Auditors.

- B. Terms of appointment: Appointment as Statutory Auditors of the Company from conclusion of 41st AGM up to conclusion of 46th AGM to carry out Audit of the Financial Statements and Annual Financial Results of the Company and Limited Review of the Unaudited Quarterly Financial Results of the Company. All other terms of appointment shall be as per letter of engagement.
- C. In case of a new auditor, any material change in the fees payable to such auditor from that paid to the outgoing auditor along with the rationale for such change: Nil
- D. Credentials of the Statutory Auditors proposed to be appointed:
M/s. Walker Chandiok & Co. LLP (the Audit Firm) was established as a partnership firm in 1935 and converted into a Limited Liability Partnership firm (LLP) on March 25, 2014. The audit firm is registered with The Institute of Chartered Accountants of India, and empanelled on Public Company Accounting Oversight Board Comptroller and Auditor General of India. It has 14 offices across the country, 62 partners and a team of over 1,800 people. The Audit Firm provides audit, tax, professional and advisory services in India and has experience across a range of industries, market segments, and geographical corridors.
- E. Basis of recommendation for appointment: The Board of Directors and Audit Committee have considered various parameters while recommending the appointment of M/s. Walker Chandiok & Co. LLP as the Statutory Auditors of the Company including but not limited to skillset, governance & competitiveness, their capability to serve the Company, their experience, market standing of the firm, clientele, technical knowledge, and found M/s. Walker Chandiok & Co. LLP suitable to provide audit services to the Company.

M/s. Walker Chandiok & Co. LLP have under Section 139(1) of the Act and the Rules framed thereunder, furnished a certificate of their eligibility and consent for the appointment. They have further confirmed that the said appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Act and that they are not disqualified for the appointment. M/s. Walker Chandiok & Co LLP have provided confirmation that they have subjected themselves to peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the Peer Review Board of ICAI.

None of the directors or key managerial personnel of the Company and/ or their respective relatives are concerned or interested financially or otherwise in the Resolution mentioned at Item No. 4 of the Notice.

The Board recommends the Resolution set forth in Item No. 4 for the approval of the Members.

Item No. 5

On the recommendation of the Audit Committee, the Board of Directors, at its meeting held on May 18, 2022 approved the appointment of M/s. S. R. Bhargave & Co., Cost Accountants, Pune, (Firm Registration No. 000218) as the Cost Auditors of the Company to conduct the audit of the cost accounting records of the Company for the financial year 2022-23 pertaining to the relevant products prescribed under the Companies (Cost Records and Audit) Rules, 2014. It is proposed to pay ₹ 4,00,000 (Rupees Four Lakhs only) plus applicable taxes and reimbursement of actual out of pocket expenses as the remuneration to the Cost Auditors for the financial year 2022-23.

M/s. S. R. Bhargave & Co., have consented to act as the Cost Auditors of the Company for the financial year 2022-23 and 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 2021-22 under the provisions of 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.

None of the directors or key managerial personnel of the Company and/ or their respective relatives are concerned or interested financially or otherwise in the Resolution mentioned at Item No. 5 of the Notice.

The Board recommends the Resolution set forth in Item No. 5 for the approval of the Members.

Item No. 6

Mr. Prakash P. Chhabria, Whole-time Director designated as Executive Chairman was re-appointed at the 35th Annual General Meeting held on August 11, 2016 for a period of 5 years from December 1, 2016 till November 30, 2021.

The Board of Directors (the "Board"), on the recommendation of the Nomination and Remuneration Committee, at its meeting held on November 27, 2021 considered re-appointment of Mr. Prakash P. Chhabria Chairman of the Company, as Whole-time Director designated as Executive Director for a period of five (5) years from December 1, 2021 to November 30, 2026 on the remuneration and terms and conditions as mentioned below in detail. Further, the Board on recommendation of Nomination and Remuneration Committee, at its meeting held on May 18, 2022 revised the remuneration payable to Mr. Prakash P. Chhabria with effect from April 1, 2022. The terms and conditions for re-appointment

of Mr. Prakash P. Chhabria including remuneration to be paid in case of inadequate profits or no profits are as set out in the draft Agreement to be entered into by the Company with Mr. Prakash P. Chhabria subject to necessary approvals, sanctions or permissions.

Mr. Prakash P. Chhabria fulfills the core skills / expertise / competencies identified and the criteria laid down by the Board in the Company's Nomination and Remuneration Policy for appointment / re-appointment as a Director of the Company as required in the context of the Company's business and the sector it operates in. In the opinion of the Board, he fulfils the conditions for re-appointment as a Whole-time Director designated as Executive Director of the Company and the re-appointment would be in the best interest of the Company taking into consideration his knowledge, background, experience, past performance and achievements.

The Company has received requisite consent/ disclosure(s) as required under the Act and Rules made thereunder from Mr. Prakash P. Chhabria for the said re-appointment. Mr. Prakash P. Chhabria also satisfies the conditions as set out in Section 196 and Schedule V to the Act for being eligible for re-appointment. He is not disqualified or debarred from being appointed or continue as a Director of the Company.

The main terms and conditions of the draft Agreement to be entered into by the Company with Mr. Prakash P. Chhabria are as under:

A. Period of appointment as Whole-time Director designated as Executive Director

Five years from December 1, 2021 to November 30, 2026.

B. Remuneration

The Company shall pay to Mr. Prakash P. Chhabria in consideration of his duties a basic salary as under in the scale of ₹ 13.00 lakhs to ₹ 30.00 lakhs per month with annual increment as may be recommended by Nomination and Remuneration Committee and decided by the Board of Directors within the above mentioned scale from time to time:

Description	With effect from December 1, 2021 to March 31, 2022 (₹)	Revised with effect from April 1, 2022 onwards (₹)
Basic Salary (per month)	13,04,677	14,35,000

C. Commission

Commission as such percentage of the net profits of the Company computed in the manner laid down under Section 198 of the Act or such amount as the Board may determine subject to a minimum commission being equivalent to the annual salary.

D. Perquisite and Allowances

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

- i. Housing- Rent free furnished accommodation. In case no accommodation is provided by the Company, Mr. Prakash P. Chhabria shall be paid 30% of basic salary as House Rent Allowance
- ii. Soft furnishing allowance.
- iii. Reimbursement of gas, electricity and water charges.
- iv. Bonus/ Ex-gratia/ performance incentive as announced by the Company as per its rules.
- v. Medical allowance including reimbursement as per the rules of the Company.
- vi. Club fees: Clubs including admission and life membership fees as per the rules of the Company.
- vii. Leave with full pay and all allowances as per the rules of the Company.
- viii. Encashment of leave at the end of the tenure as per the rules of the Company.
- ix. Leave Travel Concession: For self and members of his family as per the rules of the Company.
- x. Personal accident insurance as per the rules of the Company.
- xi. Mediclaim insurance policy as per the rules of the Company.
- xii. Company's contribution to provident fund, superannuation fund, professional development allowance, special allowance and gratuity fund or payment in lieu of the said benefits as per the rules of the Company.
- xiii. Free use of motor car with driver provided by the Company for business purposes and the Company paying for all expenses including running, maintenance expenses whatsoever incurred in respect thereof.
- xiv. Telephone: Free landline facility at residence and mobile phone facility that is to say all charges including rentals, call and internet charges etc. shall be paid by the company in full.
- xv. Retirement and other benefits, as per rules of the Company.
- xvi. The Company shall reimburse actual entertainment and other business promotion expenses incurred by Mr. Prakash P. Chhabria in connection with the Company's business.

E. Minimum Remuneration

In the event of inadequate profits or no profits in any financial year during the tenure of of his appointment, the salary mentioned in paragraph B and allowances/ perquisites mentioned in D above, shall be the minimum remuneration payable to Mr. Prakash P. Chhabria subject to necessary approvals and other applicable provisions of the Act.

F. Other terms and conditions

- i. Mr. Prakash P. Chhabria shall have the substantial powers of management of the affairs of the Company and shall exercise and perform such powers and duties as the Board from time to time determines.
- ii. Mr. Prakash P. Chhabria is entrusted with substantial powers of management and shall work under the superintendence, control and direction of the Board. He shall have the powers of general conduct and management of business and affairs of the Company except in the matters which may be specifically required to be done by the Board either by the Act or by the Articles of Association of the Company.
- iii. During his employment with the Company, Mr. Prakash P. Chhabria shall devote such time and attention to the business and affairs of the Company as may be necessary and shall use his best endeavors to promote its interest and welfare.
- iv. Mr. Prakash P. Chhabria, so long as he functions as Whole-time Director designated as Executive Director, shall not be paid any sitting fees for attending the meetings of the Board or of any Committees thereof.
- v. Mr. Prakash P. Chhabria shall not, so long as he functions as Whole-time Director designated as Executive Director, become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company without prior approval of the Central Government or such authority as authorised under the law.
- vi. Either party shall be entitled to determine the Agreement by giving to the other advance notice of six (6) months or by giving the basic salary for six (6) months in lieu of the notice.

The aforesaid may be treated as details of the terms and conditions of the re-appointment and remuneration, including revision thereof, payable to Mr. Prakash P. Chhabria as Whole-time Director designated as Executive Director of the Company pursuant to Section 196 of the Act.

The additional information on Whole-time Director recommended for re-appointment as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per Secretarial Standards – 2 on General Meetings form part of this report.

Except Mr. Prakash P. Chhabria and his relatives to the extent of their shareholding interest, if any, in the Company, none of the other Directors, Key Managerial Personnel of the Company and their relatives are in anyway concerned or interested financially or otherwise in the Resolution set out at Item No. 6 of the Notice.

The Board recommends the Resolution set out at Item No. 6 for approval of the Members.

Item No. 7

Earlier, the Board of Directors at its meeting held on May 21, 2016 based on the recommendation of the Nomination and Remuneration Committee had re-appointed Mr. Sanjay S. Math (DIN 01874086) as Managing Director, for a period of five years from December 1, 2016 till November 30, 2021. The said re-appointment was approved by the Members at 35th Annual General Meeting held on August 11, 2016.

The Board on the recommendation of the Nomination and Remuneration Committee, at its meeting held on November 27, 2021 considered re-appointment of Mr. Sanjay S. Math as Managing Director of the Company for a period of six (6) months with effect from December 1, 2021 to close of business hours of May 31, 2022 subject to approval of members of the Company. Further, the Board on recommendation of Nomination and Remuneration Committee, at its meeting held on May 18, 2022 revised the remuneration payable to Mr. Sanjay S. Math with effect from April 1, 2022. The terms and conditions for re-appointment of Mr. Sanjay S. Math including remuneration to be paid in case of inadequate profits or no profits are as set out in the draft Agreement to be entered into by the Company with Mr. Sanjay S. Math subject to necessary approvals, sanctions, or permissions.

Mr. Sanjay S. Math fulfills the core skills / expertise / competencies identified and the criteria laid down by the Board in the Company's Nomination and Remuneration Policy for appointment / re-appointment as required in the context of the Company's business and the sector it operates in. In the opinion of the Board, he fulfils the conditions for re-appointment as Managing Director and the re-appointment would be in the best interest of the Company taking into consideration his knowledge, background, experience, past performance and achievements.

The Company has received requisite consent/disclosure(s) as required under the Act and Rules made thereunder from Mr. Sanjay S. Math for the said re-appointment. Mr. Sanjay S. Math also satisfies the conditions as set out in Section 196 and Schedule V to the Act for being eligible for re-appointment. He is not disqualified or debarred from being appointed or continue as a Director of the Company.

The main terms and conditions of the draft Agreement to be entered into by the Company with Mr. Sanjay S. Math are as under:

A. Period of appointment as Managing Director

From December 1, 2021 to May 31, 2022.

B. Remuneration

The Company shall pay to Mr. Sanjay S. Math in consideration of his duties a basic salary as under in the scale of ₹ 4.00 lakhs to ₹ 10.00 lakhs per month with annual increment as may be recommended by Nomination and Remuneration Committee and decided by the Board of Directors within the abovementioned scale from time to time:

Description	With effect from December 1, 2021 to March 31, 2022 (₹)	Revised with effect from April 1, 2022 onwards (₹)
Basic Salary (per month)	4,89,693	5,38,700

C. Commission

Commission as such percentage of the net profits of the Company computed in the manner laid down under Section 198 of the Act or such amount as the Board may determine subject to a minimum commission being equivalent to the annual salary.

D. Perquisite and Allowances

In addition to the salary and commission as stated above, Mr. Sanjay S. Math shall be entitled to the following allowances / perquisites as per policy of the Company:

- Soft furnishing allowance.
- Reimbursement of gas, electricity and water charges or compensatory allowance.
- Conveyance allowance as per rules of the Company.
- Bonus/Ex-gratia/Performance Incentive as announced by the Company as per rules.
- Medical allowance including reimbursement as per the rules of the Company.
- Club fees: Clubs including admission and life membership fees.
- Leave with full pay and all allowances as per the rules of the Company.
- Yearly encashment of leave during the tenure of employment as per the rules of the Company.
- Leave travel concession as per the rules of the Company.
- Mediclinam and personal accident Insurance as per the rules of the Company.
- Company's contribution to provident fund, superannuation fund and gratuity fund or

payment in lieu of the said benefits as per the rules of the Company.

- xii. Provision of motor car as per rules of the Company.
- xiii. Reimbursement of driver salary as per policy of the Company.
- xiv. Telephone: Free landline facility at residence and mobile phone facility that is to say all charges including rentals, call and internet charges etc. shall be paid by the company in full.
- xv. Retirement and other benefits, as per rules of the Company.

E. Minimum Remuneration

In the event of inadequate profits or no profits in any financial year during the tenure of the Agreement, the salary mentioned in paragraph B and allowances/ perquisites mentioned in D above, shall be the minimum remuneration payable to Mr. Sanjay S. Math subject to necessary approvals and other applicable provisions of the Act.

F. Other terms and conditions

- i. Mr. Sanjay S. Math will be entrusted with substantial powers of management and shall work under the superintendence, control and direction of the Board. He shall have the powers of general conduct and management of business and affairs of the Company except in the matters which may be specifically required to be done by the Board either by the Act or by the Articles of Association of the Company.
- ii. During his employment with the Company, Mr. Sanjay S. Math shall devote such time and attention to the business and affairs of the Company as may be necessary and shall use his best endeavors to promote its interest and welfare.
- iii. Mr. Sanjay S. Math, so long as he functions as Managing Director shall not be paid any sitting fees for attending the meetings of the Board or of any Committees thereof.
- iv. Mr. Sanjay S. Math would be ceased to be director, ipso facto, on the employment with the Company getting ceased or terminated or determined.
- v. Either party shall be entitled to determine the Agreement by giving to the other advance notice of three (3) months or by giving the basic salary for three (3) months in lieu of the notice.

The aforesaid may be treated as details of the terms and conditions of the re-appointment and remuneration,

including revision thereof, payable to Mr. Sanjay S. Math as Managing Director of the Company pursuant to Section 196 of the Act.

The additional information on Managing Director recommended for re-appointment as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per Secretarial Standards – 2 on General Meetings form part of this report.

Except Mr. Sanjay S. Math and his relatives to the extent of their shareholding interest, if any, in the Company, none of the other Directors, Key Managerial Personnel of the Company and their relatives are in anyway concerned or interested financially or otherwise in the Resolution set out at Item No. 7 of the Notice.

The Board recommends the resolution set out at Item No.7 for approval of the Members.

Item No.8

Mr. Anil V. Whabi was appointed as an additional Director of the Company by the Board at its meeting held on November 27, 2021. He holds the office upto the date of the forty-first Annual General Meeting of the Company. A Notice has been received from a member of the Company signifying the intention to propose Mr. Anil V. Whabi's appointment as a Director. Mr. Anil V. Whabi has given his consent to act as director of the Company, if appointed. His previous tenure as Whole-time director designated as Director (Finance) of the Company was completed on close of business hours of August 25, 2021 and accordingly he ceased to be director of the Company.

The additional information on Additional Director recommended for appointment required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per Secretarial Standards – 2 on General Meetings form part of this report.

Except Mr. Anil V. Whabi and his relatives to the extent of their shareholding interest, if any, in the Company, none of the other Directors, Key Managerial Personnel of the Company and their relatives are in any way concerned or interested financially or otherwise in the Resolution set out at Item No. 8 of the Notice.

The Board recommends the resolution set out at Item No. 8 for approval of the Members.

Item No.9

The Board, on recommendation of the Nomination and Remuneration Committee, at its meeting held on November 27, 2021 considered the appointment of Mr. Anil V. Whabi, as a Whole-time Director designated as Director - Finance for a period of three (3) years with effect from 1st December, 2021 on the terms and conditions including remuneration to be paid in case of inadequate profits or no profits in the manner set out in the draft Agreement to be entered into by the Company with Mr. Anil V. Whabi subject to necessary approvals, sanctions or permissions.

Mr. Sanjay S. Math, Managing Director of the Company will retire with effect from the close of business hours of May 31, 2022. The Board of Directors at its meeting held on May 18, 2022, re-designated and appointed Mr. Anil V. Whabi as Managing Director of the Company with effect from June 1, 2022 for a period of one year subject to approval of the Members of the Company.

The details of changes are as under:

- (i) Change in the terms of appointment of Mr. Anil V. Whabi as Director - Finance as under:

Description	Earlier	Revised
Term of appointment	December 1, 2021 to	December 1, 2021 to
	November 30, 2024	May 31, 2022
	(3 years)	(6 months)

- (ii) Re-designated and appointed Mr. Anil V. Whabi, as Managing Director of the Company for a period of one year from June 1, 2022 to May 31, 2023.

Mr. Anil V. Whabi fulfills the core skills / expertise / competencies identified and the criteria laid down by the Board in the Company's Nomination and Remuneration Policy for appointment as a Director of the Company as required in the context of the Company's business and the sector it operates in. In the opinion of the Board, he fulfills the conditions for the aforesaid appointment(s) and the same would be in the best interest of the Company taking into consideration his knowledge, background, experience, past performance and achievements.

The Company has received requisite consent/disclosure(s) as required under the Act and Rules made thereunder from Mr. Anil V. Whabi for the said appointment. Mr. Anil V. Whabi also satisfies the conditions as set out in Section 196 and Schedule V to the Act for being eligible for appointment. He is not disqualified or debarred from being appointed or continue as a Director of the Company.

The main terms and conditions of the appointment and remuneration payable to him are as under:

A. Period of appointment:

- i) **As whole-time director designated as Director - Finance** - Six months from December 1, 2021 to May 31, 2022
- ii) **As Managing Director** - One year from June 1, 2022 to May 31, 2023

B. Remuneration

The Company shall pay to Mr. Anil V. Whabi in consideration of his duties a basic salary as under in the scale of ₹ 3.00 lakhs to ₹ 10.00 lakhs per month with annual increment as may be recommended by Nomination and Remuneration Committee and

decided by the Board of Directors within the above mentioned scale from time to time:

Description	With effect from 1 st December, 2021 to March 31, 2022 (₹)	Revised with effect from April 1, 2022 (₹)
Basic Salary (per month)	3,80,558	4,18,600

C. Commission

Commission as such percentage of the net profits of the Company computed in the manner laid down under Section 198 of the Act and relevant rules framed thereunder or such amount as the Board of Directors may determine.

D. Perquisite and Allowances

In addition to the salary and commission as stated above, Mr. Anil V. Whabi shall be entitled to the following allowances /perquisites as per policy of the Company:

- i. House rent allowance of 30% of basic salary.
- ii. Soft furnishing allowance as may be decided by the Board and/or Nomination and Remuneration Committee.
- iii. Conveyance allowance as per the rules of the Company.
- iv. Club fees: Clubs including admission and life membership fees.
- v. Bonus/Ex-gratia/performance incentive as announced by the Company as per its rule.
- vi. Medical allowance including reimbursement as per the rules of the Company.
- vii. Education allowance including reimbursement as per the rules of the Company.
- viii. Compensatory allowance as per the rules of the Company.
- ix. Leave with full pay and all allowances as per the rules of the Company.
- x. Yearly encashment of leave during the tenure of employment as per the rules of the Company.
- xi. Leave travel concession as per the rules of the Company.
- xii. Personal accident insurance as per the rules of the Company.
- xiii. Medici claim insurance policy as per the rules of the Company.
- xiv. Company's contribution to provident fund and gratuity fund as per the rules of the Company.
- xv. Provision of motor car as per the rules of the Company and reimbursement of driver's salary as per the policy of the Company.

xvi. Telephone: Free landline facility at residence and mobile phone facility that is to say all charges including rentals, call and internet charges etc. shall be paid by the company in full.

xvii. Retirement and other benefits, as per the rules of the Company.

The Board shall have the authority to alter or vary the terms of appointment and remuneration including commission and perquisites payable to Mr. Anil V. Whabi during his tenure with the Company, is within the overall limits specified under the provisions of Section 197, Schedule V and other applicable provisions of the Act and relevant rules framed thereunder.

E. Minimum Remuneration

In the event of inadequate profits or no profits in any financial year during the tenure of the agreement entered into by the Company with Mr. Anil V. Whabi, the salary mentioned in paragraph B and allowances/ perquisites mentioned in D above, shall be the minimum remuneration payable to Mr. Anil V. Whabi subject to necessary approvals and other applicable provisions of the Act and relevant rules framed thereunder.

F. Other terms and conditions

- i. Effective from June 1, 2022, Mr. Anil V. Whabi will be entrusted with substantial powers of management and shall work under the superintendence, control and direction of the Board. He shall have the powers of general conduct and management of business and affairs of the Company except in the matters which may be specifically required to be done by the Board either by the Act or by the Articles of Association of the Company.
- ii. During his employment with the Company, Mr. Anil V. Whabi shall devote such time and attention to the business and affairs of the Company as may be necessary and shall use his best endeavors to promote its interest and welfare.
- iii. Mr. Anil V. Whabi, so long as he functions during his employment shall not be paid any sitting fees for attending the meetings of the Board or any Committees thereof.
- iv. Mr. Anil V. Whabi would ceased to be a director, ipso facto, on the employment with the Company getting ceased or terminated or determined.
- v. Either party shall be entitled to determine or terminate the Agreement by giving to the other advance notice of three (3) months or by giving the basic salary for three (3) months in lieu of the notice.

The aforesaid may be treated as details of the terms and conditions of the appointment and remuneration, including revision thereof, payable to Mr. Anil V. Whabi pursuant to Section 196 of the Act.

The additional information for appointment as on whole-time director as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per Secretarial Standards – 2 on General Meetings form part of this report.

Except Mr. Anil V. Whabi and his relatives to the extent of their shareholding interest, if any, in the Company, none of the other Directors, Key Managerial Personnel of the Company and their relatives are in anyway concerned or interested financially or otherwise in the Resolution set out at Item No. 9 of the Notice.

The Board recommends the resolution set out in Item No. 9 for approval of the members.

Item No.10

Mr. Saumya Chakrabarti was appointed as an additional Director of the Company with effect from June 1, 2022 by the Board at its meeting held on May 18, 2022. He holds the office upto the date of the forty-first Annual General Meeting of the Company. Further in terms of provisions of Regulation 17(1C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company needs to ensure that the approval of shareholders for such appointment is obtained at the next general meeting or within period of 3 months from the date of appointment whichever is earlier. Since this general meeting is scheduled within 3 months from the date of appointment the resolution for approval of shareholders is proposed at Item No. 10 above. A notice has been received from a member of the Company signifying the intention to propose Mr. Saumya Chakrabarti's appointment as a Director. Mr. Saumya Chakrabarti has given his consent to act as director of the Company, if appointed.

The additional information on additional Director recommended for the appointment as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per Secretarial Standards – 2 on General Meetings form part of this report.

Except Mr. Saumya Chakrabarti and his relatives to the extent of their shareholding interest, if any, in the Company, none of the other Directors, Key Managerial Personnel of the Company and their relatives are in anyway concerned or interested financially or otherwise in the Resolution set out at Item No. 10 of the Notice.

The Board recommends the resolution set out at Item No. 10 for approval of the Members.

Item No.11

The Board on the recommendation of the Nomination and Remuneration Committee, at its meeting held on

May 18, 2022 considered the appointment of Mr. Saumya Chakrabarti, as a Whole-time Director designated as Director - Technical for a period of five (5) years with effect from June 1, 2022 on the terms and conditions including remuneration to be paid in case of inadequate profits or no profits in the manner set out in the draft Agreement to be entered into by the Company with Mr. Saumya Chakrabarti subject to necessary approvals, sanctions or permissions.

Mr. Saumya Chakrabarti fulfills the core skills / expertise / competencies identified and the criteria laid down by the Board in the Company's Nomination and Remuneration Policy for the appointment as a Director of the Company as required in the context of the Company's business and the sector it operates in. In the opinion of the Board, he fulfils the conditions for the aforesaid appointment and the same would be in the best interest of the Company taking into consideration his knowledge, background, experience and achievements. He is not disqualified or debarred from being appointed or continue as a Director of the Company. He is not disqualified from being appointed as Director.

The Company has received requisite consent/disclosure(s) as required under the Act and Rules made thereunder from Mr. Saumya Chakrabarti for the said appointment. Mr. Saumya Chakrabarti also satisfies the conditions as set out in Section 196 and Schedule V to the Act for being eligible for appointment.

The main terms and conditions of the appointment and remuneration payable to him are as under:

A. Period of appointment as whole-time director designated as Director - Technical

Five years from June 1, 2022 to May 31, 2027

B. Remuneration

The Company shall pay Mr. Saumya Chakrabarti in consideration of his duties a basic salary in the scale of ₹ 3.00 lakh to ₹ 10.00 lakh per month with annual increment as may be decided by the Board and/ or Nomination and Remuneration Committee within the above mentioned scale:

Basic salary for the period from June 1, 2022 is ₹ 4,00,000 per month

C. Commission

Commission as such percentage of the net profits of the Company computed in the manner laid down under Section 198 of the Act and relevant rules framed thereunder or such amount as the Board of Directors may determine.

D. Perquisite and Allowances

In addition to the Salary and Commission as stated above, Mr. Saumya Chakrabarti shall be entitled to the following allowances /perquisites as per policy of the Company.

- i. House rent allowance as per the rules of the Company.

- ii. Soft furnishing allowance as may be decided by the Board and/or Nomination and Remuneration Committee.
- iii. Conveyance allowance as per the rules of the Company.
- iv. Bonus/Ex-gratia/performance incentive as announced by the Company as per its rule.
- v. Medical allowance including reimbursement as per the rules of the Company.
- vi. Education allowance including reimbursement as per the rules of the Company.
- vii. Compensatory allowance as per the rules of the Company.
- viii. Leave with full pay and all allowances as per the rules of the Company.
- ix. Yearly encashment of leave during the tenure of employment as per the rules of the Company.
- x. Leave travel concession as per the rules of the Company.
- xi. Personal accident insurance as per the rules of the Company.
- xii. Mediclaim insurance policy as per the rules of the Company.
- xiii. Company's contribution to provident fund and gratuity fund as per the rules of the Company.
- xiv. Provision of motor car as per the rules of the Company and reimbursement of driver's salary as per the policy of the Company.
- xv. Telephone: Free landline facility at residence and mobile phone facility that is to say all charges including rentals, call and internet charges etc. shall be paid by the company in full.
- xvi. Retirement and other benefits, as per the rules of the Company.

The Board shall have the authority to alter or vary the terms of appointment and remuneration including commission and perquisites payable to Mr. Saumya Chakrabarti during the tenure of the agreement entered into by the Company with Mr. Saumya Chakrabarti, within the overall limits specified under the provisions of Section 197, Schedule V and other applicable provisions of the Act and relevant rules framed thereunder.

E. Minimum Remuneration

In the event of inadequate profits or no profits in any financial year during the tenure of the agreement entered into by the Company with Mr. Saumya Chakrabarti, the salary mentioned in paragraph B and allowances/ perquisites mentioned in D above, shall be the minimum remuneration payable to Mr. Saumya Chakrabarti subject to necessary approvals and other applicable provisions of the Act and relevant rules framed thereunder.

F. Other terms and conditions

- i. During his employment with the Company, Mr. Saumya Chakrabarti shall devote such time and attention to the business and affairs of the Company as may be necessary and shall use his best endeavors to promote its interest and welfare.
- ii. Mr. Saumya Chakrabarti, so long as he functions as a whole-time director designated as Director - Technical shall not be paid any sitting fees for attending the meetings of the Board or any Committees thereof.
- iii. Mr. Saumya Chakrabarti would ceased to be a director, ipso facto, on the employment with the Company getting ceased or terminated or determined.
- iv. Either party shall be entitled to determine or terminate the Agreement by giving to the other advance notice of three (3) months or by giving the basic salary for three (3) months in lieu of the notice.

The aforesaid may be treated as details of the terms and conditions of the appointment and remuneration, including revision thereof, payable to Mr. Saumya Chakrabarti as whole-time director designated as Director - Technical of the Company pursuant to Section 196 of the Act.

The additional information for appointment as whole-time director as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per Secretarial Standards – 2 on General Meetings form part of this report.

Except Mr. Saumya Chakrabarti and his relatives to the extent of their shareholding interest, if any, in the Company, none of the other Directors, Key Managerial Personnel of the Company and their relatives are in anyway concerned or interested financially or otherwise in the Resolution set out at Item No. 11 of the Notice.

The Board recommends the resolution set out in Item No.11 for approval of the members.

Item No.12

The SEBI vide its circular no. SEBI/ HO/DDHS/ CIR/P/2018/144 dated November 26, 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 Non-Convertible Securities) Regulations, 2021 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 Non-Convertible Securities) Regulations, 2021 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 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 Non-Convertible Securities) Regulations, 2021 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. 12, 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.

The Board recommends the resolution set out at Item No.12 for approval of the Members.

None of the directors or any other key managerial personnel of the Company and their respective relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 12.

By Order of the Board of Directors
For **Finolex Industries Limited**

Place: Pune
Date: May 18, 2022

Ashutosh B. Kulkarni
Company Secretary
M. No. : A18549

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 on General Meetings (SS-2).



Mrs. Ritu P. Chhabria

(a) A brief resume and nature of expertise in specific functional areas

An unbridled passion to touch lives, an unwavering commitment to uplift the less-privileged people in our society, along with an extremely sensitive mind - these are the driving forces behind Ritu Prakash Chhabria, Co-Founder and Managing Trustee, Mukul Madhav Foundation. Growing up with strong values that were sown at an early age by her parents and greatly influenced by her grandparents, these values have charted her path towards philanthropy.

Growing up in Iran and later in London, her academic achievements include a double major in economics and marketing followed by Masters in International Relations. With marriage, she moved to Pune, India in 1989. Here a new phase in her life began with a doting husband and loving in laws who shared the same philosophy of philanthropy to serve our society.

Ritu and Prakash are blessed with 2 daughters who have capably taken on responsibilities as Trustees of the Foundation in addition to their professions. Hence the dream and vision at Mukul Madhav Foundation continues to thrive.

Mukul Madhav Foundation was established in 1999 to structure and support various activities. This establishment was possible with the support of both sides of the families and continuous fund raising through her 'begging bowl'.

A true philanthropist, she has dedicated her life to the cause of the underprivileged sections of the society by providing them with quality and affordable healthcare, education and social welfare services. Live to Give is the motto that has inspired her right from her early years.

With MMF becoming official CSR partner of Finolex Industries Limited (FIL) in 2014, today Mrs. Chhabria sits on the Board of Directors at FIL as the Chairperson for CSR activities. Her work also involves collaborating and communicating with other like minded corporates and partners to increase reach and support of her exemplary efforts.

MMF has been able to spread its wings by garnering global support with the establishment of MMF UK in 2018, and collaborations with Prince's Trust International, BAPIO, Caudwell Children, British Asian Trust, Action Aid, Concern for Mental Health, Healing Little Hearts, Royal Free Hospital, UCL among others.

Moreover, her philanthropic involvement goes beyond just MMF. Mrs. Chhabria sits on various boards and committees as management member, convener and other notable positions. This has enabled her to bring like-minded people to work together for our society's needs.

An amalgamation of her education, family support and her ethos has held her in good stead when liaising with local government bodies, benevolent corporates and international collaborators.

This selfless service in mitigating the pain and suffering of the less-privileged through various programs and meaningful initiatives has earned Mrs. Chhabria, and MMF, several national and international awards.

Her free time is spent in listening to music, swimming and travelling and catching up on Television.

Her life is a mission in itself and an inspiration for others.

(b) Disclosure of relationships between directors inter-se

Mrs. Ritu P. Chhabria is the spouse of Mr. Prakash P. Chhabria, the Executive Chairman of the Company. She is also part of the Promoters' Group.

(c) Names of other entities in which the person also holds the directorship and the membership of Committees of the board of directors

Mrs. Ritu P. Chhabria is a Chairperson of Corporate Social Responsibility Committee of the Company. She does not hold any directorship or committee membership in any other listed company.

(d) Name of listed entities from which the person has resigned in the past three years

Nil

(e) Shareholding in the Company including shareholding as a beneficial owner

Mrs. Ritu P. Chhabria holds 22,250 equity shares of the Company. She does not hold any shares as a beneficial owner.

Note: For other details such as date of first appointment on the Board, number of meetings of the board attended during the year, remuneration drawn, please refer to the corporate governance report which is a part of this Annual Report.



Mr. Prakash P. Chhabria

(a) A brief resume

Mr. Prakash P. Chhabria, age 59 years is the Executive Chairman of Finolex Industries Limited and is a recognized industrialist with over three decades of rich experience. He was inducted as a Board Director in 1992 and took over as the Executive Chairman in 2012.

Credited with transforming Finolex Industries into a reputed national brand, he has steered the Company onto this growth path by strategically restructuring business and finance. Under his leadership, the Company has achieved a turnover of ₹ 4,647 crores in FY 22.

Mr. Chhabria has a Bachelor of Science degree in International Business from the University of Evansville, Indiana. An Advanced Management Programme from Wharton Business School and an Executive Program from Stanford University further bolster his expertise.

During the FY 2021-22 he was awarded honorary Doctor of Letters (D. Litt.) degree by Tilak Maharashtra Vidyapeeth, Pune, for his notable contributions to society.

With a core philosophy of attaining business prosperity in a sustainable manner, Mr. Chhabria ensures that Finolex Industries gives back to the community through Mukul Madhav Foundation and its extensive CSR activities, giving hope to people who often feel they don't have the right to be hopeful.

Mr. Chhabria is an avid reader and enjoys delving into topics ranging from philosophy to history and spiritualism to culture. He is also a keen photographer and captures exciting vignettes.

(b) Nature of his expertise in specific functional areas

Expert in international business and general management.

(c) Disclosure of relationships between directors inter-se

Mr. Prakash P. Chhabria is part of promoters' group. Mrs. Ritu P. Chhabria Non-Executive and Non-Independent Director of the Company is the spouse of Mr. Prakash P. Chhabria.

(d) Names of other entities in which the person also holds the directorship and the membership of Committees of the board of directors

Mr. Prakash P. Chhabria is a member of Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Share Transfer Committee, Risk Management Committee and Chairman of Finance Committee of the Company. Mr. Prakash P. Chhabria also holds directorship in Pawas Port Limited.

(e) Name of listed entities from which the person has resigned in the past three years

Nil

(f) Shareholding in the Company including shareholding as a beneficial owner

Mr. Prakash P. Chhabria holds 8,53,745 equity shares of the Company as on March 31, 2022. He holds aggregate 14.15% of paid-up equity shares as a beneficial owner.

(g) Key terms and conditions of re-appointment and remuneration proposed to be paid

As per the resolution at Item No. 6 of this notice read with explanatory statement thereto.

Note: For other details such as date of first appointment on the Board, number of meetings of the board attended during the year, remuneration drawn, please refer to the corporate governance report which is a part of this Annual Report.


Mr. Sanjay S. Math
(a) A brief resume

Mr. Sanjay S. Math age 66 years is the Managing Director of the Company since December 1, 2016. He is a Chemical Engineer from ICT (Former UDCT) Mumbai and completed post graduate Diploma in Management Studies from University of Mumbai. He has more than 45 years of rich experience in the chemical and petrochemical industry in various functions. His work experience includes manufacturing operations of polymers like PE, PP and PVC, petrochemical intermediates like Methanol, Phthalic anhydride, Phenol / Acetone, DMT and refinery processes. He has been associated with reputed companies like NOCIL, Bombay Dyeing, Sabic, Herdillia, Essar Refinery etc. in the past before working with the Company. Mr. Math has earlier worked with the Company at Ratnagiri from December, 2004 to July, 2008 as Director (Manufacturing). He was Whole-time Director designated as Director (Operations) of the Company for the period from February 4, 2012 to November 30, 2016.

(b) Nature of his expertise in specific functional areas

Expert in Chemical and Petrochemical field and general business administration.

(c) Disclosure of relationships between directors inter-se

None of the directors are related to Mr. Sanjay S. Math.

(d) Names of other entities in which the person also holds the directorship and the membership of Committees of the board of directors

Mr. Sanjay S. Math is a member of Corporate Social Responsibility Committee, Share Transfer Committee, Finance Committee & Risk Management Committee of the Company. He does not hold any directorship or committee membership in any other Company.

(e) Name of listed entities from which the person has resigned in the past three years

Nil

(f) Shareholding in the Company including shareholding as a beneficial owner

Mr. Sanjay S. Math holds 15,000 equity shares of the Company. He does not hold any shares as a beneficial owner.

(g) Key terms and conditions of re-appointment and remuneration proposed to be paid

As per the resolution at Item No. 7 of this notice read with explanatory statement thereto.

Note: For other details such as date of first appointment on the Board, number of meetings of the board attended during the year, remuneration drawn, please refer to the corporate governance report which is a part of this Annual Report.



Mr. Anil V. Whabi

(a) A brief resume

Mr. Anil V. Whabi, age 62 years, 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 37 years of experience in various companies. Earlier, Mr. Anil V. Whabi, was appointed as a Whole-time Director designated as Director - Finance for a period of 5 years from August 26, 2016 to August 25, 2021. His previous tenure as Whole-time director designated as Director (Finance) of the Company was completed on close of business hours of August 25, 2021 and accordingly he ceased to be director of the Company, thereafter Board of Directors at its meeting held on November 27, 2021 appointed Mr. Anil V. Whabi as an additional and Whole-time Director of the Company designated as Director – Finance with effect from December 1, 2021 to November 30, 2024 subject to approval of Members at the ensuing AGM. Consequent upon the retirement of Mr. Sanjay S. Math as Managing Director of the Company with effect from the close of business hours of May 31, 2022, the Board of Directors of the Company at its meeting held on May 18, 2022 re-designated and appointed Mr. Anil V. Whabi as Managing Director of the Company for a period of one year from June 1, 2022 to May 31, 2023 subject to approval of Members at the ensuing AGM.

(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 and general business administration.

(c) Disclosure of relationships between directors inter-se

None of the directors are related to Mr. Anil V. Whabi.

(d) Names of other entities in which the person also holds the directorship and the membership of Committees of the board of directors

Mr. Anil V. Whabi does not hold chairmanship / membership in any Committees of the Company. He holds directorship in Pawas Port Limited.

(e) Name of listed entities from which the person has resigned in the past three years

Nil

(f) Shareholding in the Company including shareholding as a beneficial owner

Mr. Anil V. Whabi does not hold any equity shares of the Company.

(g) Key terms and conditions of appointment and remuneration proposed to be paid

As per the resolution at Item Nos. 8 & 9 of this notice read with explanatory statement thereto.

Note: For other details such as date of first appointment on the Board, number of meetings of the board attended during the year, remuneration drawn, please refer to the corporate governance report which is a part of this Annual Report.



Mr. Saumya Chakrabarti

(a) A brief resume

Mr. Saumya Chakrabarti age 60 years is B.Sc. (Chemistry Hons) and B.Tech Chemical Technology from Calcutta University with specialization in Petrochemicals and Petroleum Refinery engineering and has to his credit over 36 years of rich experience in operations, projects and technical services in various reputed organizations like Vinny Engineering, Allied Resins & Chemicals Limited, Indian Petrochemical Corporation Limited, Haldia Petrochemicals Limited, Indian Synthetic Rubber Limited, Reliance Industries Limited etc. Before joining the Company, he was working with ONGC Petro Additions Ltd., as Chief Operating Officer. Mr. Saumya Chakrabarti is working with the Company as Chief Technical Officer w.e.f. September 1, 2021. He is appointed as additional & Whole-time Director designated as Director - Technical of the Company, for a period of 5 years from June 1, 2022 to May 31, 2027 subject to approval of shareholders at the ensuing AGM. During financial year 2021-22, Mr. Saumya Chakrabarti did not attend any Board meeting since appointed as additional & Whole-time Director designated as Director - Technical of the Company w.e.f. June 1, 2022.

(b) Nature of his expertise in specific functional areas

Expert in chemical and petrochemical field and general business administration.

(c) Disclosure of relationships between directors inter-se

None of the directors are related to Mr. Saumya Chakrabarti.

(d) Names of other entities in which the person also holds the directorship and the membership of Committees of the board of directors

Mr. Saumya Chakrabarti does not hold any directorship nor holds chairmanship / membership in any Committees of the Company or in any other Company.

(e) Name of listed entities from which the person has resigned in the past three years

Nil

(f) Shareholding in the Company including shareholding as a beneficial owner

Mr. Saumya Chakrabarti does not hold any equity shares of the Company.

(g) Key terms and conditions of appointment and remuneration proposed to be paid

As per the resolution at Item Nos. 10 & 11 of this notice read with explanatory statement thereto.

Note: For other details such as date of first appointment on the Board, remuneration etc., please refer to the AGM Notice and explanatory statement which is a part of this Annual Report.

NOTES

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