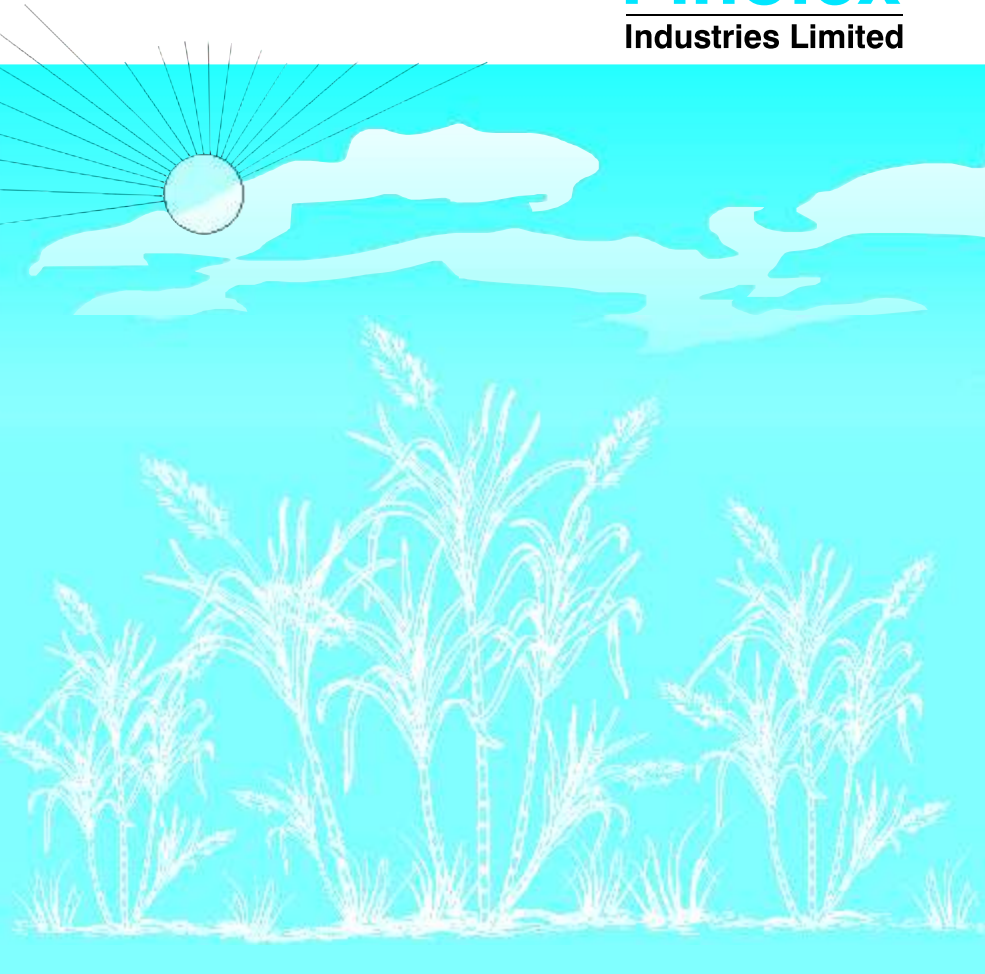


# Finolex

**Industries Limited**

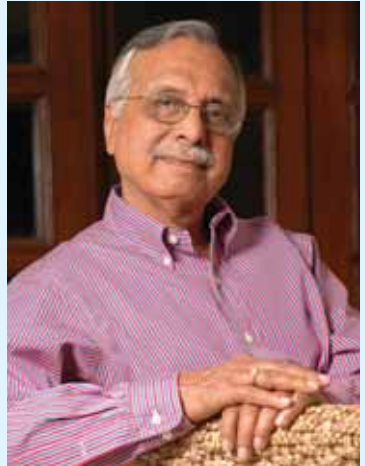


28<sup>th</sup> Annual Report 2008 - 2009

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# Chairman's Message



*Dear Stakeholders,*

*The year gone by has seen upheaval in the economic conditions world over leading to the financial crisis.*

*Many financial institutions and global giants have gone out of business. In India also many growth sectors have been affected. However, Indian economy has comparatively fared better than most of the other economies of the world.*

*Your Company has registered significant growth in gross income. Both PVC Resin and PVC Pipes and Fittings divisions have performed better with strong demand from agricultural sector. The Company has reported higher operational profit as compared to the previous year. However, volatility in foreign exchange rates and commodity prices have had an impact on the Company's net profit.*

*Government of India has projected the GDP growth rate of 6% for 2009-2010. The rural economy in India is the least affected by recessionary trends. Your Company's products are largely sold in rural market. With a stable government in power and forward looking policy-pronouncements, the demand is expected to be buoyant.*

*The power plant expected to be commissioned during the current financial year and enhancement of pipes capacity to 1,40,000 MTs p.a. should contribute in improving the profitability of your Company.*

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

*P. P. Chhabria*  
Chairman

## BOARD OF DIRECTORS

**Mr. P. P. Chhabria**

*Non-executive Chairman*

**Mr. K. N. Atmaramani**

*Independent Director*

**Mr. Proshanto Banerjee**

*Independent Director*

**Mr. M. G. Bhide**

*Independent Director*

**Mr. S. N. Inamdar**

*Independent Director*

**Dr. Vijay P. Bhatkar**

*Independent Director*

*(effective 21st October, 2008)*

**Dr. Sunil U. Pathak**

*Independent Director*

*(effective 21st October, 2008)*

**Mr. P. D. Karandikar**

*Independent Director*

*(effective 27th June, 2009)*

**Mr. K. P. Chhabria**

*Executive Vice Chairman*

**Mr. Prakash P. Chhabria**

*Managing Director*

**Mr. S. S. Dhanorkar**

*Asst. Managing Director &*

*Chief Operating Officer*

**Mr. P. Subramaniam**

*Asst. Managing Director &*

*Chief Financial Officer*

**Mr. J. S. Arora**

*Director (Operations)*

**Company Secretary**

Mr. Anil Atre

**Bankers**

Bank of India

ICICI Bank Limited

Bank of Baroda

Citibank N.A.

Bank of Maharashtra

The Bank of Nova Scotia

Corporation Bank

BNP Paribas

**Auditors**

B. K. Khare & Co.,

Chartered Accountants

**Solicitors & Advocates**

*Crawford Bayley & Co., Mumbai*

**Investor Relations Centre**

P-14, Rajiv Gandhi Infotech Park,

MIDC, Phase-I,

Hinjewadi, Pune 411 057

Maharashtra.

India.

Tel. No. 020 - 2740 8200

Fax No. 020 - 2293 2939

E-mail - investors@finolexind.com

**Registered Office**

Gat No.399, Urse,

Taluka Maval,

District Pune 410 506.

Maharashtra, India.

Tel. No. 02114-237251

Fax No. 02114-237252

E-mail - investors@finolexind.com

# Management Discussion and Analysis

## Introduction

The year under review turned out to be a turbulent year for your Company. The volatility in the foreign exchange rates and commodities prices has taken a toll on the Company's profitability.

## Financial Review

Both the divisions of the Company i.e. Poly Vinyl Chloride [PVC] resin and PVC pipes and fittings have shown volume growth. Both the divisions have reported a higher operating profit as compared to the previous year. However, the unprecedented volatility in the currency markets has resulted in wiping out the operating profits made by the Company during the year.

## Global Economy and Effect on the Company

2008-2009 was a landmark year in the global economy. Many developed economies like the United States of America, European Union, Japan have officially declared to be in recession. After touching an all-time high of USD 147 per barrel, crude oil prices crashed to as low as USD 40 per barrel. The foreign exchange rates also witnessed similar volatility. This has undoubtedly impacted corporates across the world. In India, the Indian Rupee depreciated from Rs.40 per USD in April 2008 to Rs.50 per USD in December 2008. Your Company imports almost entire requirement of raw materials. The sharp depreciation of the Indian Rupee caused large foreign exchange loss to the Company. In addition to this, some of the foreign exchange forward and option contracts and derivatives that the Company had entered into to reduce the risk or cost to the Company turned negative and caused further losses to the Company.

On a positive note, the Indian economy is fairing much better than most of the economies. Government of India has predicted a GDP growth of 6% for 2009-2010. The rural economy in India is the least affected by the recessionary trends. Your Company's products i.e. PVC pipes and fittings are largely sold in the rural markets and because of its strong brand equity the Company has witnessed strong volume growth of 25% during the year under review. The strong demand for PVC pipes has resulted in a similar demand for PVC resin which is the main raw material for manufacturing PVC pipes and fittings.

## Industry Outlook

### PVC Resin Business

The domestic demand for PVC resin in India is already much higher than the domestic production and consequently India continues to be a net importer of PVC resin to the

extent of almost 4,00,000 MT per annum. The sharp drop in crude oil prices during mid-2008 had an impact across the chain and the prices of PVC resin as well as raw materials namely Ethylene, Ethylene Di-chloride [EDC], Vinyl Chloride Monomer [VCM] came down significantly. On the brighter side, as a consequence of the prices of PVC resin coming down, the demand for downstream products got a boost. The net shortage of PVC resin in the domestic market is expected to continue in the years to come. As a result of the shortage, your Company has been able to command a premium on the international prices for most of the months of the year.

### PVC Pipes Business

On the back of various Government initiatives to boost the rural economy, the demand for PVC pipes has remained buoyant. It is expected that the Government will continue to give priority to agriculture and rural upliftment programmes in the years to come. This will ensure that demand for PVC pipes will continue to remain strong. Your Company has initiated measures to increase its PVC pipes capacity from 1,00,000 MT p.a. to 1,40,000 MT p.a. It is expected that the additional capacity will be in place by the end of current financial year.

### Risks and Concerns

Your Company has a well documented Risk Management Policy. This policy is reviewed periodically by the Management and appropriately modified wherever necessary. Based on the operations of the Company, new risks, if any, are identified and steps are taken to mitigate the same. Your Company continues to import its main raw materials viz. EDC, Ethylene and VCM. None of these raw materials is traded in futures market and there is no opportunity to hedge the price risk. The Company is also exposed to foreign exchange risks and interest rate risks on its imports. The Company makes use of hedge/derivative products to manage these risks.

The surplus cash generated during the course of business is invested with banks/mutual funds from time to time. The detailed guidelines for investment of such surplus have been laid down and these are reviewed regularly by the Management.

Your Company continues to accord highest priority for safety in all of its operations. All the manufacturing facilities and processes are subject to regular inspections. A Safety Audit is carried out meticulously at the PVC resin plant in Ratnagiri and preventive measures are taken to ensure high standards of safety. Your Company has recently achieved a highly commendable milestone of one million man-hours without any reportable accident at its PVC resin plant at Ratnagiri.

Your Company has taken adequate insurance cover for all of its plants as well as for third party liabilities.

### Transparency in Sharing Information

Transparency refers to sharing information and acting in an open manner. Processes, instructions and information are directly accessible to those concerned with them, and enough information is provided to understand and monitor them. Your Company believes in total transparency in sharing information about its business operations with all its stakeholders. Your Company strives to provide maximum possible information in the Management Discussion and Analysis in the Annual Report and also through other means to keep the stakeholders informed about the business performance. As an open channel of communication between stakeholders and officials, and to make a wide range of information accessible, your Company holds regular meetings with institutional investors in India and abroad.

### Internal Control Systems

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

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

An Audit Committee consisting of five independent, non-executive directors is in place. The Audit Committee monitors performance of Internal Audit on a periodical basis through review of the audit plans, audit findings and promptness of issue resolution through follow-ups.

### Human Resources

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

The employee strength of your Company is currently 1,025.

### Cautionary Statement

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

## Directors' Report

To the Members,

Your directors have pleasure in presenting their twenty-eighth annual report and audited accounts for the year ended 31st March, 2009.

### Financial Results

|   |                  | <b>(Rs. in lakhs)</b> |
|---|------------------|-----------------------|
|   | <b>2008-2009</b> | 2007-2008             |
| Profit/(Loss) before depreciation & finance charges | <b>4615.85</b>   | 18955.17              |
| Finance charges                                     | <b>4682.66</b>   | 3031.93               |
| Profit/(Loss) before depreciation                   | <b>(66.81)</b>   | 15923.24              |
| Deductions for:                                     |                  |                       |
| i) Depreciation                                     | <b>5832.25</b>   | 5745.77               |
| ii) Provision for taxation                          | <b>(2109.64)</b> | 3058.92               |
| Profit/(Loss) after depreciation and taxation       | <b>(3789.42)</b> | 7118.55               |
| Add:  |                  |                       |
| Surplus of profit and loss account of earlier year  | <b>6292.48</b>   | 5027.93               |
| Transfer from Debenture Redemption Reserve          | <b>2500.00</b>   | NIL                   |
| Appropriations:                                     |                  |                       |
| (i) General reserve                                 | <b>Nil</b>       | 1000.00               |
| (ii) Debenture redemption reserve                   | <b>Nil</b>       | 500.00                |
| (iii) Proposed dividend                             | <b>1241.00</b>   | 3721.00               |
| (iv) Tax on dividend                                | <b>211.00</b>    | 633.00                |
| (v) Balance carried over the balance sheet          | <b>3551.06</b>   | 6292.48               |

### Operations

The operational performance is summarised below:

|                          |            | <b>2008-2009</b> | 2007-2008 |
|--------------------------|------------|------------------|-----------|
| Income                   | (Rs.lakhs) | <b>173500.25</b> | 167550.25 |
| Profit/(Loss) before tax | (Rs.lakhs) | <b>(5899.06)</b> | 10177.47  |
| Profit/(Loss) after tax  | (Rs.lakhs) | <b>(3789.42)</b> | 7118.55   |

### PVC Resin

|                                   |                 |                 |          |
|-----------------------------------|-----------------|-----------------|----------|
| Production                        | (MTs)           | <b>247214</b>   | 212714   |
| Sale (excluding interdivisional): |                 |                 |          |
|                                   | - in MTs        | <b>191978</b>   | 187780   |
|                                   | - in (Rs.lakhs) | <b>86202.36</b> | 85712.41 |

### PVC Pipes and Fittings

|            |            |                 |          |
|------------|------------|-----------------|----------|
| Production | (MTs)      | <b>91191</b>    | 77750    |
| Sale       | (MTs)      | <b>94358</b>    | 75827    |
| Sale       | (Rs.lakhs) | <b>56651.18</b> | 44459.51 |



### **Dividend**

Your directors have recommended dividend on equity shares @ 10% (Rupee one per equity share) for the financial year ended 31st March, 2009 out of surplus in profit and loss account. The proposed dividend (including corporate dividend tax) will absorb Rs.1,452 lakhs.

### **Finance**

The interest and finance charges for the year were Rs. 4,682.66 lakhs as against Rs. 3,031.93 lakhs for the previous year.

### **Corporate Governance**

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

### **Shifting of Registered Office**

Pursuant to the resolution passed at the twenty-sixth annual general meeting held on 22nd June, 2007, effective 4th July, 2008, the registered office of the Company was shifted to Gat No.399, Urse, Taluka Maval, District Pune 410 506.

### **Employee Stock Option Scheme**

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

### **Power Project**

During the year, power project at Ratnagiri made a significant progress. Company has received all the permissions/approvals. Power plant installation is targeted to be completed by end of November, 2009. Power plant shall be fully operational in the fourth quarter of 2009-2010.

### **Breakwater Project**

In view of the business scenario, the Breakwater project is temporarily put on hold and is expected to be resumed in due course.

### **Award for Excellence in Energy Conservation and Management**

Maharashtra Energy Development Agency, a Government of Maharashtra undertaking has conferred on PVC plant, Ratnagiri the second prize for excellence in energy conservation and management recognising the efforts taken by all concerned in practising energy efficiency and conservation measures.

### **Setting up Gas based Power Plant at Chinchwad, Pune**

Your Company proposes to set up a 30 MW Gas based Power Plant at Chinchwad, Pune. The concept of power generation through Gas based Power Plant is comparatively a low cost project having a very short gestation period and an eco-friendly source of

energy. Besides this social and environmental aspect, it makes great business sense to take up this venture.

### Alteration of Objects Clause

In view of the above proposal, your Company proposes to amend the existing Other Objects Clause III (C) (57) of the Memorandum of Association to enable it to manufacture, market and trade electric and other forms of energy in place of the existing clause which allows the Company to manufacture electric and other forms of energy for own consumption only.

The item for approval of the shareholders for the above referred alteration is forming part of the notice. The directors recommend obtaining shareholders' consent by postal ballot.

### Fixed Deposits

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

### Directors' Responsibility Statement

Pursuant to section 217(2AA) of the Companies Act, 1956, the directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2009 and of the loss of the Company for the year ended on that date;
- (iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the directors have prepared the annual accounts on a going concern basis.

### Energy, Technology and Foreign Exchange

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

### Directors

#### i. Sad demise of Shri. S. S. Marathe

Shri. S. S. Marathe, the then non-executive independent director of the Company passed away on Sunday, 28th September, 2008. During the period of his long association of 19 years as an independent director, the Company has immensely benefited by his vast experience, his valuable advice and distinguished contributions from time to time in the growth of the Company. In the Board meeting held on

21st October, 2008, the directors present observed silence for a minute as a mark of respect for his departed soul and paid wholesome tributes to late Shri. S. S. Marathe.

#### **ii. Appointment and co-option of directors**

Dr. Vijay P. Bhatkar and Dr. Sunil U. Pathak were co-opted as additional directors on 21st October, 2008. Mr. P. D. Karandikar was co-opted as additional director on 27th June, 2009. They hold office up to the date of the ensuing annual general meeting of the Company. Notices have been received from some members of the Company proposing Dr. Vijay P. Bhatkar, Dr. Sunil U. Pathak and Mr. P. D. Karandikar as candidates for the office of director of the Company. The directors recommend their appointment.

Term of appointment of Mr. J. S. Arora as wholetime director got over on close of business hours on 30th November, 2008. The Board of Directors has reappointed him as wholetime director designated as "Director (Operations)" for a period of two years effective 1st December, 2008, subject to approval of the members of the Company. The directors recommend his reappointment.

#### **iii. Retirement of directors**

Mr. K. N. Atmaramani, Mr. M. G. Bhide and Mr. J. S. Arora, all three directors retire by rotation at the twenty-eighth annual general meeting of the Company and being eligible, offer themselves for reappointment.

#### **iv. Increase in maximum no. of directors**

At the last annual general meeting held on 18th August, 2008 members had approved the increase in the number of directors from twelve to fifteen and also accordingly amended the Article 114 of the Articles of Association of the Company subject to the approval of the Central Government. The Company has received the approval for the same from Government of India, Ministry of Corporate Affairs.

#### **v. Return of excess remuneration by wholetime directors**

In terms of the resolutions for quantum of remuneration approved by the members for each of the wholetime directors, wholetime directors are entitled to the same quantum of remuneration as minimum remuneration in case of loss or inadequate profits in any financial year during the currency of their tenure subject to Central Government's approval. Alternatively, Company may pay them remuneration not exceeding the ceiling limit of Rs.24 lakhs per annum subject to compliance of conditions mentioned in the Schedule XIII of the Companies Act, 1956. Remuneration to wholetime directors is restricted to Rs.24 lakhs for the year in terms of the resolutions approved by the members and the same is agreed to by the wholetime directors in absence of adequate profits. The excess remuneration has been refunded to the Company in terms of Section 309(5A) of the Companies Act, 1956. For details refer Table 2 of the section on corporate governance.

### Auditors

M/s. B. K. Khare & Company, Chartered Accountants, retire as auditors of the Company at the conclusion of the twenty-eighth annual general meeting and are eligible for reappointment.

### Particulars of Employees

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

### Corporate social responsibility

As a responsible corporate citizen, your Company constantly extends its support in the areas of education, health, environment directly as well as through a renowned charitable trust from Pune viz. Mukul Madhav Foundation, engaged in charitable activities with special focus on the education, healthcare and social welfare with special attention on the villages and hamlets around Company's PVC resin manufacturing plant at Ratnagiri.

### Social welfare

Scarcity of water has become a common phenomena and India is no exception and it is extremely acute in the rural areas. This year, your Company has assisted water supply schemes of four villages in Ratnagiri district viz. Palkarwadi, Kolambe, Shirambadwadi and Golap. This year, your Company took up another initiative of encouraging 'Mahila Bachat Gats' by purchasing their products for Company's use. This initiative has given a boost to their confidence in their work and also helped them to earn. On the same front, your Company has started a Mahila Shikshan Kendra and encouraged ladies of adjoining villages to join tailoring classes supported by your Company thereby in times to come they can start their own tailoring business. Your Company has purchased sewing machines, and also takes care of the other infrastructural requirements of the classes.

Your Company continued to assist the community in their social, spiritual, cultural and religious pursuits by rendering necessary help in monetary and other terms irrespective of caste, creed or religion for holding festivals, exhibitions, repairing religious shrines, etc.

### Education

Your Company, in association with Mukul Madhav Foundation, donated fifteen nos. of computers to Lakshmi Keshav Madhyamik Vidyalaya, Fansop, district-Ratnagiri together with other hardware to enable the school to create computer laboratory. Your Company has also donated sports material, TVs, DVD players, PCs, printers, inverters, notebooks and footwear to different schools located in the vicinity of the Company's PVC resin manufacturing plant at Ratnagiri.

### **Finolex Academy of Management and Technology (Academy)**

Finolex Academy of Management and Technology, at Ratnagiri was promoted by Hope Foundation, Pune to cater to the technical education needs of rural area aspirants. The Academy, affiliated to the University of Mumbai is providing high quality education in the field of engineering and information technology. Recently, the Academy got permission from AICTE to start B.E. in Chemical and Electronics & Telecommunication. The high standard of education imparted by the Academy and efforts taken for all-round development of the students enables Academy to achieve higher percentage successful students getting through with flying colours. Recently, a student of Academy captured first rank in B.E. Mechanical with gold medal and another student captured second rank in electrical engineering.

### **Healthcare**

Your Company conducted health check-up camps with the help of Mukul Madhav Foundation for school children at Pawas, Fansop and Maingadewadi in the district Ratnagiri. Nearly 1,300 children took advantage of the check-up camp. As a part of follow up activity of the health check-up camps, Mukul Madhav Foundation arranged for free of cost treatment including operations wherever needed. Students were brought to Pune along with their parents for further treatment. Children were operated for squint and ear problems. All the expenses such as travel, lodging, boarding, operation and medicine were taken care of by Mukul Madhav Foundation. Mukul Madhav Foundation also provided spectacles free of cost to the students who were identified as having refractive errors. Later, a weekly and monthly follow-up was also carried out free of cost. To create awareness among students, teachers and parents, your Company's medical officer spoke on various occasions on health & hygiene, nutrition and locally available balanced diet. He also explained logic to eradicate superstitions related to health. School children, teachers and parents were benefited.

### **Acknowledgements**

Your directors take this opportunity to place on record their deep sense of gratitude to the banks, financial institutions, Central and State Government departments, their local authorities especially at Ratnagiri for their guidance and support. Your directors are also grateful to the customers, suppliers and business associates of the Company for their continued co-operation and support. Your directors express their deep sense of appreciation for the total commitment, dedication and hard work put in by every employee at all levels of the Company. Lastly, your directors are deeply grateful for the confidence and faith shown in them by the members of the Company.

Pune  
27th June, 2009

For and on behalf of the Board of Directors  
**P. P. Chhabria**  
*Chairman*

## ANNEXURE TO DIRECTORS' REPORT 2008 - 2009

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

### A. CONSERVATION OF ENERGY

#### a) Energy Conservation measures taken:

- A steam generator installed in Hiboil column circuit to absorb heat of overhead vapours and generate 3 tons per hour steam for heating DM water for PVC batch charging.
- Due to steam generator in Hiboil column, vapour flow to air-cooled condenser reduced, thereby stopping 3 fans, saving 45 kW per hour.
- A new medium size air compressor installed, one big air compressor stopped, thereby air venting stopped, power saving of 375 kW per hour (average).
- Use one Freon Refrigeration compressor for HCL condensation could be discontinued due to good and efficient oil separation from the system, saving 225 kW per hour.
- Steam trap condensate in VCM plant piped up to the deaerator drum thereby saving valuable heat energy.
- Due to emulsification of boiler fuel, efficient combustion achieved, thereby saving LSHS fuel consumption by 331 tons per year.
- Replacement of tube lights and incandescent lamps with CFL lamps at selected non productive area reduced power consumption by 3 kW per hour.
- Reduction in excess lighting in plant, reduced 4 kW per hour.

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

- Installation of vapour absorption refrigeration system using low pressure steam. Expected to stop a refrigeration compressor in chilled brine system.
- Low pressure steam of cracker quench overhead condenser will be lined up to VCM stripper reboiler to avoid steam venting.
- Additional heat of Hiboil column overhead vapours will be utilised in heads column reboiler.

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

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

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

**Form A**  
**(PVC Plant)**

**A. Power and fuel consumption:**

| Sr. No.   | Description               | Units        | 2008-2009 | 2007-2008 |
|-----------|---------------------------|--------------|-----------|-----------|
| <b>1.</b> | <b>Electricity</b>        |              |           |           |
|           | Purchased units for       |              |           |           |
|           | PVC resin Plant           | lakhs kWh    | 1266.43   | 1144.78   |
|           | Total amount              | In Rs.lakhs  | 5949.57   | 4818.24   |
|           | Average rate/unit         | In Rs./kWh   | 4.70      | 4.21      |
| <b>2.</b> | <b>Furnace oil (LSHS)</b> |              |           |           |
|           | Quantity                  | Metric Tons  | 14969.601 | 18287.640 |
|           | Total price               | In Rs. lakhs | 3869.01   | 3808.81   |
|           | Average rate/unit         | In Rs./ M.T. | 25845.78  | 20827.24  |
| <b>3.</b> | <b>HSD/SKO/Naphtha</b>    |              |           |           |
|           | Quantity                  | Metric Tons  | 9586.777  | 13192.466 |
|           | Total price               | In Rs. lakhs | 3671.58   | 4208.42   |
|           | Average rate/unit         | In Rs./ M.T. | 38298.39  | 31900.18  |
| <b>4.</b> | <b>LPG</b>                |              |           |           |
|           | Quantity                  | Metric Tons  | 509.986   | 426.687   |
|           | Total price               | In Rs. lakhs | 244.48    | 129.51    |
|           | Average rate/unit         | In Rs./ M.T. | 47938.57  | 30352.46  |

**B. Consumption per metric ton production of PVC Resin:**

| Sr. No. | Description           | Units / Per Ton | 2008-2009 | 2007-2008 |
|---------|-----------------------|-----------------|-----------|-----------|
| 1       | Electricity           | kWh             | 512       | 538       |
| 2       | a) Furnace oil (LSHS) | M.T.            | 0.0605    | 0.0860    |
|         | b) HSD/SKO/Naphtha    | M.T.            | 0.0388    | 0.0620    |
|         | c) LPG                | M.T.            | 0.0021    | 0.0020    |

**B. TECHNOLOGY ABSORPTION:**

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

**FORM- B**

Form for disclosure of particulars with respect to absorption.

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

1. Specific areas in which R&D efforts have been put in by company are:
  - A reverse osmosis system installed to treat high salinity water as well as treated effluent from plant to reduce water consumption.
  - Use of in line hydrometer in liquid hydrocarbon incinerator reduced frequency of sampling to laboratory, improving fugitive emissions and reduced HCl handling.
  - IR flame sensors installed in boilers in addition to the UV sensors to cover wide range of oil flame and avoid boiler tripping to improve reliability.
  - Surface reservoir I lined with HDPE film to reduce water loss to a great extent.
  - All mechanical seal type pumps in incinerator unit replaced with magnetic seal-less pumps to avoid seal leak resulting in environmental Improvement
2. Benefits derived as a result of the above R&D:
  - Improvement in reaction efficiencies.
  - Improvement on stream time.
3. Future plans of action:
  - Modification in PVC old reactors' cooling water circulation to forced circulation in close loop for capacity augmentation & energy saving.
  - Surface reservoir II will be lined up with HDPE film to reduce water seepage loss.
4. Expenditure on R & D:
  - a) Capital
  - b) Recurring
  - c) Total
  - d) Total R&D expenditure as a percentage of total turnover

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

**Technology Absorption, Adaptation and Innovation**

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:
  - Continuous efforts are made with an objective to achieve productivity, reduction in raw material, power and steam consumptions, reduction in product wastage and downtime for maintenance and curtailment of maintenance cost.



2. Benefit derived as a result of the above efforts:
  - Conservation of base material
  - Environmental protection and effluent quality improvement
3. Imported Technology:
  - a) Technology imported : VCM & PVC technologies from Uhde GmbH, Germany.
  - b) Year of Import : 1990
  - c) Has technology been : Yes  
fully absorbed.

#### **C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- (f) Activities relating to exports; initiatives taken in increase exports; development of new export markets for products and services; and export plans:
  - Due to better realisation in the domestic market and in order to meet the local demand, the Company did not pursue exports during the year under review.
- (g) (a) Total foreign exchange used : Rs. 90,742.98 lakhs
- (b) Total foreign exchange earned : Rs. Nil

**FINOLEX INDUSTRIES LIMITED**

Information as per Sec. 217(2A) of the Companies Act, 1956 read with Companies(Particulars of Employees) Rules, 1975 and forming part of the Director's report for the period ended 31 March, 2009.

| S.No. | Name                | Age (Yrs.) | Designation/Nature of Duties     | Gross Remuneration | Qualifications             | Total Experience | Date of Comm. of Employment | Last employment held Designation                                   |
|-------|---------------------|------------|----------------------------------|--------------------|----------------------------|------------------|-----------------------------|--|
| 1     | Chhabria K. P.      | 76         | Vice Chairman                    | 2,400,000          | Industrial Experience      | 50               | 30.08.1970                  | —  |
| 2     | Chhabria Prakash P. | 46         | Managing Director                | 2,400,000          | B.Sc. (Intl. Business) USA | 21               | 13.03.1992                  | Finolex Cables Limited<br>General Manager                          |
| 3     | Dhanorkar S S       | 53         | Asst. Managing Director & C.O.O. | 2,400,000          | C.A.                       | 30               | 14.06.1983                  | Kirloskar Brothers Ltd<br>Finance - Manager                        |
| 4     | Subramaniam P       | 61         | Asst. Managing Director & C.F.O. | 2,400,000          | MBA - Finance              | 25               | 24.01.1994                  | Associate Cement Company Ltd.<br>General Manager - Finance         |
| 5     | Arora J S           | 65         | Director - Operations            | 2,398,227          | B E - Chemical             | 34               | 14.09.1994                  | Gujrat Carbon & Industries Ltd<br>Sr. Vice President - (Technical) |
| 6     | Sanjay S Math       | 54         | Director - Manufacturing         | 713,520            | B E - Chemical             | 33               | 15.12.2004                  | Saudi Yanbu Petrochem, saudi arabia<br>Sr. Process Professional    |
| 7     | Swaminathan R       | 63         | President - Projects             | 2,701,878          | M E - Chemical             | 37               | 15.11.2002                  | Citurgia Chemicals Ltd.<br>Executive Director                      |

Note:

- 1 Designation of the employees indicates the nature of his duties.
- 2 Nature of the employment of Mr. K. P. Chhabria and Mr. Prakash Chhabria is contractual.
- 3 Mr. K. P. Chhabria and Mr. Prakash Chhabria are related to Director of the Company.
- 4 Remuneration includes salary, house rent allowance or perquisites for accommodation, the Company's contribution to Provident Fund and superannuation fund, motor car perquisite/allowance, reimbursement of medical and other expenses, other allowances, leave travel facility and bonus / ex-gratia as applicable.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

Sd/-

**P. P. CHHABRIA**

**CHAIRMAN**

Pune : 27th June, 2009

## Auditors' Certificate on Corporate Governance

To the Members of Finolex Industries Limited,

We have examined the compliance of conditions of corporate governance by Finolex Industries Limited for the year ended on 31st March, 2009 as stipulated in clause 49 of the Listing Agreements of the Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of the 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 abovementioned Listing Agreements.

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

Place : Pune

Date : 27th June, 2009

For and on behalf of  
**B. K. Khare & Co.**  
Chartered Accountants

**U. B. Joshi**  
Partner  
Membership.No. 44097

# Corporate Governance

## Compliance Report for the year 2008-2009

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

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

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

### 2. Board of Directors and Board procedure:

- i The Board comprises of eight non-executive (effective 27th June, 2009) and five executive directors. Out of eight non-executive directors, seven (effective 27th June, 2009) are independent.
- ii During 2008-2009, the Board of Directors met 5 (five) times viz. on 20th May, 2008, 18th June, 2008, 29th July, 2008, 21st October, 2008 and 30th January, 2009. The time-gap between two meetings was less than four months.
- iii. The information as required under Annexure IA to clause 49 was made available to the Board in every meeting.
- iv. None of the directors on the Board was a member of more than 10 committees or chairman of more than 5 committees across all the companies in which he is a director. The necessary disclosures regarding committee positions have been made by the directors.
- v. The details of attendance of each of the directors at the Board (BM), Audit Committee (ACM), Investors Grievance Committee (IGCM) meetings and last AGM held during the financial year 2008-2009, and details of number of outside directorships and committee positions held by each of the directors are given in Table 1 below:

Table 1

| Sr. No. | Name of Director                         | Attendance at Board, Committee Meetings & AGM (during 2008-2009) |             |              |     | Outside Directorships* |          | Committee Positions** |          |
|---------|--|--|-------------|--------------|-----|------------------------|----------|-----------------------|----------|
|         |  | No. of BMs   | No. of ACMs | No. of IGCMs | AGM | Member                 | Chairman | Member                | Chairman |
| 1       | Mr. P. P. Chhabria                       | 4  | NA          | 5            | YES | 15                     | 12       | 3                     | 2        |
| 2       | Mr. K. N. Atmaramani                     | 3  | 3           | 3            | YES | 1                      | Nil      | 2                     | 2        |
| 3       | Mr. Proshanto Banerjee ***               | 3  | 1           | Nil          | NO  | 1                      | Nil      | Nil                   | Nil      |
| 4       | Mr. M. G. Bhide                          | 4  | 4           | 4            | YES | 8                      | Nil      | 6                     | 3        |
| 5       | Mr. S. N. Inamdar                        | 5  | 5           | 5            | YES | 10                     | 1        | 6                     | 4        |
| 6       | Mr. S. S. Marathe **** (Upto 28/09/2008) | 3  | 2           | 2            | YES | NA                     | NA       | NA                    | NA       |
| 7       | Dr. Vijay P. Bhatkar #                   | 1  | NA          | NA           | NA  | 3                      | Nil      | Nil                   | Nil      |
| 8       | Dr. Sunil U. Pathak #                    | 2  | NA          | NA           | NA  | 9                      | Nil      | Nil                   | Nil      |
| 9       | Mr. K. P. Chhabria                       | 4  | NA          | 5            | YES | 10                     | Nil      | 1                     | Nil      |
| 10      | Mr. Prakash P. Chhabria                  | 5  | NA          | NA           | YES | 32                     | 4        | Nil                   | Nil      |
| 11      | Mr. S. S. Dhanorkar                      | 5  | NA          | NA           | YES | 2                      | Nil      | Nil                   | Nil      |
| 12      | Mr. P. Subramaniam                       | 5  | NA          | NA           | YES | 2                      | Nil      | Nil                   | Nil      |
| 13      | Mr. J. S. Arora                          | 4  | NA          | NA           | YES | Nil                    | Nil      | Nil                   | Nil      |

\* Outside directorships include directorships in Private Limited Companies.

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

\*\*\* Mr. Proshanto Banerjee was co-opted on the Audit Committee and Investor Grievance Committee as member by the Board in its meeting held on 29th July, 2008.

\*\*\*\* Mr. S.S. Marathe ceased to be the director of the Company effective 28th September, 2008 since deceased.

# Dr. Vijay P. Bhatkar and Dr. Sunil U. Pathak were co-opted as additional directors on 21st October, 2008.

vi. The two independent directors Mr. K. N. Atmaramani and Mr. M. G. Bhide and one wholetime director Mr. J. S. Arora retire by rotation at the twenty-eighth annual general meeting of the Company and being eligible, offer themselves for reappointment. Mr. Vijay P. Bhatkar and Dr. Sunil U. Pathak were co-opted as additional directors on 21st October, 2008. Mr. P. D. Karandikar was co-opted as additional director on 27th June, 2009. These directors are being appointed as directors at the twenty-eighth annual general meeting.

vii. **Brief resume of the directors being re-appointed, nature of their expertise in specific functional areas and names of companies in which they hold directorships, memberships of the committees of the Board and the details of shares held in the Company are furnished hereunder and such information of directors being appointed is given in the notice of twenty-eighth annual general meeting.**

Mr. K. N. Atmaramani, age 71 years, is a director of the Company since 27th July, 2002. Mr. Atmaramani is also a director of IL&FS Securities Services Limited. He held various high ranking positions in the investment and finance fields. He was associated with UTI in various capacities for a period of seven years including Executive Trustee. Subsequently, he was with Tata Mutual Fund and retired as its Managing Director in February, 2002.

Shares held: Nil

Mr. M. G. Bhide, age 70 years, is a director of the Company since 21st August, 2000. Mr. M. G. Bhide is also a director of Mahindra Shubhlabh Services Ltd., J. P. Morgan Securities India Private Ltd., Global Trade Finance Ltd., IOT Infrastructure & Energy Services Ltd., Asset Reconstruction Company (India) Ltd., Mahindra & Mahindra Financial Services Limited and J. P. Morgan Mutual Fund India Pvt. Ltd. Mr. Bhide is the former Chairman and Managing Director of Bank of India. Mr. Bhide was associated with the State Bank of India earlier, where he was Managing Director and Group Executive (National Banking Division). He served with SBI as Deputy Managing Director and Chief Credit Officer as well. Mr. Bhide was a Member of the Technical Advisory Committee on Money and Government Securities Market set-up by the Reserve Bank of India.

Shares held: Nil

Mr. J. S. Arora, age 64 years, is working with the Company since 1994 and is a director of the Company since 1st December, 1996. Mr. J. S. Arora is B.E. Chemical Engineering, with specialization in petroleum and petrochemicals. He has working experience of 42 years in the field of fertilizers and petrochemicals with different Petrochemical companies. He is not holding directorship of any other company.

Shares held: 2000

### 3. Code of conduct:

The Board had laid down the code of conduct for the Board and Senior Management Team. The code is posted on [www.finolex.com](http://www.finolex.com)

The Board members and Senior Management team personnel have affirmed compliance with the code. The declaration dated 27th June, 2009 received from Mr. Prakash P. Chhabria, Managing Director in this regard is given below:

**“I hereby declare that all Board members of the Company and Senior Management personnel have affirmed compliance with the Code of Conduct for applicable period of the financial year 2008-2009.”**

### 4. Audit Committee:

- Brief description of terms of reference:
  - 1) Oversight of Company's financial reporting process and the disclosure of its financial information.

- 2) Recommending the appointment/removal of external auditors and their remuneration and remuneration of wholetime directors.
  - 3) Reviewing financial statements, adequacy of internal control systems and internal audit function, financial and risk management policies.
  - 4) Pre-audit and post audit discussions with external auditors on nature and scope of audit and areas of concern, if any, respectively.
- Composition, members' names and chairperson:  
As on 31st March, 2009, Audit committee was consisting of 4 independent directors viz. Mr. S. N. Inamdar (Chairman), Mr. K. N. Atmaramani, Mr. M. G. Bhide and Mr. Proshanto Banerjee.
  - All members of the Audit Committee are financially literate and have accounting or related financial management expertise.
  - Required information for review was placed before the Audit Committee meetings held during the year.
  - Meetings and attendance during the year; Details given in Table 1.
  - Mr. Anil B. Atre, AVP (Legal & Admin.) & Company Secretary of the Company acts as Secretary to the Committee.

#### 5. Remuneration Committee (non-mandatory):

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

Details of remuneration paid to the executive directors for the financial year 2008-2009 are given below:

Table 2

| Particulars   | Mr. K. P. Chhabria, Executive Vice Chairman | Mr. Prakash P. Chhabria, Managing Director | Mr. S. S. Dhanorkar, Asst. Managing Director & COO | Mr. P. Subramaniam, Asst. Managing Director & CFO | Mr. J. S. Arora, Director (Operations) | Mr. S. S. Math Director (Manufacturing) ** |
|---|---|--|--|---|--|--|
| Salary and Allowances (Rs.)                                 | 69,04,900                                   | 61,75,000                                  | 36,32,426  | 28,27,935   | 23,99,113                              | 7,13,520                                   |
| Contribution to PF, Superannuation and Gratuity Funds (Rs.) | 16,20,000                                   | 14,40,000                                  | 7,31,160   | 5,97,540  | 4,65,113                               | 1,16,645                                   |
| Bonus (Rs.)   | Nil   | Nil  | Nil  | Nil   | Nil                                    | Nil  |
| Total amount paid   | 85,24,900                                   | 76,15,000                                  | 43,63,586  | 34,25,475   | 28,64,226                              | 8,30,165                                   |

(contd...)

### Details of remuneration paid to the executive directors for the financial year 2008-2009 (Contd...)

| Particulars                                     | Mr. K. P. Chhabria, Executive Vice Chairman | Mr. Prakash P. Chhabria, Managing Director | Mr. S. S. Dhanorkar, Asst. Managing Director & COO | Mr. P. Subramaniam, Asst. Managing Director & CFO | Mr. J. S. Arora, Director (Operations) | Mr. S. S. Math Director (Manufacturing) ** |
|---|---|--|--|---|--|--|
| Less: Exempted perquisites as per Schedule XIII | 16,20,000                                   | 14,40,000                                  | 7,31,160   | 5,97,540  | 4,65,113                               | 1,16,645                                   |
| Less: Amount Refunded *                         | 45,04,900                                   | 37,75,000                                  | 12,32,426  | 4,27,935  | Nil                                    | Nil  |
| Total amount paid as per Sch.XIII               | 24,00,000                                   | 24,00,000                                  | 24,00,000  | 24,00,000   | 23,99,113                              | 7,13,520                                   |
| Notice Period                                   | 6 months                                    | 6 months                                   | 3 months   | 3 months  | 3 months                               | N.A.                                       |
| Service contract                                | Five years                                  | Five years                                 | Five years   | Four years  | Two years                              | N.A.                                       |

\* In view of the loss for the year 2008-2009, the Company had paid minimum remuneration as applicable under provisions of Schedule XIII of the Companies Act, 1956.

\*\* Since Mr. Math had resigned the details of remuneration paid for the period from 1st April, 2008 to 19th July, 2008 are given.

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

**Table 3**

| Sr.No. | Name                   | Remuneration       | Shares held |
|--------|------------------------|--------------------|-------------|
|        |                        | Sitting fees (Rs.) |             |
| 1      | Mr. P. P. Chhabria     | 210000             | 170427      |
| 2      | Mr. K. N. Atmaramani   | 90000              | Nil         |
| 3      | Mr. Proshanto Banerjee | 40000              | Nil         |
| 4      | Mr. M. G. Bhide        | 120000             | Nil         |
| 5      | Mr. S. N. Inamdar      | 150000             | 2000        |
| 6      | Dr. Vijay P. Bhatkar   | 10000              | Nil         |
| 7      | Dr. Sunil U. Pathak    | 20000              | Nil         |
| 8      | Mr. S. S. Marathe *    | 70000              | 750         |

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

\* Mr. S. S. Marathe ceased to be the director of the Company effective 28th September, 2008 since deceased.

### 6. Investors' Grievance Committee:

As on 31st March, 2009, the Investors' Grievance Committee was comprising of six directors viz. Mr. P. P. Chhabria (non-executive director), the chairman of the committee, Mr. K. N. Atmaramani, Mr. M. G. Bhide, Mr. S. N. Inamdar, Mr. Proshanto Banerjee and Mr. K. P. Chhabria.

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

During the year, Company received 15 shareholders' complaints and all of them were resolved. No complaint was pending as on 31st March, 2009.



**7. General Body Meetings:**

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

| Year         | 2005-2006   | 2006-2007   | 2007-2008   |
|--------------|---|---|---|
| Date of AGM  | 29/06/2006  | 22/06/2007  | 18/08/2008  |
| Place of AGM | Acharya Atre Rangmandir, Sant Tukaram Nagar, Pimpri, Pune 411 018 | Acharya Atre Rangmandir, Sant Tukaram Nagar, Pimpri, Pune 411 018 | Disha Hall, Parandwadi, Taluka Maval, District Pune 410 506 |
| Time of AGM  | 11.30 a.m.  | 11.30 a.m.  | 11.30 a.m.  |

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

| Sr. No. | Date of AGM | Item of special resolution   |
|---------|-------------|--|
| 1       | 29.06.2006  | 1 Commencement of all or any of the activities covered by sub-clause 16 of Clause III of the Memorandum of Association.  |
|         |             | 2 Additional disclosures made pursuant to the requirements of NSE in terms of ESOP Guidelines.   |
| 2       | 22.06.2007  | 1 Payment and distribution of a sum not exceeding 1% of the net profits of Company by way of commission to the directors who are neither in the wholetime employment nor managing director of the company.               |
|         |             | 2 To obtain consent to shift the registered office of the Company from D1/10, MIDC, Chinchwad, Pune 411 019 to Village Urse, Taluka Maval, District Pune 410 506. This special resolution was put through postal ballot. |
| 3       | 18.08.2008  | 1 To obtain consent for amendment of existing Article 114 of the Articles of Association.  |
|         |             | 2 To obtain consent for increasing the number of directors from twelve to fifteen.   |
|         |             | 3 To obtain consent for re-designation of Mr. K. P. Chhabria as Executive Vice Chairman with revised remuneration.   |
|         |             | 4 To obtain consent for reappointment of Mr. K. P. Chhabria as Executive Vice Chairman of the company for a further period of five years.  |

iii Any special resolution passed last year through postal ballot. Details of voting pattern:

No special resolution was passed last year through postal ballot.

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

Transactions at sr. nos. 11 & 12 of the notice of the annual general meeting will be conducted through postal ballot.

#### **8. Disclosures:**

- i. No transaction of material nature has been entered into by the Company with its promoters, directors or management or relatives, etc. that may have potential conflict with the interest of the Company.
- ii. There were no instances of non-compliance or penalty, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during last three years.
- iii. The Company has complied with all the mandatory requirements of clause 49 of the listing agreements. Regarding non-mandatory requirements:
- The non-executive chairman is not claiming reimbursement of any expenses for maintaining his office.
  - The powers of the remuneration committee are given to the audit committee.
  - The Company is publishing unqualified financial statements.
  - The Board members are having adequate experience and expertise to deal with the business matters.
  - The Company has not established whistle blower policy.

#### **9. Means of Communication:**

- The quarterly results were published during the year under review in leading national and regional newspapers such as The Economic Times, Financial Express, Loksatta and Navshakti Times.
- The quarterly results are displayed on www.finolex.com and on websites of BSE, NSE and SEBI.
- The official news releases of the Company are displayed on the websites of BSE and NSE.
- The Management Discussion and Analysis Report is forming part of annual report. Detailed report is given on pages 3 to 5.

#### **10. General Shareholder Information:**

- a. Annual General Meeting:

- Day, date & time : Friday, 28th August, 2009 at 11.30 a.m.
- Venue : "Training Centre" Finolex Cables Limited  
At & post Urse, Taluka Maval,  
District Pune 410 506

- b. Financial Calendar (Tentative) : April, 2009 to March, 2010

Table 4

|   |  |
|---|--|
| Announcement of quarterly results of 2009-2010 & annual general meeting | Quarterly results by end of July, 2009, October, 2009, January, 2010, May, 2010 and annual general meeting by end of August, 2010. |
| c. Book Closure Period  | : 15th August, 2009 to 28th August, 2009   |
| d. Dividend Payment date  | : On or before 26th September, 2009  |
| e.  |  |
| <b>Name of the stock exchange</b>                                       | <b>Scrip Code</b>  |
| Bombay Stock Exchange Limited (BSE)                                     | 500940/finolexind  |
| National Stock Exchange of India Limited (NSE)                          | FINPIPE  |
| f. Market price data:   |  |
| Monthly high/low (Rs./share) during 2008-2009                           |  |

Table 5

|     | High   | Low   | High   | Low   | High   | Low   | High   | Low   | High   | Low   | High    | Low   |
|-----|--------|-------|--------|-------|--------|-------|--------|-------|--------|-------|---------|-------|
|     | Apr-08 |       | May-08 |       | Jun-08 |       | Jul-08 |       | Aug-08 |       | Sept-08 |       |
| BSE | 75.00  | 62.10 | 80.00  | 66.60 | 69.75  | 55.10 | 59.90  | 50.00 | 64.45  | 53.45 | 57.00   | 42.05 |
| NSE | 74.70  | 64.25 | 80.30  | 62.65 | 70.00  | 55.20 | 61.00  | 49.75 | 69.80  | 53.50 | 58.00   | 41.00 |
|     | Oct-08 |       | Nov-08 |       | Dec-08 |       | Jan-09 |       | Feb-09 |       | Mar-09  |       |
| BSE | 46.80  | 29.15 | 35.20  | 27.05 | 34.50  | 27.75 | 33.80  | 27.80 | 29.85  | 26.90 | 28.80   | 25.05 |
| NSE | 49.90  | 29.05 | 37.00  | 26.10 | 34.50  | 27.75 | 33.60  | 27.25 | 29.95  | 26.00 | 29.35   | 25.00 |

STOCK GRAPH-ONE YEAR COMPARATIVE GRAPH WITH NSE NIFTY



(Source : NSE Website)

- g. Registrar and Transfer Agent:  
The Company is registered with SEBI as Share Transfer Agent category II. All shareholder related services are provided in-house.
- h. Share Transfer System:  
The share transfer committee attends to share transfer formalities normally once in a fortnight. Demat requests are normally confirmed within 21 days from the date of receipt of request.
- i. (a) Shareholding pattern as on 31.3.2009

**Table 6**

| Category  | No. of shares | % of capital |
|---|---------------|--------------|
| Indian promoter (including Finolex Cables Ltd.-group co.) | 64643341      | 52.12        |
| FII   | 2910391       | 2.35         |
| Banks/FIs/MFs/Insurance Companies                         | 1122864       | 0.91         |
| Private Corporate Bodies                                  | 7669692       | 6.18         |
| Indian Public   | 44874192      | 36.18        |
| NRI/OCB   | 1666266       | 1.34         |
| Others  | 1139721       | 0.92         |
| Total   | 124026467     | 100.00       |

- (b) Entities comprising "Group" under Regulation 3 (1) (e) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 are:

Akash Tatva Investments Pvt. Ltd., Coated Fabrics Pvt. Ltd., Corrugated Box Industries (India) Pvt. Ltd., Devita Investment Pvt. Ltd., Fino Communication Equipments Pvt. Ltd., Finolex Cables Limited, Finolib Chemicals Pvt. Ltd., Hi-Tech Polycoatings Pvt. Ltd., K.P. Investments Pvt. Ltd., Katara Dental Pvt. Ltd., Magnum Machines Pvt. Ltd., Majesty Investments Pvt. Ltd., Mohini Investments Pvt. Ltd., Orbit Electricals Pvt. Limited, Pratibha Xero-Graphic Impressions Pvt. Ltd., V.K.C. Investments Pvt. Ltd., P.P. Chhabria, Prakash P. Chhabria, Gayatri Prakash Chhabria, Hansika-Hiya Prakash Chhabria, K.P. Chhabria, Sunita Kishan Chhabria, Vijay Kishan Chhabria, Priya Vijay Chhabria, Rishi Vijay Chhabria, Deepak K. Chhabria, Vini Deepak Chhabria, Kavita S. Raheja, Siddharth S. Raheja, Sonia S. Raheja, Mukesh Dolumal Katara, Aruna Mukesh Katara, Amit Mukesh Katara and Amrita Mukesh Katara.

Distribution of Shareholding as on 31.3.2009

**Table 7**

| No. of Equity Shares held | No. of shareholders | % of shareholders | Number of shares | % of shareholding |
|---------------------------|---------------------|-------------------|------------------|-------------------|
| 1-5000                    | 170312              | 99.64             | 37791874         | 30.47             |
| 5001-10000                | 342                 | 00.20             | 2472824          | 01.99             |
| 10001 and above           | 269                 | 00.16             | 83761769         | 67.54             |
| Total                     | 170923              | 100.00            | 124026467        | 100.00            |

- j. Dematerialisation of shares : NSDL : 81.34%, CDSL : 6.64%
- k. Company has not issued any GDRS / ADRS / Share Warrants or any convertible instruments.

l. Plant locations : **PVC, Pipes & Fittings Plants**

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

**Pipes & Fittings Plant**

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

**Pipes Plant**

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

m. Address for correspondence :

**Investor Relations Centre**

P-14, Rajiv Gandhi Infotech Park,  
MIDC, Phase-I, Hinjewadi,  
Pune 411 057

Tel. No.020-2740 8200

Fax No.020-2293 2939

E-mail : [investors@finolexind.com](mailto:investors@finolexind.com)

[aa@finolexind.com](mailto:aa@finolexind.com)

[kbd@finolexind.com](mailto:kbd@finolexind.com)

## Auditors' Report

To the Members of Finolex Industries Limited,

We have audited the attached Balance Sheet of Finolex Industries Limited as at 31st March 2009, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Government of India, in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

- e) On the basis of the written representations received from the Directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 on the said date;
- f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, read together with the Company's Accounting Policies and the Notes thereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) in the case of the Balance Sheet, of the state of affairs of the Company as on 31st March, 2009;
  - ii) in the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
  - iii) in the case of Cash Flow Statement, of the cash flow for the year ended on that date.

Place : Pune.

Dated : 27th June, 2009

**For B. K. Khare & Co.**  
Chartered Accountants

**U. B. Joshi**  
Partner  
Membership. No.44097

## Annexure to the Auditors' Report

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

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) Assets have been physically verified by the management during the year based on the regular programme of verification which in our opinion is reasonable having regards to the size of the company and the nature of its assets. As explained the reconciliation of physical inventory of plant and machinery with book records is nearing completion.
  - (c) During the year, the company has not disposed of any substantial/major part of fixed assets.
- ii. (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion and according to the information and explanations given to us, the procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the inventory, the Company is maintaining proper records of inventory. Discrepancies noticed on verification between the physical stocks and the book records were not material and have been appropriately dealt with in the books of account.
- iii. 1(a)The Company has granted an unsecured loan of Rs. 45 lakhs to Finolex Plasson Industries Limited, associate company, listed in the register maintained under section 301 of the companies Act, 1956.
  - b) According to the information and explanations given to us, in our opinion, the rate of interest and other terms and conditions of the above loan mentioned granted by the company, are not prima facie, prejudicial to the interest of the company.
  - c) According to the information and explanations given to us the company to whom loans and advances in the nature of loan have been given is repaying the principal amount as stipulated and is also regular in payment of interest.



- d) There is no overdue amount of loan granted to the company listed in the register maintained under section 301 of the companies Act,1956.
- 2 (a) According to the information and explanations given to us, the company has taken the loan of Rs. 350 lakhs from Coated Fabrics (P) Ltd, a party listed in the register maintained under section 301 of the Companies Act,1956
- b) According to the information and explanations given to us, in our opinion, the rate of interest and other terms and conditions of above loan granted to the company, are not prima facie, prejudicial to the interest of the company.
- c) According to the information and explanations given to us, the company is regular in repayment of principal and payment of interest.
- d) There is no overdue amount of loan taken from the company listed in the register maintained under section 301 of the companies Act,1956.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weakness in internal control system.
- v. In respect of transactions entered in the register maintained in pursuance of section 301 of Companies Act,1956;
  - a) Based on audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements have been entered in the register required to be maintained under section 301.
  - b) According to the information and explanations given to us and excluding certain transactions of purchase of goods and material of special nature for which alternate quotations are not available, in our opinion, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Hence, the provisions of

Section 58A and 58AA and any other relevant provisions of the Companies Act, 1956 and rules framed there under are not applicable.

- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed the books of accounts maintained by the company relating to the manufacture of PVC Resin, pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view of determining whether they are accurate and complete.
- ix. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and other statutory dues with the appropriate authorities.
- (b) According to the records of the company and information and explanations given to us, dues of Income Tax, Sales tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty and cess, which have not been deposited on account of disputes and forum where dispute is pending are as under;

| Name of statute | Nature of dues     | Amount (in lakhs) | Period to which the amount relates | Forum where pending     |
|-----------------|--------------------|-------------------|------------------------------------|-------------------------|
| Income Tax Act  | Income Tax Demand  | 22.45             | F.Y.2005-06                        | Commissioner (A)        |
| Service Tax     | Service Tax Demand | 167.45            | F.Y 2001-02                        | Additional Commissioner |
| Service Tax     | Service Tax Demand | 0.39              | F.Y.2004-05                        | Commissioner (A)        |
| Service Tax     | Service Tax Demand | 67.22             | F.Y.2006-07                        | Commissioner            |
| Service Tax     | Service Tax Demand | 286.98            | F.Y.2008-09                        | Commissioner            |
| Central Excise  | Excise Demand      | 3.00              | F.Y.1996-97                        | Assistant Commissioner  |

| Name of statute | Nature of dues | Amount (in lakhs) | Period to which the amount relates | Forum where pending    |
|-----------------|----------------|-------------------|------------------------------------|------------------------|
| Central Excise  | Excise Demand  | 61.61             | F.Y.2002-03                        | CESTAT                 |
| Central Excise  | Excise Demand  | 13.11             | F.Y.2005-06                        | Commissioner (A)       |
| Central Excise  | Excise Demand  | 0.96              | F.Y.2005-06                        | CESTAT                 |
| Central Excise  | Excise Demand  | 0.46              | F.Y.2006-07                        | Deputy Commissioner    |
| Central Excise  | Excise Demand  | 3.57              | F.Y.2008-09                        | Assistant Commissioner |
| Central Excise  | Excise Demand  | 5.92              | F.Y.2008-09                        | Joint Commissioner     |
| Central Excise  | Excise Demand  | 39.08             | F.Y.2008-09                        | Joint Commissioner     |
| Central Excise  | Excise Demand  | 18.54             | F.Y.2008-09                        | Joint Commissioner     |
| Central Excise  | Excise Demand  | 68.88             | F.Y.2008-09                        | Various                |

- x. The Company does not have accumulated losses at the end of the financial year and the company has not incurred any cash losses in the current and the immediately preceding financial year.
- xi. Based on our audit procedure and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the payment of dues to its bankers or to any financial institutions.
- xii. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The provisions of any Special Statute applicable to chit fund or nidhi / mutual benefit fund / societies are not applicable to the company.
- xiv. (a) Based on the records examined by us and according to the information and explanations given to us, we are of the opinion that the company is maintaining proper records of the transactions and contracts of dealing in shares and securities and that timely entries have been made in these records.
- (b) Based on our audit procedures and to the best of our knowledge and belief and according to the information and explanations given to us, the shares and securities have been held by the company in its own name.

- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- xvi. To the best of our knowledge and belief and according to explanations given to us, term loans availed by the company were, prima facie applied by the company during the year for the purpose for which loans were obtained.
- xvii. According to the Cash flow statement and records examined by us and according to the information and explanations given to us on overall basis, funds raised on short term basis have been used during the year for long term purposes mainly for acquisition/construction of fixed assets to the extent of approximately Rs. 13,843.04 lakhs.
- xviii. The Company has not made preferential allotment of shares to parties covered in the register maintained under Section 301 of the Companies Act, 1956 during the year and the question where the price at which the shares have been issued is prejudicial to the interest of the company does not arise.
- xix. According to the information and explanations given to us, charge has been created in respect of debentures issued.
- xx. The Company has not raised any money by public issues during the year and hence the question of disclosure and verification of end use of such money does not arise.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

Place : Pune.

Dated : 27th June, 2009

**For B. K. Khare & Co.**  
Chartered Accountants

**U. B. Joshi**  
Partner  
Membership.No.44097

# Balance Sheet

## as at 31st March, 2009

(Rs. in lakhs)

|   | Schedule | As At<br>31.03.2009 | As At<br>31.03.2008 |
|---|----------|---------------------|---------------------|
| <b>Sources of Funds</b>                           |          |                     |                     |
| <b>Shareholders' Funds</b>                        |          |                     |                     |
| Share Capital                                     | 1        | 12400.87            | 12400.15            |
| Reserves & Surplus                                | 2        | 37594.95            | 42999.72            |
|   |          | <u>49995.82</u>     | <u>55399.87</u>     |
| <b>Loan Funds</b>                                 |          |                     |                     |
| Secured Loans                                     | 3        | 24575.39            | 15817.13            |
| Unsecured Loans                                   | 4        | 55749.02            | 53357.47            |
|   |          | <u>80324.41</u>     | <u>69174.60</u>     |
| <b>Deferred Tax (Net)</b>                         |          | 7604.30             | 9805.98             |
| (Refer note 4 of Schedule 15)                     |          |                     |                     |
|   |          | <u>137924.53</u>    | <u>134380.45</u>    |
| <b>Application of Funds</b>                       |          |                     |                     |
| <b>Fixed Assets</b>                               | 5        | 56601.50            | 55700.97            |
| <b>Capital Work-in-progress</b>                   | 6        | 29913.90            | 20948.34            |
| <b>Investments</b>                                | 7        | 26458.95            | 25214.29            |
| <b>Current Assets, Loans &amp; Advances</b>       | 8        | 73121.41            | 74045.08            |
| <i>Less: Current Liabilities &amp; Provisions</i> | 9        | 48171.23            | 41528.23            |
| <b>Net Current Assets</b>                         |          | <u>24950.18</u>     | <u>32516.85</u>     |
|   |          | <u>137924.53</u>    | <u>134380.45</u>    |

**Notes**

15

As per our report of even date  
For B. K. Khare & Company  
Chartered Accountants

P. P. CHHABRIA  
K. P. CHHABRIA  
PRAKASH P. CHHABRIA  
K. N. ATMARAMANI  
S. N. INAMDAR  
DR. VIJAY P. BHATKAR  
DR. SUNIL U. PATHAK  
P. D. KARANDIKAR  
PROSHANTO BANERJEE  
S. S. DHANORKAR  
P. SUBRAMANIAM  
J. S. ARORA

Chairman  
Executive Vice Chairman  
Managing Director

U. B. JOSHI  
Partner

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

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

Pune : 27th June, 2009

Pune : 27th June, 2009

### Profit and Loss Account for the year ended 31st March, 2009

(Rs. in lakhs)

|  | Schedule | 2008-2009        | 2007-2008        |
|--|----------|------------------|------------------|
| <b>Income</b>  |          |                  |                  |
| Income from Operations and Other Income  | 10       | 173500.25        | 167550.25        |
| Less : Excise Duty   |          | 20587.70         | 24016.80         |
|  |          | <u>152912.55</u> | <u>143533.45</u> |
| <b>Expenditure</b>   |          |                  |                  |
| Materials & Manufacturing Expenditure  | 11       | 117441.15        | 113265.68        |
| Personnel Expenses   | 12       | 3760.50          | 3466.66          |
| Other Expenses   | 13       | 27095.05         | 7845.94          |
| Finance Charges  | 14       | 4682.66          | 3031.93          |
| Depreciation   |          | 5832.25          | 5745.77          |
|  |          | <u>158811.61</u> | <u>133355.98</u> |
| <b>(Loss)/Profit before Tax</b>  |          | <b>(5899.06)</b> | <b>10177.47</b>  |
| <b>Less: Provision for Taxation</b>  |          |                  |                  |
| Current Tax [Includes earlier years write back of Rs. 0.65 lakhs (Previous Year 249.31 lakhs)] |          | 22.04            | 3643.92          |
| Deferred Tax   |          | (2201.68)        | (665.00)         |
| Fringe Benefit Tax   |          | 70.00            | 80.00            |
| <b>(Loss)/Profit after Tax</b>   |          | <b>(3789.42)</b> | <b>7118.55</b>   |
| <i>Add:</i> Surplus brought forward  |          | 6292.48          | 5027.93          |
| <i>Add:</i> Transfer from Debenture Redemption Reserve   |          | 2500.00          | —                |
| Balance available for Appropriation  |          | <u>5003.06</u>   | <u>12146.48</u>  |
| <b>Appropriations</b>  |          |                  |                  |
| General Reserve  |          | —                | 1000.00          |
| Debenture Redemption Reserve   |          | —                | 500.00           |
| Proposed Dividend  |          | 1241.00          | 3721.00          |
| Tax on Dividend  |          | 211.00           | 633.00           |
|  |          | <u>1452.00</u>   | <u>5854.00</u>   |
| Surplus carried to Balance Sheet   |          | <u>3551.06</u>   | <u>6292.48</u>   |
| Earnings per share (EPS) par value Rs. 10 each   |          |                  |                  |
| Basic / Diluted  |          | (3.06)           | 5.74             |
| (Loss) / Profit after tax available for equity shareholders (Rs. in lakhs)                     |          | (3789.42)        | 7118.55          |
| <b>No. of shares used in computing weighted average EPS</b>                                    |          | <b>124026467</b> | <b>124026467</b> |

#### Notes

|                                |                     | 15                     |                               |
|--------------------------------|---------------------|------------------------|-------------------------------|
| As per our report of even date |                     | P. P. CHHABRIA         | Chairman                      |
| For B. K. Khare & Company      |                     | K. P. CHHABRIA         | Executive Vice Chairman       |
| Chartered Accountants          |                     | PRAKASH P. CHHABRIA    | Managing Director             |
|                                |                     | K. N. ATMARAMANI       |                               |
|                                |                     | S. N. INAMDAR          |                               |
|                                |                     | DR. VIJAY P. BHATKAR   |                               |
|                                |                     | DR. SUNIL U. PATHAK    |                               |
|                                |                     | P. D. KARANDIKAR       |                               |
|                                |                     | PROSHANTO BANERJEE     |                               |
| U. B. JOSHI                    | ANIL ATRE           | S. S. DHANORKAR        | Asst. Managing Director & COO |
| Partner                        | AVP (Legal & Admn.) | P. SUBRAMANIAM         | Asst. Managing Director & CFO |
|                                | & Company Secretary | J. S. ARORA            | Director (Operations)         |
| Pune : 27th June, 2009         |                     | Pune : 27th June, 2009 |                               |

## Cash Flow Statement for the year ended 31st March, 2009 and 31st March, 2008.

|  | (Rs. in lakhs)           |                          |
|--|--------------------------|--------------------------|
|  | 2008-2009                | 2007-2008                |
| <b>A. Cash flow from Operating Activities:</b>       |                          |                          |
| (Loss)/Net Profit before Tax and extraordinary items | (5899.06)                | 10177.47                 |
| <b>Adjustments for :</b>                             |                          |                          |
| Depreciation   | 5832.25                  | 5745.77                  |
| Provision for Leave encashment                       | 214.99                   | 74.33                    |
| Loss on valuation of investment                      | 13.79                    | 99.48                    |
| Cost of ESOS   | —                        | 17.93                    |
| Profit on sale of Assets/Investments (Net)           | (200.35)                 | (818.64)                 |
| Dividend Income                                      | (636.16)                 | (689.94)                 |
| Interest Income                                      | (437.50)                 | (61.66)                  |
| Interest Expenses                                    | 3631.46                  | 2707.45                  |
| Exchange Fluctuation (Gain)/ Loss - net              | 18746.72                 | (2073.28)                |
| Operating Profit before Working Capital Changes      | <u>21266.14</u>          | <u>15178.91</u>          |
| <b>Adjustments for :</b>                             |                          |                          |
| Trade and Other Receivables                          | 223.37                   | (8936.13)                |
| Inventories  | 3381.29                  | 1193.90                  |
| Trade Payables                                       | 8191.02                  | 563.96                   |
| Cash generated from operations                       | <u>33061.82</u>          | <u>8000.64</u>           |
| Less:  |                          |                          |
| Taxes Paid (net of refund)                           | (2048.95)                | (5181.02)                |
| <b>Net cash from operating Activities</b>            | <u><u>31012.87</u></u>   | <u><u>2819.62</u></u>    |
| <b>B. Cash Flow from Investing Activities:</b>       |                          |                          |
| Purchase of Fixed Assets/Capital Expenditure         | (15749.34)               | (16483.24)               |
| Sale of Fixed Assets                                 | 39.59                    | 58.90                    |
| (Purchase)/Sale of Investments (net)                 | (1046.69)                | 68.82                    |
| Interest Received                                    | 354.66                   | 46.69                    |
| Dividend Received                                    | 636.16                   | 689.94                   |
| <b>Net cash used in Investing Activities</b>         | <u><u>(15765.62)</u></u> | <u><u>(15618.89)</u></u> |
| <b>C. Cash Flow from Financing Activities:</b>       |                          |                          |
| Increase in Share Capital                            | —                        | 0.85                     |
| Collection of overdue Allotment/Call money           | 0.72                     | 0.02                     |

## Cash Flow Statement for the year ended 31st March, 2009 and 31st March, 2008. (Contd.)

|   | (Rs. in lakhs)    |                 |
|---|-------------------|-----------------|
|   | 2008-2009         | 2007-2008       |
| Proceeds from Long Term Borrowings                          | 9360.30           | —               |
| Repayment of Long Term borrowings                           | —                 | (2731.40)       |
| Exchange Fluctuation Gain /(Loss) - net                     | (18746.72)        | 2073.28         |
| Short Term Loans movement                                   | 2391.55           | 25974.43        |
| Interest paid   | (2626.15)         | (2771.97)       |
| Dividend and Corporate Dividend Tax paid                    | (4354.00)         | (4354.01)       |
| <b>Net Cash from Financing Activities</b>                   | <b>(13974.30)</b> | <b>18191.20</b> |
| <b>Net Increase/(Decrease) in Cash and Cash Equivalents</b> |                   |                 |
| Opening Balance of Cash and Cash Equivalents                | 11023.55          | 5631.62         |
| Closing Balance of Cash and Cash Equivalents                | 12296.50          | 11023.55        |
|   | <u>1272.95</u>    | <u>5391.93</u>  |
| <b>A+B+C</b>  | <b>1272.95</b>    | <b>5391.93</b>  |

- Notes: 1) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statement issued by ICAI.
- 2) Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.

As per our report of even date  
For B. K. Khare & Company  
Chartered Accountants

U. B. JOSHI  
Partner

Pune : 27th June, 2009

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

P. P. CHHABRIA  
K. P. CHHABRIA  
PRAKASH P. CHHABRIA  
K. N. ATMARAMANI  
S. N. INAMDAR  
DR. VIJAY P. BHATKAR  
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P. D. KARANDIKAR  
PROSHANTO BANERJEE  
S. S. DHANORKAR  
P. SUBRAMANIAM  
J. S. ARORA

Pune : 27th June, 2009

Chairman  
Executive Vice Chairman  
Managing Director

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



## Schedules forming part of the Balance Sheet

|   | (Rs. in lakhs)      |                     |
|---|---------------------|---------------------|
|   | As at<br>31.03.2009 | As at<br>31.03.2008 |
| <b>Schedule 1 : Share Capital</b>                                     |                     |                     |
| <b>Authorised</b>   |                     |                     |
| 150,000,000 (150,000,000) Equity Shares of Rs.10 each                 | 15000.00            | 15000.00            |
| Unclassified Share Capital  | 8500.00             | 8500.00             |
|   | <u>23500.00</u>     | <u>23500.00</u>     |
| <b>Issued</b>   |                     |                     |
| 124026467 (124026467) Equity Shares of Rs.10 each                     | 12402.64            | 12402.64            |
| <b>Subscribed and Paid-Up</b>   |                     |                     |
| 124026467 (124026467) Equity Shares of<br>Rs.10 each fully called-up. | 12402.64            | 12402.64            |
| Less : Amount in Arrears, other than from Directors                   | 1.77                | 2.49                |
|   | <u>12400.87</u>     | <u>12400.15</u>     |

- 1) 367,650 Equity Shares have been allotted for consideration other than in cash to the shareholders of the erstwhile Finolex Plastics Pvt. Ltd. pursuant to the scheme of amalgamation.
- 2) 5,511,093 Equity Shares have been issued as fully paid up Bonus Shares by Capitalisation of General Reserve.

## Schedules forming part of the Balance Sheet

|   | (Rs. in lakhs)      |                     |
|---|---------------------|---------------------|
|   | As at<br>31.03.2009 | As at<br>31.03.2008 |
| <b>Schedule 2 : Reserves and Surplus</b>  |                     |                     |
| <b>Capital Reserve</b>  |                     |                     |
| per last Balance Sheet  | 60.54               | 60.54               |
|   | <u>60.54</u>        | <u>60.54</u>        |
| <b>Share Capital Buyback Reserve</b>  |                     |                     |
| per last Balance Sheet  | 2517.93             | 2517.93             |
|   | <u>2517.93</u>      | <u>2517.93</u>      |
| <b>Share Premium</b>  |                     |                     |
| per last Balance Sheet  | 15385.69            | 15549.48            |
| Less: Premium on redemption of Debentures *   | 163.35              | 163.79              |
|   | <u>15222.34</u>     | <u>15385.69</u>     |
| <b>FIL ESOS Outstanding Account</b>   | 43.04               | 43.04               |
| <b>General Reserve</b>  |                     |                     |
| per last Balance Sheet  | 12200.04            | 11286.01            |
| Add : Transferred from Profit and Loss Account  | —                   | 1000.00             |
| Less : AS 15 liability for prior period adjusted **   | —                   | 85.97               |
|   | <u>12200.04</u>     | <u>12200.04</u>     |
| <b>Debenture Redemption Reserve</b>   |                     |                     |
| per last Balance Sheet  | 6500.00             | 6000.00             |
| Add : Transferred from Profit and Loss Account  | —                   | 500.00              |
| Less : Transferred to Profit and Loss Account since<br>utilised for redemption of debentures in<br>previous year. | 2500.00             | —                   |
|   | <u>4000.00</u>      | <u>6500.00</u>      |
| <b>Surplus in Profit and Loss Account</b>   | <u>3551.06</u>      | <u>6292.48</u>      |
|   | <u>37594.95</u>     | <u>42999.72</u>     |

\* Represents pro rata premium payable on redemption of 750 Secured Redeemable Non convertible Debentures of Rs. 1000000 each

\*\* AS 15 liability as on 31/03/2007 adjusted

## Schedules forming part of the Balance Sheet

|   | (Rs. in lakhs)  |                     |
|---|---|---------------------|
|   | As at<br>31.03.2009   | As at<br>31.03.2008 |
| <b>Schedule 3 : Secured Loans</b>   |   |                     |
| <b>Debentures</b>   |   |                     |
| 100 12.25% Secured Redeemable Non-convertible<br>(Nil) Debentures of Rs 10000000 each | 10000.00  | —                   |
| 750 Secured Redeemable Non-convertible<br>(750) Debentures of Rs 1000000 each         | 7500.00   | 7500.00             |
| 750 Detachable Debt Warrants<br>(750) Privately placed with Banks                     | 710.68  | 547.33              |
| <b>Term Loans</b>   |   |                     |
| From Banks  | 6089.36   | 6729.06             |
|   | <u>24300.04</u>   | <u>14776.39</u>     |
| <b>Working Capital Borrowings from Banks</b>  | <u>275.35</u>   | 1040.74             |
|   | <u>24575.39</u>   | <u>15817.13</u>     |
| Notes :   | 1) Amount repayable within a year<br>Rs. 10590.20 lakhs (Rs.2120.58 lakhs)          |                     |
|   | 2) Ref. Note 6 & 7 of Schedule 15 for terms<br>of redemption and nature of security |                     |
| <b>Schedule 4 : Unsecured Loans</b>   |   |                     |
| <b>Other Loans and Advances (Short Term)</b>  |   |                     |
| Acceptances-Banks   | 55399.02  | 47357.47            |
| Short term loan from bank   | —   | 6000.00             |
| Inter Corporate Deposit   | 350.00  | —                   |
|   | <u>55749.02</u>   | <u>53357.47</u>     |

**Schedules forming part of the Balance Sheet**  
**Schedule 5 : Fixed Assets**

| Particulars         | (Rs. in lakhs)           |           |            |                          |                          |                 |            |                  |                          |                     |                     |  |
|---------------------|--------------------------|-----------|------------|--------------------------|--------------------------|-----------------|------------|------------------|--------------------------|---------------------|---------------------|--|
|                     | GROSS BLOCK              |           |            |                          |                          | DEPRECIATION    |            |                  |                          |                     | NET BLOCK           |  |
|                     | Cost as on<br>01/04/2008 | Additions | Deductions | Cost as on<br>31/03/2009 | Bal. as on<br>01/04/2008 | For the<br>year | Deductions | On<br>31/03/2009 | Bal. as on<br>31/03/2009 | As at<br>31/03/2009 | As at<br>31/03/2008 |  |
| Freehold Land       | 2667.09                  | 1102.42   | —          | 3769.51                  | —                        | —               | —          | —                | —                        | 3769.51             | 2667.09             |  |
| Leasehold Land      | 100.70                   | —         | —          | 100.70                   | 17.42                    | 1.38            | —          | 18.80            | 18.80                    | 81.90               | 83.28               |  |
| Buildings           | 9849.96                  | 1054.47   | —          | 10904.43                 | 1983.52                  | 278.04          | —          | 2261.56          | 8642.87                  | 7866.44             |                     |  |
| Plant & Machinery   | 97747.46                 | 4286.35   | —          | 102033.81                | 55427.47                 | 5378.59         | —          | 60806.06         | 41227.75                 | 42319.99            |                     |  |
| Assets on Lease     | 943.65                   | 4.35      | —          | 948.00                   | 33.75                    | 44.88           | —          | 78.63            | 869.37                   | 909.90              |                     |  |
| Furniture & Fixture | 850.86                   | 69.32     | 2.20       | 917.98                   | 371.76                   | 46.37           | 0.32       | 417.81           | 500.17                   | 479.10              |                     |  |
| Vehicles            | 643.06                   | 266.87    | 106.36     | 803.57                   | 207.59                   | 20.90           | 57.24      | 171.25           | 632.32                   | 435.47              |                     |  |
| Aircraft            | 1108.59                  | —         | —          | 1108.59                  | 168.89                   | 62.09           | —          | 230.98           | 877.61                   | 939.70              |                     |  |
| Total               | 113911.37                | 6783.78   | 108.56     | 120586.59                | 58210.40                 | 5832.25         | 57.56      | 63985.09         | 56601.50                 | 55700.97            |                     |  |
| Previous Year       | 109098.26                | 4958.96   | 145.85     | 113911.37                | 52550.32                 | 5745.77         | 85.69      | 58210.40         | 55700.97                 | 56547.94            |                     |  |

## Schedules forming part of the Balance Sheet

|  | (Rs. in lakhs)      |                     |
|--|---------------------|---------------------|
|  | As at<br>31.03.2009 | As at<br>31.03.2008 |
| <b>Schedule 6 : Capital Work-in-progress</b> |                     |                     |
| <b>A] PVC Expansion Project</b>              |                     |                     |
| Opening Balance                              | 1185.10             | 1035.06             |
| Add : Additions                              | —                   | 150.04              |
| Total  | <u>1185.10</u>      | <u>1185.10</u>      |
| <b>B] Power Project</b>                      |                     |                     |
| Opening Balance                              | 11974.91            | 1950.15             |
| Plant and Machinery                          | 6516.72             | 8209.63             |
| Professional Fees/Consultancy Charges        | 250.62              | 190.39              |
| Personnel Expenses                           | 199.06              | 219.08              |
| Other Expenses                               | 3159.26             | 1405.66             |
|  | <u>22100.57</u>     | <u>11974.91</u>     |
| <b>C] Breakwater Project</b>                 |                     |                     |
| Opening Balance                              | 1064.10             | 347.84              |
| Consultancy & Survey Fees                    | —                   | 716.26              |
|  | <u>1064.10</u>      | <u>1064.10</u>      |
| <b>D] Others</b>                             |                     |                     |
| Capital Work-in-progress                     | 3737.12             | 5371.54             |
| Advances                                     | 1827.01             | 1352.69             |
|  | <u>5564.13</u>      | <u>6724.23</u>      |
| <b>Total Capital Work-in-progress</b>        | <u>29913.90</u>     | <u>20948.34</u>     |

### Schedules forming part of the Balance Sheet

|   | (Rs. in lakhs)      |                     |
|---|---------------------|---------------------|
|   | As at<br>31.03.2009 | As at<br>31.03.2008 |
| <b>Schedule 7 : Investments</b>   |                     |                     |
| <b>Non-trade Long term (At Cost)</b>  |                     |                     |
| <b>Quoted and Listed</b>  |                     |                     |
| 1,980 Equity Shares of Rs.10 each fully paid-up in<br>(1980) Gulf Oil Corporation Ltd.  | 1.21                | 1.21                |
| 22,187,075 Equity Shares of Rs.2 each fully paid-up in<br>(22,187,075) Finolex Cables Ltd.  | 10260.02            | 10260.02            |
| 12,400 Equity Shares of Rs.10 each fully paid-up in<br>(12,400) Gold Crest Finance Ltd.<br>[Aggregate market value Rs.4296.17 lakhs<br>(Rs.15802.45 lakhs)] | 4.96                | 4.96                |
| <b>Unquoted</b>   |                     |                     |
| 4,635,000 Equity Shares of Rs.10 each fully paid-up in<br>(3,000,000) Finolex Plasson Industries Ltd.   | 749.77              | 300.07              |
| 6,100,000 Equity Shares of Rs.10 each fully paid-up in<br>(6,100,000) I2IT Private Limited  | 610.00              | 610.00              |
| 24,975 Equity Shares of Rs. 10 each fully paid-up in<br>(24,975) Finolex Infrastructure Ltd.  | 2.50                | 2.50                |
| 7500 Equity Shares of Rs.1000 each fully paid-up in<br>(3,000) Rajasthan Olive Cultivation Limited  | 75.00               | 30.00               |
| 100 Units of Rs.100000 each fully paid-up in<br>(100) Peninsula Realty Fund   | 100.00              | 100.00              |
| 1,000 Equity Shares of Rs.10 each fully paid-up in<br>(1,000) The Saraswat Co-op Bank Ltd.  | 0.10                | 0.10                |
| 49,994 Equity Shares of Rs.10 each fully paid-up in<br>(Nil) Pawas Port Ltd.<br>In Government Securities :<br>Indira Vikas Patra <sup>1</sup>               | 4.99                | —                   |
|   | <b>11808.55</b>     | <b>11308.86</b>     |

## Schedules forming part of the Balance Sheet

|  |            | (Rs. in lakhs)   |            |         |
|--|------------|--|------------|---------|
|  |            | As at  | As at      |         |
|  |            | 31.03.2009   | 31.03.2008 |         |
| <b>Current Investments</b>   |            |  |            |         |
| <b>Quoted but not Listed Mutual Fund (MF) Units of Rs.10 each unless specified otherwise</b> |            |  |            |         |
| Nil  | (10000)    | AIG MF - AIG Short Term Fund Inst Growth (Units of Rs. 1,000 each) | —          | 100.00  |
| Nil  | (977995)   | AIG MF - AIG India Equity Fund Regular Growth                      | —          | 96.39   |
| Nil  | (831296)   | Lotus MF - Lotus India Contra Fund Growth                          | —          | 85.00   |
| Nil  | (1000000)  | Lotus MF - Lotus India Gilt Fund Long Duration - Inst Growth       | —          | 96.00   |
| Nil  | (5019262)  | Lotus MF - Lotus India FMP - 1 Month - Ser VII - Dividend          | —          | 501.93  |
| 1000000  | (1000000)  | DWS MF - DWS Fixed Term Fund Ser 43 - Inst Growth                  | 86.21      | 99.29   |
| Nil  | (973236)   | DWS MF - DWS Global Thematic Offshore Fund - Growth                | —          | 88.95   |
| Nil  | (19674785) | DWS MF - DWS Money Plus Advantage Fund - Growth                    | —          | 2000.00 |
| Nil  | (5000000)  | Birla MF - BSL Interval Income - Inst Monthly - Ser 2 - Dividend   | —          | 500.00  |
| 25841519   | (Nil)      | Birla MF - Birla Short Term Fund - Inst - Growth                   | 2643.30    | —       |
| Nil  | (977995)   | DSP ML MF - DSP Merrill Lynch World Gold Fund - Growth             | —          | 100.00  |
| Nil  | (1021427)  | DSP ML MF - DSP Merrill Lynch Small And Mid Cap - Dividend         | —          | 104.44  |
| Nil  | (977995)   | Fidelity MF - Fidelity India Growth Fund - Growth                  | —          | 80.66   |

**Schedules forming part of the Balance Sheet**

|          |           |  | (Rs. in lakhs) |            |
|----------|-----------|--|----------------|------------|
|          |           |  | As at          | As at      |
|          |           |  | 31.03.2009     | 31.03.2008 |
| Nil      | (1055023) | Fidelity MF - Fidelity International Opportunities Fund - Growth | —              | 104.90     |
| Nil      | (9983322) | IDFC MF - IDFC Arbitrage Fund Plan B - Dividend                  | —              | 1031.77    |
| Nil      | (551032)  | IDFC MF - IDFC Premier Equity Fund - Growth                      | —              | 110.40     |
| Nil      | (1269514) | IDFC MF - IDFC Classic Equity Fund - Dividend                    | —              | 172.63     |
| Nil      | (1000000) | IDFC MF - IDFC Enterprise Equity Fund - Growth                   | —              | 100.00     |
| 26717633 | (Nil)     | IDFC MF - IDFC Money Manager - Treasury Plan C - Growth          | <b>2750.54</b> | —          |
| Nil      | (722472)  | HDFC MF - HDFC Cash Management Savings Plan Growth               | —              | 120.77     |
| Nil      | (443210)  | HDFC MF - HDFC Index Fund - Nifty Plan                           | —              | 187.95     |
| Nil      | (2000000) | HDFC MF - HDFC Long Term Equity Fund-Dividend                    | —              | 200.00     |
| Nil      | (977995)  | JM MF - JM Contra Fund - Growth                                  | —              | 93.62      |
| Nil      | (977517)  | JM MF - JM Small & Mid Cap Fund - Growth                         | —              | 100.00     |
| Nil      | (235550)  | Kotak Mahindra MF - Kotak Dynamic Asset Allocation - Growth      | —              | 23.55      |
| Nil      | (3844679) | Principal MF - Principal Income Fund - Growth Plan               | —              | 400.00     |
| Nil      | (324905)  | Prudential ICICI MF - ICICI Inst Liquid Plan - Super Inst Growth | —              | 38.66      |



## Schedules forming part of the Balance Sheet

|          |           |   | (Rs. in lakhs) |            |
|----------|-----------|---|----------------|------------|
|          |           |   | As at          | As at      |
|          |           |   | 31.03.2009     | 31.03.2008 |
| Nil      | (76079)   | Prudential ICICI MF - ICICI Dynamic Fund - Growth                                     | —              | 54.96      |
| Nil      | (335428)  | Prudential ICICI MF - ICICI Infrastructure Fund - Growth                              | —              | 80.00      |
| Nil      | (9660674) | Prudential ICICI MF - ICICI Equity And Derivatives Fund - Wealth Optimiser - Dividend | —              | 956.41     |
| Nil      | (488998)  | Prudential ICICI MF - ICICI Indo Asia Equity Fund - Growth                            | —              | 42.89      |
| Nil      | (68316)   | Prudential ICICI MF - ICICI Emerging Star - Growth                                    | —              | 20.00      |
| 16271076 | (Nil)     | Prudential ICICI MF - ICICI Floating Rate - Plan D - Growth                           | 2103.88        | —          |
| Nil      | (1022865) | Reliance MF - Reliance Equity Advantage Fund - Dividend                               | —              | 102.73     |
| 22723716 | (Nil)     | Reliance MF - Reliance Medium Term Fund - Growth                                      | 4100.92        | —          |
| Nil      | (9208519) | SBI MF - SBI Arbitrage Opportunities Fund - Growth                                    | —              | 1000.20    |
| Nil      | (1000000) | SBI MF - SBI Infrastructure Fund - Growth   | —              | 100.00     |
| Nil      | (2000000) | SBI MF - SBI One India Fund - Growth  | —              | 198.00     |
| 16029188 | (Nil)     | Sundaram MF - Sundaram Money Fund Super Inst Growth                                   | 2965.55        | —          |
| Nil      | (959507)  | Sundaram MF - Sundaram Equity Multiplier Fund - Growth                                | —              | 95.95      |

**Schedules forming part of the Balance Sheet**

|  |           |   | (Rs. in lakhs)  |                 |
|--|-----------|---|-----------------|-----------------|
|  |           |   | As at           | As at           |
|  |           |   | 31.03.2009      | 31.03.2008      |
| Nil  | (5000000) | Tata MF - TATA Fixed Horizon Fund Series 17 - Scheme D - Inst- Dividend                     | —               | 500.00          |
| Nil  | (9520999) | Tata MF - Tata Dynamic Bond Fund Option A - Dividend  | —               | 1000.00         |
| Nil  | (137650)  | Templeton MF - Templeton India TMA Super Inst Growth (Units of Rs. 1,000 each)              | —               | 1650.05         |
| Nil  | (41857)   | Templeton MF - Templeton India Short Term Income Plan Inst Growth (Units of Rs. 1,000 each) | —               | 500.00          |
| Nil  | (684659)  | Templeton MF - Franklin India High Growth Companies Fund - Growth                           | —               | 67.34           |
| Nil  | (4994855) | Templeton MF - Templeton Quarterly Interval Plan B - Inst Dividend                          | —               | 500.00          |
| Nil  | (1000000) | Templeton MF - Franklin Smaller Companies Fund - Growth                                     | —               | 100.00          |
| Nil  | (1000000) | ING MF - ING CUB Fund - Dividend  | —               | 100.00          |
| Nil  | (2000000) | ING MF - ING Dynamic Asset Allocation Fund - Growth   | —               | 200.00          |
| Nil  | (Nil)     | DSP ML Natural Resources & Energy Fund : Pending Allotment                                  | —               | 100.00          |
| [Aggregate market value Rs. 14787.07 lakhs (Rs. 14288.22 lakhs)] |           |   | <u>14650.40</u> | <u>13905.43</u> |
|  |           |   | <u>26458.95</u> | <u>25214.29</u> |

<sup>1</sup> Represents Rs. 500 (Rs. 500)

MF Represents Mutual Fund

## Schedules forming part of the Balance Sheet

### Details of Purchase and Sale of Units during the Year 2008-2009

| Particulars  | No. of Units | Particulars   | No. of Units |
|--|--------------|---|--------------|
| ABN Amro Flexible Short Term Plan Ser B Qtlly - Dividend                 | 5000000      | DSP Blackrock World Gold Fund - Growth  | 977995       |
| AIG India Equity Fund - Growth   | 977995       | DSP Blackrock Natural Resources & New Energy Fund - Growth                      | 999023       |
| AIG Short Term Fund Institutional - Growth                               | 10000        | DSP Blackrock FMP 1 Month Ser 1- Institutional Dividend                         | 15104895     |
| AIG World Gold Fund - Growth   | 977995       | Franklin India Smaller Companies Fund - Growth                                  | 1000000      |
| AIG India Liquid Fund - Institutional Growth                             | 35470        | Templeton India Treasury MGT A/C Super Institutional Growth                     | 824366       |
| AIG India Treasury Plus Fund - Institutional Growth                      | 3538516      | Templeton Floating Rate Income Fund Long Term Plan - Super Institutional Growth | 4560887      |
| Bharti AXA Liquid Fund - Institutional Growth                            | 20000        | Templeton India Short Term Income Plan Institutional Growth                     | 41857        |
| Mirae Asset Liquid Plus Institutional Growth                             | 101831       | Franklin India High Growth Companies Fund - Growth                              | 1105549      |
| Mirae Asset Global Commodity Stocks Fund - Growth                        | 977995       | Templeton India Ultra Short Bond Fund Super Institutional Growth                | 21844230     |
| Mirae Asset Liquid Fund - Institutional Growth                           | 47985        | Templeton Quarterly Interval Plan B- Institutional Dividend                     | 4994855      |
| Religare Contra Fund - Growth  | 831296       | Templeton Quarterly Interval Plan B- Institutional Growth                       | 3000000      |
| Religare Qtlly Interval Fund - Plan A - Dividend                         | 5086572      | JPMorgan India Liquid Plus Fund - Growth  | 4708146      |
| Religare FMP - 1 Month - Ser VII - Dividend                              | 5039191      | JPMorgan India Liquid Fund - Growth   | 4724871      |
| Religare FMP - 1 Month - Ser X - Dividend                                | 6095556      | Kotak Dynamic Asset Allocation - Growth   | 235550       |
| Religare FMP - 1 Month - Ser XII - Dividend                              | 6139762      | Kotak Liquid (Inst Premium) - Growth  | 6102809      |
| Religare Gift Fund Long Duration Plan - Institutional Growth             | 1000000      | Kotak Floater Long Term - Growth  | 7835192      |
| Religare Liquid Fund - Super Institutional Growth                        | 14104008     | ING CUB Fund - Dividend   | 1000000      |
| Religare Liquid Plus Fund - Institutional Growth                         | 9722972      | ING Dynamic Asset Allocation Fund - Growth                                      | 2000000      |
| Religare FMP - 3 Month - Ser XXXIII - Dividend                           | 5105124      | ING Latin America Equity Fund - Dividend  | 243902       |
| Religare Monthly Interval Fund Plan A - Dividend                         | 5121640      | ING Dynamic Duration Fund - Monthly Dividend                                    | 4886771      |
| DWS Money Plus Fund - Growth   | 18236596     | Tata FHF Ser 17 Scheme D - Institutional Dividend                               | 5000000      |
| DWS Global Thematic Offshore Fund - Growth                               | 973236       | Tata Dynamic Bond Fund Option A - Dividend                                      | 9520999      |
| DWS Money Plus Advantage Fund - Growth                                   | 19674785     | Tata Fixed Income Portfolio Fund Scheme A2 Institutional                        | 5000000      |
| DWS Fixed Term Fund Ser 43 - Institutional Growth                        | 1000000      | Principal Cash Management Liquid - Institutional Premium Growth                 | 8017082      |
| HDFC Long Term Equity Fund - Dividend                                    | 2000000      | Principal FRF FMP - Growth  | 7973003      |
| HDFC Cash Management Fund Savings Plan - Growth                          | 722472       | Principal Income Fund - Growth  | 3844679      |
| HDFC Index Fund - Nifty Plan   | 443210       | IDFC Liquidity Manager - Plus Growth  | 15102        |
| HDFC FMP 90D July 2008(I)(2)- Wholesale Plan Dividend                    | 2000000      | IDFC Classic Equity Fund - Dividend   | 1269514      |
| Fidelity International Opportunities Fund - Growth                       | 1055023      | IDFC Enterprise Equity Fund - Dividend  | 1000000      |
| Fidelity India Growth Fund - Growth                                      | 977995       | IDFC Premier Equity Fund - Growth   | 551032       |
| Fidelity Cash Fund - Institutional Growth                                | 28031319     | IDFC Floating Rate Fund - LT - Inst Plan B - Growth                             | 2365632      |
| Fidelity Liquid Plus - Institutional Growth                              | 9726515      | IDFC Arbitrage Fund - Plan B - Growth   | 10332018     |
| Fidelity Liquid Plus Super Institutional Growth                          | 18483562     | IDFC Cash Fund - Super Inst Plan C - Growth                                     | 33580333     |
| SBI One India Fund - Growth  | 2000000      | IDFC Money Manager - Treasury Plan C - Super Inst Growth                        | 34631933     |
| SBI Infrastructure Fund - Growth   | 1000000      | Reliance Liquidity Fund - Growth  | 47615509     |
| SBI Arbitrage Opportunities Fund - Growth                                | 9208519      | Reliance Medium Term Fund - Growth  | 47526828     |
| Prudential ICICI Emerging Star - Growth                                  | 68316        | Reliance Equity Advantage Fund - Dividend                                       | 1022865      |
| Prudential ICICI Liquid Super Institutional Growth                       | 280542992    | Reliance Monthly Interval Fund Ser II - Inst Dividend                           | 29984059     |
| Prudential ICICI Floating Rate Plan D - Growth                           | 69854904     | Birla Cash Plus Inst Premium Growth   | 88609646     |
| Prudential ICICI Equity & Derivatives Fund - Wealth Optimiser - Dividend | 9660674      | BSL Interval Income Fund Monthly Plan Ser 2 - Institutional Dividend            | 8662767      |
| Prudential ICICI Infrastructure Fund - Growth                            | 335428       | BSL Short Term Fund - Institutional Growth                                      | 81083957     |
| Prudential ICICI Dynamic Fund - Growth                                   | 76079        | HSBC Cash Fund - Institutional Plus Growth                                      | 3784352      |
| Prudential ICICI Indo Asia Equity Fund - Growth                          | 488998       | HSBC Liquid Plus - Institutional Plus Growth                                    | 4284936      |
| Prudential ICICI Interval Fund 1 Month Plan A- Dividend                  | 5062885      | JM Small & Midcap Fund - Regular Growth   | 977517       |
| Sundaram Money Fund Super Institutional Growth                           | 21087216     | JM Contra Fund - Growth   | 977995       |
| Sundaram Liquid Plus Super Institutional Growth                          | 13382581     | JM Fixed Maturity Fund Ser XII Monthly Plan 2 - Institutional Dividend          | 5000000      |
| Sundaram Equity Multiplier Fund - Growth                                 | 959507       | DSP Blackrock Cash Plus - Institutional Growth                                  | 93947        |
| Sundaram FTP 90 Days Ser 6 Institutional Dividend                        | 15000000     | DSP Blackrock Small & Midcap - Dividend   | 1021427      |
| JM High Liquidity Fund - Super Institutional Growth                      | 76526114     |   |              |

### Schedules forming part of the Balance Sheet

|   | (Rs. in lakhs)  |                 |
|---|-----------------|-----------------|
|   | As at           | As at           |
|   | 31.03.2009      | 31.03.2008      |
| <b>Schedule 8 : Current Assets, Loans and Advances</b>  |                 |                 |
| <b>(A) Current Assets :</b>   |                 |                 |
| (i) Inventories   |                 |                 |
| Stores, spares & consumables  | 2452.83         | 2203.20         |
| Raw materials   | 10952.66        | 10864.09        |
| Semi-finished goods   | 1243.23         | 1184.55         |
| Finished goods  | 2415.88         | 6194.05         |
|   | <u>17064.60</u> | <u>20445.89</u> |
| (ii) Sundry Debtors (unsecured)   |                 |                 |
| Debts outstanding for a period exceeding six months   |                 |                 |
| Considered good   | 1141.93         | 1057.36         |
| Considered doubtful   | 46.02           | 46.02           |
|   | <u>1187.95</u>  | <u>1103.38</u>  |
| Less : provision  | 46.02           | 46.02           |
|   | <u>1141.93</u>  | <u>1057.36</u>  |
| Other debts   | 3778.65         | 6577.01         |
|   | <u>4920.58</u>  | <u>7634.37</u>  |
| (iii) Cash & Bank Balances  |                 |                 |
| Cash on hand  | 39.58           | 20.88           |
| Balances with Scheduled Banks :   |                 |                 |
| In Current Accounts   | 621.10          | 3256.45         |
| In Fixed Deposit accounts   | 2534.25         | 822.29          |
|   | <u>3194.93</u>  | <u>4099.62</u>  |
| <b>(B) Loans and Advances (unsecured, considered good) :</b>  |                 |                 |
| (i) * Advances recoverable in cash or in kind or for value to be received   | 38803.03        | 36448.39        |
| * Include Rs 45 lakhs(Rs. 45 lakhs) to associate company Finolex Plasson Industries Limited maximum amount outstanding during the year Rs. 45 lakhs (Rs.45 lakhs) |                 |                 |
| (ii) Balances with customs, excise, etc.  | 9138.27         | 5416.81         |
|   | <u>47941.30</u> | <u>41865.20</u> |
|   | <u>73121.41</u> | <u>74045.08</u> |

## Schedules forming part of the Balance Sheet

|  | (Rs. in lakhs)      |                     |
|--|---------------------|---------------------|
|  | As at<br>31.03.2009 | As at<br>31.03.2008 |
| <b>Schedule 9 : Current Liabilities and Provisions</b> |                     |                     |
| <b>Current Liabilities :</b>                           |                     |                     |
| Sundry Creditors (Ref Note No. 8 of Schedule 15)       | 17276.14            | 6984.81             |
| Sundry Creditors for capital goods                     | 501.90              | 1392.24             |
| Trade and Security Deposits                            | 75.52               | 72.30               |
| Advances from Customers                                | 25.00               | 47.87               |
| Unclaimed Dividend*                                    | 468.93              | 427.94              |
| Unclaimed Interest on Debentures*                      | 23.89               | 40.41               |
| Other Liabilities                                      | 2821.37             | 3995.17             |
| Interest accrued but not due on loans                  | 1377.94             | 372.63              |
|  | <u>22570.69</u>     | <u>13333.37</u>     |
| <b>Provisions :</b>                                    |                     |                     |
| Provision for taxation                                 | 23690.21            | 23597.52            |
| Proposed Dividend                                      | 1241.00             | 3721.00             |
| Tax on Dividend  | 211.00              | 633.00              |
| Leave Encashment                                       | 458.33              | 243.34              |
|  | <u>25600.54</u>     | <u>28194.86</u>     |
|  | <u>48171.23</u>     | <u>41528.23</u>     |

\* There is no amount due and outstanding as at 31st March,2009 to be credited to the Investor Education & Protection Fund.

### Schedules forming part of the Profit and Loss Account

|  | (Rs. in lakhs)   |                  |
|--|------------------|------------------|
|  | 2008-2009        | 2007-2008        |
| <b>Schedule 10 : Income from Operations and Other Income</b> |                  |                  |
| <b>(A) Income from Operations :</b>                          |                  |                  |
| Sales  | 169594.66        | 162301.73        |
| Income from Other Operations                                 | 284.90           | 1199.87          |
|  | <u>169879.56</u> | <u>163501.60</u> |
| <b>(B) Other Income :</b>                                    |                  |                  |
| Interest earned  |                  |                  |
| Short term loan  | 155.32           | 61.66            |
| Others   | 282.18           | 118.52           |
| [Tax deducted at source Rs. 13.22 lakhs<br>(Rs.9.66 lakhs)]  |                  |                  |
| Miscellaneous Income   | 2000.39          | 167.45           |
| Lease Rent   | 204.98           | 112.32           |
| Dividend   |                  |                  |
| - From long term investments                                 | 402.49           | 355.65           |
| - From current investments                                   | 233.67           | 334.29           |
| Profit on Sale of Assets                                     | 0.21             | 5.58             |
| Profit on Sale/Redemption of Investments (net)               | 341.45           | 819.90           |
| Exchange Fluctuation Gain (net)                              | —                | 2073.28          |
|  | <u>3620.69</u>   | <u>4048.65</u>   |
|  | <u>173500.25</u> | <u>167550.25</u> |

### Schedule 11 : Materials and Manufacturing Expenditure

|   |                  |                  |
|---|------------------|------------------|
| <b>Materials Consumed</b>                     |                  |                  |
| Raw Materials*                                | 92879.65         | 97124.12         |
| Packing Material                              | 1163.30          | 1216.77          |
| Stores & Spares                               | 1762.89          | 2103.20          |
|   | <u>95805.84</u>  | <u>100444.09</u> |
| <b>Add : (Increase)/ Decrease in stock of</b> |                  |                  |
| Finished & Semi-finished goods                | 3719.49          | (1391.07)        |
|   | <u>99525.33</u>  | <u>99053.02</u>  |
| <b>Add : Manufacturing Expenses (Direct)</b>  |                  |                  |
| Power & Fuel                                  | 15068.70         | 11912.47         |
| Others  | 2847.12          | 2300.19          |
|   | <u>117441.15</u> | <u>113265.68</u> |

\* Include cost of EDC sold Rs.1290.13 lakhs (Rs.3535.90 lakhs)

## Schedules forming part of the Profit and Loss Account

|  | (Rs. in lakhs)  |                |
|--|-----------------|----------------|
|  | 2008-2009       | 2007-2008      |
| <b>Schedule 12 : Personnel Expenses</b>                                  |                 |                |
| Salaries, Wages, Bonus and Commission                                    | 3009.78         | 2848.08        |
| Contribution to Provident and Other Funds                                | 343.33          | 271.98         |
| Staff Welfare Expenses   | 407.39          | 346.60         |
|  | <u>3760.50</u>  | <u>3466.66</u> |
| <b>Schedule 13 : Other Expenses</b>                                      |                 |                |
| Rent, Rates & Taxes  | 457.53          | 98.02          |
| Insurance  | 272.46          | 358.51         |
| Repairs & Maintenance  |                 |                |
| Buildings  | 131.15          | 92.89          |
| Plant & Machinery  | 617.06          | 521.86         |
| Others   | 70.65           | 120.04         |
| Communication  | 109.73          | 116.85         |
| Travelling and Conveyance  | 254.72          | 301.49         |
| Directors' Sitting Fees  | 7.10            | 8.40           |
| Auditors' Remuneration   |                 |                |
| Audit fees   | 18.00           | 14.00          |
| Tax Audit  | 5.00            | 3.50           |
| Other Services   | 4.61            | 4.50           |
| Out of Pocket Expenses   | 0.89            | 0.51           |
| Advertisement, Publicity and Sales Promotion                             | 367.36          | 570.26         |
| Commission on Sales  | 706.96          | 664.55         |
| Freight Outwards & Other Selling Expenses                                | 3633.98         | 2099.35        |
| Sales Tax including Surcharge  | 1.12            | 1249.20        |
| Donations  | 22.51           | 400.00         |
| Loss on revaluation of investments                                       | 13.79           | 99.48          |
| Loss on Sale / Scrap of Assets   | 11.62           | 41.24          |
| Premium, Loss on Exchange fluctuation / derivatives                      | 18746.72        | —              |
| Miscellaneous Expenses   | 1642.09         | 1081.29        |
| (Include prior year expenditure Rs. 270.34 lakhs<br>(previous year Nil)) | <u>27095.05</u> | <u>7845.94</u> |
| <b>Schedule 14 : Finance Charges</b>                                     |                 |                |
| Interest :   |                 |                |
| Fixed Period Loans   | 570.14          | 811.92         |
| Others   | 1892.52         | 884.91         |
| Bank Charges   | 1051.20         | 324.48         |
| Premium on Forward Exchange Contracts                                    | 1168.80         | 1010.62        |
|  | <u>4682.66</u>  | <u>3031.93</u> |

**Schedule 15: Notes forming part of the Accounts****1) Significant Accounting Policies****i) Accounting Convention:**

The financial statements are prepared under the historical cost convention, having due regard to fundamental accounting assumptions of going concern, consistency and accrual, in compliance with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956.

**ii) Fixed Assets:**

- a) Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation. Attributable finance costs and expenses of bringing the respective assets to working condition for their intended use are capitalised.
- b) Impairment: The carrying amount of cash generating units/assets is reviewed at balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated as the higher of net selling price and value in use. Impairment loss is recognised whenever carrying amount exceeds the recoverable amount.
- c) Borrowing costs that are directly attributable to the acquisition or production of a qualifying asset are capitalised as part of the cost of those assets. Other borrowing costs are recognised as expense in the period in which they are incurred.

**iii) Depreciation:**

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

**iv) Valuation of Investments:**

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

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

**v) Valuation of Inventories:**

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



## Schedule 15: Notes forming part of the Accounts

### vi) Foreign Currency Transactions:

- a) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Current Assets & Current Liabilities denominated in foreign currency are translated at the year-end rate. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of Current Assets and Current Liabilities at the end of the year including exchange difference related to purchase of fixed assets is recognised as income or expense, as the case may be.
- b) The company uses foreign exchange forward contracts and options to reduce the cost or to hedge it's risks associated with foreign currency fluctuations to underlying transactions, for certain firm commitments or forecasted transactions. The difference between the forward rate and the exchange rate at the inception of the forward contract for underlying transaction is recognised as income or expense over the life of the contract. In respect of hedge contracts, for firm commitment or forecasted transactions, the attributable gain or loss is taken to profit and loss account on accrual and / or on settlement as the case maybe. Loss if any, in respect of outstanding derivatives at the balance sheet date is assessed by the management based on the principle of prudence and charged to profit and loss account of that period.

### vii) Revenue Recognition:

Sale of goods is recognised on dispatches to customers, inclusive of excise duty and are net of discount.

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

### viii) Employee Benefits:

- a) Defined Contribution Plan:  
Contributions are made to approved Superannuation and Provident Funds.
- b) Defined Benefit Plan:  
Company's liability towards gratuity is determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past Service Gratuity Liability is computed with reference to the service put in by each employee till the date of valuation as also the projected terminal salary at the time of exit. Actuarial gains or losses are recognised immediately in the Statement of Profit and Loss as income

## Schedule 15: Notes forming part of the Accounts

or expense. Obligation is measured at the present value of estimated future Cash Flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

c) Short Term Compensated Absences:

Liability on account of encashment of leave to employee is considered as short term compensated expense provided on actual.

ix) **Employee Stock Option Scheme:**

In case of employee stock options, the excess of market price prior to the date of meeting of compensation committee in which the options are granted and the exercise price is recognised as employee compensation cost.

x) **Taxation:**

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The deferred tax for timing difference between the book and tax profit for the year is accounted for using tax rates and tax laws that have been enacted or substantially enacted at the Balance Sheet date. Deferred Tax assets arising from the timing difference are recognised to the extent that there is virtual certainty that sufficient future taxable income will be available.

xi) **Provisions and contingent liabilities:**

- a) Provisions in respect of present obligations arising out of past events are made in the accounts when reliable estimates can be made of the amount of the obligation.
- b) Contingent liabilities are disclosed by way of note to the financial statements after careful evaluation by the management of the facts and legal aspects of the matter involved.

xii) **Accounting for leases:**

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

## 2) **Contingent Liabilities:**

- i) Guarantees given by the Company, Rs. 1,124.67 lakhs (Rs. 1,134.60 lakhs).
- ii) a) Liabilities in respect of Income Tax matters for which the Company has succeeded in appeal but Income Tax Department has gone in further appeal and exclusive of the effect of similar matters in respect of pending assessments, Rs. 30.37 lakhs (Rs.113.66 lakhs).

### Schedule 15: Notes forming part of the Accounts

- b) Liabilities in respect of Income Tax matters for which the Company has gone in further appeal and exclusive of the effect of similar matters in respect of pending assessments, Rs. 716.90 lakhs (Rs.1,503.12 lakhs).
- c) Excise / Customs / Service Tax in respect of which either show cause notice is received or the Company / Department is in appeal, Rs. 2,360.59 lakhs (Rs.1,852.11 lakhs).
- 3) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance payments), Rs. 2,487.80 lakhs (Rs.1,945.52 lakhs).
- 4) The break-up of deferred tax assets and liabilities into major components at the year end is as below:

| Particulars                       | Liabilities<br>(Rs. in lakhs) |                     | Assets<br>(Rs. in lakhs) |                     |
|-----------------------------------|-------------------------------|---------------------|--------------------------|---------------------|
|                                   | As at<br>31.03.2009           | As at<br>31.03.2008 | As at<br>31.03.2009      | As at<br>31.03.2008 |
| Depreciation                      | 9401.05                       | 9852.25             | —                        | —                   |
| Carry forward Tax loss            | —                             | —                   | 1750.49                  | —                   |
| Provision for contingencies, etc. | —                             | —                   | 46.27                    | 46.27               |
| <b>Total</b>                      | <b>9401.05</b>                | <b>9852.25</b>      | <b>1796.76</b>           | <b>46.27</b>        |
| Net Deferred Tax liability        | 7604.30                       | 9805.98             | —                        | —                   |

- 5) A. Quantitative information of derivative instruments outstanding as at the balance sheet date:

| Category                          | Amount<br>(Rs. in lakhs)<br>2009 | Amount<br>(Rs. in lakhs)<br>2008 |
|-----------------------------------|----------------------------------|----------------------------------|
| Foreign Exchange Forwards/Options | 41628.28                         | 26840.90                         |
| Interest Rate Swaps               | 1705.17                          | 1359.80                          |
| Currency Swaps                    | 77793.98                         | 46485.30                         |
| <b>Total</b>                      | <b>121127.43</b>                 | <b>74686.00</b>                  |

- B. The Company has entered into derivative transactions with an objective to hedge the financial risks associated with its business viz. foreign exchange, interest rate.

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

- (i) Borrowings grouped under secured loans equivalent to Rs. 5,083.36 lakhs (Rs.7,138.41 lakhs) and under unsecured loans equivalent to Rs 2,2613.48 lakhs. (Rs. 4,7357.47 lakhs).
- (ii) Creditors for imports equivalent to Rs. 10,049.51 lakhs (Rs. 4,529.48 lakhs).

## Schedule 15: Notes forming part of the Accounts

### 6) Debentures: Terms of Redemption

750 Privately placed Secured Redeemable Non-Convertible Debentures alongwith attached detachable and separately tradable Debt Warrants ("Debentures") of Rs. 10,00,000 (Rupees Ten lakhs only) each will be redeemed in full at par at the expiry of five years from the date of allotment i.e. 25th November, 2004. The Debt Warrants represent Debenture redemption premium.

1000 Privately placed Secured Redeemable Non-Convertible Debentures ("Debentures") of Rs. 10,00,000 (Rupees Ten lakhs only) each will be redeemed in full at par at the expiry of five years from the date of allotment i.e. 17th November, 2008.

### 7) Security for Secured Loans:

I) The outstanding amount payable on the above referred Debentures with the interest accrued thereon but unpaid, and all other costs, charges, expenses and fees payable to the Axis Bank Limited ("Axis Bank" – Trustees for 750 Debentures under the Debenture Trust deed dated 29th March, 2005) and to the Axis Trustee Services Limited (the "ATSL" Trustees for 1000 Debentures under Debenture Trust Deed dated 16th February, 2009) have been secured by creation of english mortgage on pari passu basis in favour of both the Trustees on the Company's immovable properties situate at 1B, 1st Floor, Mahakant Building, Ellisbridge, Ahmedabad in the State of Gujarat.

II) The above referred Debentures, the borrowings from the BNP Paribas, Singapore ("BNP Paribas") and ICICI Bank Limited, Singapore Branch ("ICICI Bank") (Axis Bank is acting as Security Trustee of ICICI Bank) by way of foreign currency loans together with all interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, expenses and other moneys and fees payable as applicable to both the trustees under the Debentures Trust Deeds and Security Trustee Agreement have been secured by creating equitable mortgage on pari passu basis in favour Axis Bank, the ATSL and BNP Paribas by depositing with Axis Bank, Axis Bank acting for itself as a Trustee of the above referred Debentures and foreign currency loan of ICICI Bank and as an agent of BNP Paribas and the ATSL, all the documents of title, evidences, title deeds and writings in respect of immovable properties falling within the battery limit of the site of the Company's plant for manufacture of PVC, situate at Village Golap, District Ratnagiri in the State of Maharashtra ("Title Deeds") 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.

### Schedule 15: Notes forming part of the Accounts

III) The aggregate sanctioned limits of working capital borrowing of Rs. 83,000 lakhs from the Bank of India Consortium together with all interest, liquidated damages, costs, charges, and other monies payable under working capital consortium agreement/sanction letters is secured by:

- a) Hypothecation of inventories and book debts.
- b) By extension of second equitable mortgage created in favour of Bank of India consortium by constructive deposit of Title Deeds with Axis Bank, Axis Bank acting as an agent for bank of India Consortium, which ranks subsequent and subservient in rank of priority to the first equitable mortgages created / to be created by deposit of Title Deeds in respect of immovable properties falling within the battery limit of the site of the Company's plant for manufacture of PVC Resin, situate at Village Golap, District Ratnagiri in the State of Maharashtra together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth.

#### 8) Sundry Creditors

A) Outstanding to creditors other than Micro, Small & Medium Enterprises Rs.17,185.68 lakhs (Rs. 6,688.69 lakhs) [Interest Paid/Payable is Rs. Nil (Rs. Nil)]

B) Outstanding to Micro, Small & Medium Enterprise: Rs. 90.46 lakhs (Rs. 296.12 lakhs)

The identification of suppliers as "Micro, Small and Medium Enterprises Development Act, 2006" was done on the basis of information to the extent provided by the suppliers of the company. Total outstanding dues of Micro, Small and Medium enterprises which were outstanding for more than stipulated period are given below.

|   |     |
|---|-----|
| a) Principal amount due                         | Nil |
| b) Interest paid under MSMED Act, 2006          | Nil |
| c) Interest due                                 | Nil |
| d) Interest accrued and due                     | Nil |
| e) Interest due and payable till actual payment | Nil |

#### 9) Disclosure as per Accounting Standard 15 (Revised)

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

**Schedule 15: Notes forming part of the Accounts**
**Statement showing Changes in the Present Value of the Obligation**

(Rs. in lakhs)

|  | As at<br>31.03.2009 | As at<br>31.03.2008 |
|--|---------------------|---------------------|
| Present Value of obligation at the beginning of the year | 325.48              | 232.17              |
| Interest Cost  | 25.24               | 17.55               |
| Current Service Cost                                     | 33.37               | 28.47               |
| Benefits Paid  | (19.87)             | (25.65)             |
| Actuarial (gain) / loss on Obligation                    | 98.43               | 72.94               |
| Present Value of obligation at the end of the year       | 462.65              | 325.48              |

**Table Showing changes in fair value of plan assets**

|  |         |         |
|--|---------|---------|
| Fair value of plan Assets at the beginning of the year | 260.98  | 237.62  |
| Expected Return on plan assets                         | 22.74   | 19.94   |
| Contributions  | 36.73   | 30.80   |
| Benefits Paid  | (19.87) | (25.65) |
| Actuarial gain / (loss) plan assets                    | 6.85    | (1.73)  |
| Fair value of plan assets at the end of the year       | 307.43  | 260.98  |

**Actuarial gain or loss recognised**

|  |         |         |
|--|---------|---------|
| Total Actuarial gain / (loss) to be recognised | (91.57) | (74.67) |
| Actuarial gain / (loss) plan assets            | 6.85    | (1.73)  |
| Total gain / (loss) for the year               | (84.72) | (76.40) |
| Present value of obligation                    | 462.65  | 325.48  |

**Amount to be recognised in the Balance Sheet**

|   |          |          |
|---|----------|----------|
| Present value of obligation                         | 462.65   | 325.48   |
| Fair value of plan assets                           | (307.43) | (260.98) |
| Funded Status                                       | (155.22) | (64.50)  |
| Liability / (asset) recognised in the Balance Sheet | 155.22   | 64.50    |

**Expenses Recognised in the statement of Profit and Loss Account**

|   |         |         |
|---|---------|---------|
| Current Service Cost  | 33.37   | 28.47   |
| Interest Cost   | 25.24   | 17.55   |
| Expected Return on plan assets                                  | (22.74) | (19.94) |
| Net Actuarial gain / (loss) recognised in the year              | 91.57   | 74.67   |
| Past Service Cost   | —       | (5.45)  |
| Expenses Recognised in the statement of Profit and Loss Account | 127.44  | 95.30   |

**Actuarial Assumptions:** Discounted Rate-8% Salary Excalation-5%

## Schedule 15: Notes forming part of the Accounts

## 10) Details of the leased asset:

| Particulars                   | (Rs. in lakhs)      |                     |
|-------------------------------|---------------------|---------------------|
|                               | As at<br>31.03.2009 | As at<br>31.03.2008 |
| Gross carrying amount         | 943.65              | —                   |
| Additions during the year     | 4.35                | 943.65              |
| Accumulated Depreciation      | (78.63)             | (33.75)             |
| Net Carrying Amount           | 869.37              | 909.90              |
| Future Minimum Lease Payments |                     |                     |
| - Upto 1 year                 | 204.98              | 204.98              |
| - 1 Year <= 5 years           | 912.50              | 1024.88             |
| - > 5 years                   | Nil                 | 409.95              |

(Rs. in lakhs)

|  | 2008-09<br>Value | 2007-08<br>Value |
|--|------------------|------------------|
| <b>11) Managerial Remuneration:</b>  |                  |                  |
| Details of payments and provision on account of remuneration to Managing Director and Wholetime Directors: |                  |                  |
| i) Salary and perquisites  | 127.13           | 178.38           |
| ii) Commission   | —                | 246.00           |
| iii) Contribution to Provident and other Funds   | 49.70            | 35.32            |
| Total Remuneration   | <u>176.83</u>    | <u>459.70</u>    |

Note: Contribution to Gratuity Fund is made on global valuation and hence is not precisely ascertained.

In view of loss for the year the remuneration to wholetime directors is restricted to maximum Rs. 24 lakhs and excess remuneration has been refunded to the company in terms of Section 309(5A) of the Companies Act, 1956.

|   | Value    | Value    |
|---|----------|----------|
| <b>12) CIF Value of Imports:</b>            |          |          |
| Raw materials                               | 89284.59 | 89694.48 |
| Stores, spares and components               | 185.56   | 183.34   |
| Capital goods                               | 148.84   | 943.64   |
| <b>13) Expenditure in Foreign Currency:</b> |          |          |
| Technical fees                              | —        | 169.33   |
| Interest                                    | 1090.44  | 480.52   |
| Subscription                                | 10.16    | 10.38    |
| Travelling expenses                         | 19.92    | 32.42    |
| Others                                      | 3.47     | 14.76    |

### Schedule 15: Notes forming part of the Accounts

|                                   | 2008-2009 |                 | 2007-08 |                 |
|-----------------------------------|-----------|-----------------|---------|-----------------|
| 14) Consumption of Raw Materials: | Value     |                 | Value   |                 |
| Imported                          | 93%       | 86126.66        | 94%     | 90832.53        |
| Indigenous                        | 7%        | 6752.99         | 6%      | 6291.59         |
|                                   |           | <u>92879.65</u> |         | <u>97124.12</u> |

| 15) Consumption of Raw Materials: | Qty (M.T.) | Value           | Qty (M.T.) | Value           |
|-----------------------------------|------------|-----------------|------------|-----------------|
| EDC *                             | 136134     | 19297.14        | 131203     | 24409.88        |
| Ethylene                          | 33556      | 15337.88        | 32073      | 16434.72        |
| VCM                               | 104763     | 35257.52        | 74934      | 26063.02        |
| PVC Resin (excluding captive)     | 25337      | 15068.02        | 49358      | 21943.89        |
| Others                            |            | 7919.09         |            | 8272.61         |
|                                   |            | <u>92879.65</u> |            | <u>97124.12</u> |

\* Goods traded in 18351 M.T. (18576 M.T.)

| 16) Consumption of Stores and Spares: | Value |                | Value |                |
|---------------------------------------|-------|----------------|-------|----------------|
| Imported                              | 1%    | 22.10          | 9%    | 188.92         |
| Indigenous                            | 99%   | 1740.79        | 91%   | 1914.28        |
|                                       |       | <u>1762.89</u> |       | <u>2103.20</u> |

### 17) Capacities and Production:

| Class of Goods | Unit | Installed Capacity | Production         |
|----------------|------|--------------------|--------------------|
| PVC Resin      | M.T. | 260000<br>(260000) | 247214<br>(212714) |
| PVC Pipes      | M.T. | 97200<br>(69600)   | 85,548<br>(72728)  |
| PVC Fittings   | M.T. | 735<br>(735)       | 5643<br>(5022)     |

Installed capacities are certified by the Managing Director and relied upon by the Auditors.

Production of pipes & fittings Includes production on job work basis.



## Schedule 15: Notes forming part of the Accounts

## 18) Stock and Turnover:

| Class of Goods  | Opening Stock         |                             | Closing Stock         |                             | Turnover                    |                               |
|---|-----------------------|-----------------------------|-----------------------|-----------------------------|-----------------------------|-------------------------------|
|   | Qty (M.T.)            | Value                       | Qty (M.T.)            | Value                       | Qty.(M.T.)                  | #Value                        |
| PVC Resin   | <b>7687</b><br>(6664) | <b>3020.35</b><br>(3439.90) | <b>5287</b><br>(7687) | <b>1620.80</b><br>(3020.35) | <b>*191978</b><br>*(187780) | <b>86202.36</b><br>(85712.41) |
| PVC Pipes   | <b>3181</b><br>(1853) | <b>1711.89</b><br>(1077.49) | <b>335</b><br>(3181)  | <b>149.45</b><br>(1711.89)  | <b>88394</b><br>(71400)     | <b>50554.85</b><br>(40549.01) |
| PVC Fittings  | <b>976</b><br>(381)   | <b>603.84</b><br>(331.12)   | <b>655</b><br>(976)   | <b>584.11</b><br>(603.84)   | <b>5964</b><br>(4427)       | <b>6096.33</b><br>(3910.50)   |
| Miscellaneous<br>{Includes material resold Rs. 3369.75 lakhs (Rs. 5358.27 lakhs)} |                       |                             |                       |                             |                             | <b>5926.30</b><br>(8113.01)   |

# Net of excise duty

Opening and closing stock of PVC Resin includes PVC Resin lying at Pipes Plants.

\* Net of captive consumption 57636 M.T. (23911 M.T.)

Interdivisional Transfers during the year 58371 M.T. (23781 M.T.)

## 19) Segment Reporting :

## Primary Segment

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

The above business segments have been identified considering :

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

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

**Schedule 15: Notes forming part of the Accounts**
**(Rs. in lakhs)**

| Description                            | 2008-09          | 2007-08          | 2008-09          | 2007-08          | 2008-09            | 2007-08            | 2008-09            | 2007-08           | 2008-09           | 2007-08           | 2008-09          | 2007-08          | 2008-09  | 2007-08  | 2008-09  |
|--|------------------|------------------|------------------|------------------|--------------------|--------------------|--------------------|-------------------|-------------------|-------------------|------------------|------------------|----------|----------|----------|
|  | PVC              | PVC              | PIPES & FITTINGS | PIPES & FITTINGS | OTHER THAN SEGMENT | OTHER THAN SEGMENT | OTHER THAN SEGMENT | ELIMINATIONS      | ELIMINATIONS      | ELIMINATIONS      | TOTAL            | TOTAL            | TOTAL    | TOTAL    | TOTAL    |
| <b>A. PRIMARY SEGMENT INFORMATION</b>  |                  |                  |                  |                  |                    |                    |                    |                   |                   |                   |                  |                  |          |          |          |
| SEGMENT REVENUE (net of excise duty)   |                  |                  |                  |                  |                    |                    |                    |                   |                   |                   |                  |                  |          |          |          |
| a) External Sales                      | 96952.95         | 92577.18         | 72926.61         | 48040.64         | —                  | —                  | —                  | —                 | —                 | —                 | 169879.56        | 140617.82        | —        | —        | —        |
| b) Inter-segment Sales                 | 31437.33         | 10719.11         | —                | 60.00            | —                  | —                  | —                  | (10779.11)        | (31437.33)        | (10779.11)        | —                | —                | —        | —        | —        |
| <b>TOTAL REVENUE</b>                   | <b>128390.28</b> | <b>103296.29</b> | <b>72926.61</b>  | <b>48100.64</b>  | <b>—</b>           | <b>—</b>           | <b>—</b>           | <b>(10779.11)</b> | <b>(31437.33)</b> | <b>(10779.11)</b> | <b>169879.56</b> | <b>140617.82</b> | <b>—</b> | <b>—</b> | <b>—</b> |
| SEGMENT RESULT                         | 20171.45         | 10939.15         | 2064.12          | 3574.82          | —                  | —                  | —                  | —                 | —                 | —                 | 22235.57         | 14513.97         | —        | —        | —        |
| Interest                               |                  |                  |                  |                  |                    |                    |                    |                   |                   |                   | 4682.66          | 3031.93          |          |          |          |
| Net unallocable (expenditure) / income |                  |                  |                  |                  |                    |                    |                    |                   |                   |                   | (23451.97)       | (1304.57)        |          |          |          |
| (LOSS) / PROFIT BEFORE TAX             |                  |                  |                  |                  |                    |                    |                    |                   |                   |                   | (5899.06)        | 10177.47         |          |          |          |
| Provision for current tax              |                  |                  |                  |                  |                    |                    |                    |                   |                   |                   | 22.04            | 3643.92          |          |          |          |
| Provision for deferred tax             |                  |                  |                  |                  |                    |                    |                    |                   |                   |                   | (2201.68)        | (665.00)         |          |          |          |
| Provision for Fringe benefit tax       |                  |                  |                  |                  |                    |                    |                    |                   |                   |                   | 70.00            | 80.00            |          |          |          |
| (LOSS) / PROFIT AFTER TAX              | <b>101578.79</b> | <b>97937.75</b>  | <b>22491.23</b>  | <b>21685.01</b>  | <b>63575.28</b>    | <b>61296.37</b>    | <b>61296.37</b>    | <b>—</b>          | <b>—</b>          | <b>—</b>          | <b>(3789.42)</b> | <b>7118.55</b>   | <b>—</b> | <b>—</b> | <b>—</b> |
| SEGMENT ASSETS                         |                  |                  |                  |                  |                    |                    |                    |                   |                   |                   | 187645.30        | 180919.13        |          |          |          |
| SEGMENT LIABILITIES                    | 8799.91          | 8484.47          | 9387.06          | 9050.57          | 30081.80           | 29003.49           | 29003.49           | —                 | —                 | —                 | 48268.77         | 46538.53         |          |          |          |
| CAPITAL EXPENDITURE                    | 184.53           | 3676.53          | 6332.24          | 905.80           | 158.45             | 376.63             | 376.63             | —                 | —                 | —                 | 6675.22          | 4958.96          |          |          |          |
| DEPRECIATION                           | 4865.70          | 4942.30          | 899.68           | 540.70           | 66.87              | 262.77             | 262.77             | —                 | —                 | —                 | 5832.25          | 5745.77          |          |          |          |

**B. Secondary Segment**

The Company caters mainly to the needs of Indian markets. Export turnover during the year being less than 10% of the total turnover, there are no reportable geographical segments

## Schedule 15: Notes forming part of the Accounts

## 20) Related Party Disclosures :

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

## a) List of Related Parties

**Associate Companies**

- 1 Finolex Cables Limited
- 2 Finolex Plasson Industries Limited
- 3 Finprop Advisory Services Limited
4. Finolex Infrastructure Limited
- 5 Pawas Port Limited

**Key management personnel**

1. Mr. P. P. Chhabria - Chairman
2. Mr. K. P. Chhabria - Executive Vice-Chairman
3. Mr. Prakash P. Chhabria - Managing Director
4. Mr. J. S. Arora -Wholetime Director
5. Mr. S. S. Dhanorkar -Wholetime Director
6. Mr. P. Subramaniam -Wholetime Director

**b) Transactions with related Parties****Rs. in lakhs**

| Nature of transaction              | 2008-09             |                          | 2007-08             |                          |
|------------------------------------|---------------------|--------------------------|---------------------|--------------------------|
|                                    | Associate companies | Key management personnel | Associate companies | Key management personnel |
| <b>1 Sales and other Income</b>    |                     |                          |                     |                          |
| Finolex Cables Limited             | 254.92              |                          | 258.09              |                          |
| Finolex Plasson Industries Limited | 1745.86             |                          | 2587.19             |                          |
| Total                              | <u>2000.78</u>      | —                        | <u>2845.28</u>      | —                        |
| <b>2 Sale of asset</b>             |                     |                          |                     |                          |
| Finolex Cables Limited             | —                   | —                        | 3.47                | —                        |

## Schedule 15: Notes forming part of the Accounts

| <b>b) Transactions with related Parties</b>    |                        | <b>Rs. in lakhs</b>            |                        |                                |  |
|--|------------------------|--------------------------------|------------------------|--------------------------------|--|
| Nature of transaction                          | 2008-09                |                                | 2007-08                |                                |  |
|  | Associate<br>companies | Key<br>management<br>personnel | Associate<br>companies | Key<br>management<br>personnel |  |
| <b>3 Purchases of raw materials and stores</b> |                        |                                |                        |                                |  |
| Finolex Cables Limited                         | 60.20                  |                                | 602.57                 |                                |  |
| Total  | 60.20                  | —                              | 602.57                 | —                              |  |
| <b>4 Purchases of assets</b>                   |                        |                                |                        |                                |  |
| Finolex Cables Limited                         | —                      | —                              | 308.33                 | —                              |  |
| <b>5 Purchases of Investments</b>              |                        |                                |                        |                                |  |
| Finolex Infrastructure Limited                 | —                      | —                              | 2.50                   | —                              |  |
| Finolex Plasson Industries Limited             | 449.70                 | —                              | —                      | —                              |  |
| <b>6 Dividend received</b>                     |                        |                                |                        |                                |  |
| Finolex Cables Limited                         | 332.80                 | —                              | 310.62                 | —                              |  |
| Finolex Plasson Industries Limited             | 69.52                  | —                              | 45.00                  | —                              |  |
| <b>7 Dividend paid</b>                         |                        |                                |                        |                                |  |
| Finolex Cables Limited                         | 1205.78                | —                              | 1205.78                | —                              |  |
| <b>8 Expenditure on services</b>               |                        |                                |                        |                                |  |
| Finolex Cables Limited                         | 5.89                   | —                              | 12.50                  | —                              |  |
| Finprop Advisory Services Limited              | 39.26                  | —                              | 30.52                  | —                              |  |
| Total  | 45.15                  | —                              | 43.02                  | —                              |  |
| <b>9 Income from services</b>                  |                        |                                |                        |                                |  |
| Finolex Cables Limited                         | 128.47                 |                                | 162.71                 |                                |  |
| Finolex Plasson Industries Limited             | 3.15                   | —                              | —                      | —                              |  |
| Total  | 131.62                 |                                | 162.71                 |                                |  |

## Schedule 15: Notes forming part of the Accounts

| b) Transactions with related Parties  | Rs. in lakhs           |                                |                        |                                |
|---------------------------------------|------------------------|--------------------------------|------------------------|--------------------------------|
|                                       | 2008-09                |                                | 2007-08                |                                |
|                                       | Associate<br>companies | Key<br>management<br>personnel | Associate<br>companies | Key<br>management<br>personnel |
| <b>10 Amount outstanding</b>          |                        |                                |                        |                                |
| Debtors                               | 668.12                 | —                              | 3309.50                | —                              |
| Creditors                             | 246.37                 | —                              | 269.18                 | —                              |
| <b>11 Loans and advances</b>          |                        |                                |                        |                                |
| Finolex Plasson Industries<br>Limited | 45.00                  | —                              | 45.00                  | —                              |
| Pawas Port Limited                    | 0.01                   | —                              | —                      | —                              |
| <b>12 Managerial remuneration</b>     | —                      | 185.76                         | —                      | 459.70                         |

## (21) BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I Registration Details

Registration No. 

|  |   |   |   |   |   |
|--|---|---|---|---|---|
|  | 2 | 4 | 1 | 5 | 3 |
|--|---|---|---|---|---|

 State Code 

|   |   |
|---|---|
| 1 | 1 |
|---|---|

Balance Sheet date 

|   |   |   |   |   |   |
|---|---|---|---|---|---|
| 3 | 1 | 0 | 3 | 0 | 9 |
|---|---|---|---|---|---|

  
D D M M Y Y

### II Capital Raised during the Year (Amounts in Rs. Thousands)

|  |   |   |   |   |  |  |  |   |  |   |   |   |  |  |  |
|--|---|---|---|---|--|--|--|---|--|---|---|---|--|--|--|
| Public Issue<br><table border="1" style="width: 100%; text-align: center;"><tr><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table> |   | N | I | L |  |  |  | Rights Issue<br><table border="1" style="width: 100%; text-align: center;"><tr><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>      |  | N | I | L |  |  |  |
|  | N | I | L |   |  |  |  |   |  |   |   |   |  |  |  |
|  | N | I | L |   |  |  |  |   |  |   |   |   |  |  |  |
| Bonus Issue<br><table border="1" style="width: 100%; text-align: center;"><tr><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>  |   | N | I | L |  |  |  | Private Placement<br><table border="1" style="width: 100%; text-align: center;"><tr><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table> |  | N | I | L |  |  |  |
|  | N | I | L |   |  |  |  |   |  |   |   |   |  |  |  |
|  | N | I | L |   |  |  |  |   |  |   |   |   |  |  |  |

### III Position of Mobilisation and Deployment of Funds (Amounts in Rs. Thousands)

|   |   |   |   |   |   |   |   |   |  |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|--|---|---|---|---|---|---|---|---|
| Total Liabilities<br><table border="1" style="width: 100%; text-align: center;"><tr><td>1</td><td>8</td><td>6</td><td>0</td><td>9</td><td>5</td><td>7</td><td>6</td></tr></table> | 1 | 8 | 6 | 0 | 9 | 5 | 7 | 6 | Total Assets<br><table border="1" style="width: 100%; text-align: center;"><tr><td>1</td><td>8</td><td>6</td><td>0</td><td>9</td><td>5</td><td>7</td><td>6</td></tr></table> | 1 | 8 | 6 | 0 | 9 | 5 | 7 | 6 |
| 1   | 8 | 6 | 0 | 9 | 5 | 7 | 6 |   |  |   |   |   |   |   |   |   |   |
| 1   | 8 | 6 | 0 | 9 | 5 | 7 | 6 |   |  |   |   |   |   |   |   |   |   |

#### Sources of Funds

|   |   |   |   |   |   |   |   |   |  |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|--|---|---|---|---|---|---|---|---|
| Paid-Up Capital<br><table border="1" style="width: 100%; text-align: center;"><tr><td>0</td><td>1</td><td>2</td><td>4</td><td>0</td><td>0</td><td>8</td><td>7</td></tr></table> | 0 | 1 | 2 | 4 | 0 | 0 | 8 | 7 | Reserves and Surplus<br><table border="1" style="width: 100%; text-align: center;"><tr><td>0</td><td>3</td><td>7</td><td>5</td><td>9</td><td>4</td><td>9</td><td>5</td></tr></table> | 0 | 3 | 7 | 5 | 9 | 4 | 9 | 5 |
| 0   | 1 | 2 | 4 | 0 | 0 | 8 | 7 |   |  |   |   |   |   |   |   |   |   |
| 0   | 3 | 7 | 5 | 9 | 4 | 9 | 5 |   |  |   |   |   |   |   |   |   |   |
| Secured Loans<br><table border="1" style="width: 100%; text-align: center;"><tr><td>0</td><td>2</td><td>4</td><td>5</td><td>7</td><td>5</td><td>3</td><td>9</td></tr></table>   | 0 | 2 | 4 | 5 | 7 | 5 | 3 | 9 | Unsecured Loans<br><table border="1" style="width: 100%; text-align: center;"><tr><td>0</td><td>5</td><td>5</td><td>7</td><td>4</td><td>9</td><td>0</td><td>2</td></tr></table>      | 0 | 5 | 5 | 7 | 4 | 9 | 0 | 2 |
| 0   | 2 | 4 | 5 | 7 | 5 | 3 | 9 |   |  |   |   |   |   |   |   |   |   |
| 0   | 5 | 5 | 7 | 4 | 9 | 0 | 2 |   |  |   |   |   |   |   |   |   |   |

#### Deferred Tax

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 0 | 0 | 7 | 6 | 0 | 4 | 3 | 0 |
|---|---|---|---|---|---|---|---|

#### Application of Funds

|  |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
|--|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Net Fixed Assets<br><table border="1" style="width: 100%; text-align: center;"><tr><td>0</td><td>8</td><td>6</td><td>5</td><td>1</td><td>5</td><td>4</td><td>0</td></tr></table>   | 0 | 8 | 6 | 5 | 1 | 5 | 4 | 0 | Investments<br><table border="1" style="width: 100%; text-align: center;"><tr><td>0</td><td>2</td><td>6</td><td>4</td><td>5</td><td>8</td><td>9</td><td>5</td></tr></table> | 0 | 2 | 6 | 4 | 5 | 8 | 9 | 5 |
| 0  | 8 | 6 | 5 | 1 | 5 | 4 | 0 |   |   |   |   |   |   |   |   |   |   |
| 0  | 2 | 6 | 4 | 5 | 8 | 9 | 5 |   |   |   |   |   |   |   |   |   |   |
| Net Current Assets<br><table border="1" style="width: 100%; text-align: center;"><tr><td>0</td><td>2</td><td>4</td><td>9</td><td>5</td><td>0</td><td>1</td><td>8</td></tr></table> | 0 | 2 | 4 | 9 | 5 | 0 | 1 | 8 | Misc. Expenditure<br><table border="1" style="width: 100%; text-align: center;"><tr><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>     |   | N | I | L |   |   |   |   |
| 0  | 2 | 4 | 9 | 5 | 0 | 1 | 8 |   |   |   |   |   |   |   |   |   |   |
|  | N | I | L |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| Accumulated Losses<br><table border="1" style="width: 100%; text-align: center;"><tr><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>           |   | N | I | L |   |   |   |   |   |   |   |   |   |   |   |   |   |
|  | N | I | L |   |   |   |   |   |   |   |   |   |   |   |   |   |   |

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (contd.)**

**IV Performance of Company (Amount in Rs. Thousands)**

Turnover (net of excise duty)

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 1 | 4 | 9 | 2 | 9 | 1 | 8 | 6 |
|---|---|---|---|---|---|---|---|

Total Expenditure

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 1 | 5 | 8 | 8 | 1 | 1 | 6 | 1 |
|---|---|---|---|---|---|---|---|

+ - Profit Before Tax

|  |   |   |   |   |   |   |   |   |   |
|--|---|---|---|---|---|---|---|---|---|
|  | - | 0 | 0 | 5 | 8 | 9 | 9 | 0 | 6 |
|--|---|---|---|---|---|---|---|---|---|

+ - Profit After Tax

|  |   |   |   |   |   |   |   |   |   |
|--|---|---|---|---|---|---|---|---|---|
|  | - | 0 | 0 | 3 | 7 | 8 | 9 | 4 | 2 |
|--|---|---|---|---|---|---|---|---|---|

Earnings Per Share in Rs.

|   |   |   |   |   |
|---|---|---|---|---|
| - | 3 | . | 0 | 6 |
|---|---|---|---|---|

Dividend Rate %

|   |   |   |   |   |
|---|---|---|---|---|
| 1 | 0 | . | 0 | 0 |
|---|---|---|---|---|

**V Generic Names of Three Principal Products/Services of Company (As per monetary terms)**

a) Item Code No. (ITC Code)

|   |   |   |   |   |   |   |   |  |  |  |  |
|---|---|---|---|---|---|---|---|--|--|--|--|
| 3 | 9 | 0 | 4 | 2 | 1 | 1 | 0 |  |  |  |  |
|---|---|---|---|---|---|---|---|--|--|--|--|

Product Description

|   |   |   |   |  |   |   |   |   |   |  |  |
|---|---|---|---|--|---|---|---|---|---|--|--|
| S | P | V | C |  | R | E | S | I | N |  |  |
|---|---|---|---|--|---|---|---|---|---|--|--|

b) Item Code No. (ITC Code)

|   |   |   |   |   |   |   |   |  |  |  |  |
|---|---|---|---|---|---|---|---|--|--|--|--|
| 3 | 9 | 0 | 4 | 2 | 2 | 1 | 0 |  |  |  |  |
|---|---|---|---|---|---|---|---|--|--|--|--|

Product Description

|   |   |   |   |  |   |   |   |   |   |  |  |
|---|---|---|---|--|---|---|---|---|---|--|--|
| E | P | V | C |  | R | E | S | I | N |  |  |
|---|---|---|---|--|---|---|---|---|---|--|--|

c) Item Code No. (ITC Code)

|   |   |   |   |   |   |   |   |  |  |  |  |
|---|---|---|---|---|---|---|---|--|--|--|--|
| 3 | 9 | 1 | 7 | 2 | 3 | 9 | 0 |  |  |  |  |
|---|---|---|---|---|---|---|---|--|--|--|--|

Product Description

|   |   |   |  |   |   |   |   |   |  |  |  |
|---|---|---|--|---|---|---|---|---|--|--|--|
| P | V | C |  | P | I | P | E | S |  |  |  |
|---|---|---|--|---|---|---|---|---|--|--|--|

d) Item Code No. (ITC Code)

|   |   |   |   |   |   |   |   |  |  |  |  |
|---|---|---|---|---|---|---|---|--|--|--|--|
| 3 | 9 | 1 | 7 | 4 | 0 | 0 | 0 |  |  |  |  |
|---|---|---|---|---|---|---|---|--|--|--|--|

Product Description

|   |   |   |  |   |   |   |   |   |   |   |   |
|---|---|---|--|---|---|---|---|---|---|---|---|
| P | V | C |  | F | I | T | T | I | N | G | S |
|---|---|---|--|---|---|---|---|---|---|---|---|

**(22) Figures in respect of the previous year have been regrouped or rearranged wherever necessary to conform to the current period's classification.**

Signatures to Schedules 1 to 15 and Notes to Accounts.

As per our report of even date  
For B. K. Khare & Company  
Chartered Accountants

P. P. CHHABRIA  
K. P. CHHABRIA  
PRAKASH P. CHHABRIA  
K. N. ATMARAMANI  
S. N. INAMDAR  
DR. VIJAY P. BHATKAR  
DR. SUNIL U. PATHAK  
P. D. KARANDIKAR  
PROSHANTO BANERJEE  
S. S. DHANORKAR  
P. SUBRAMANIAM  
J. S. ARORA

Chairman  
Executive Vice Chairman  
Managing Director

U. B. JOSHI  
Partner

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

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

Pune : 27th June, 2009

Pune : 27th June, 2009

## NOTICE

NOTICE is hereby given that the twenty-eighth annual general meeting of the members of Finolex Industries Limited will be held on Friday, 28th day of August, 2009 at 11.30 a.m. at Training Centre of Finolex Cables Limited at and post Urse, Taluka Maval, District Pune 410 506 to transact the following business:

1. To receive, consider, approve and adopt the audited balance sheet as at 31st March, 2009 and the profit and loss account for the year ended on that date and the reports of the directors' and the auditors' thereon.
2. To declare dividend for the financial year ended 31st March, 2009.
3. To appoint a director in place of Mr. K. N. Atmaramani, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a director in place of Mr. M. G. Bhide, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a director in place of Mr. J. S. Arora, who retires by rotation and, being eligible, offers himself for reappointment.
6. To appoint auditors to hold office from the conclusion of this annual general meeting until the conclusion of the next annual general meeting and to fix their remuneration.

### Special Business:

7. To consider, and, if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:  
"RESOLVED THAT Dr. Vijay P. Bhatkar, who was appointed as an additional director on 21st October, 2008 under Article 118 of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting under section 260 of the Companies Act, 1956 (the "Act") and being eligible offers himself for appointment, and in respect of whom the Company has received a notice in writing pursuant to section 257 of the Act from a member of the Company proposing his appointment as a director of the Company, and who has consented, if appointed, to act as a director, be and is hereby appointed as a director of the Company liable to retire by rotation."
8. To consider, and, if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:  
"RESOLVED THAT Dr. Sunil U. Pathak, who was appointed as an additional director on 21st October, 2008 under Article 118 of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting under section 260 of the Companies Act, 1956 (the "Act") and being eligible offers himself for appointment, and in respect of whom the Company has received a notice in writing pursuant to section 257 of the Act from a member of the Company proposing his appointment as a director of the Company, and who has consented, if appointed, to act as a director, be and is hereby appointed as a director of the Company liable to retire by rotation."



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

“RESOLVED THAT Mr. P. D. Karandikar, who was appointed as an additional director on 27th June, 2009 under Article 118 of the Articles of Association of the Company, and who holds office up to the date of this Annual General Meeting under section 260 of the Companies Act, 1956 (the “Act”) and being eligible offers himself for appointment, and in respect of whom the Company has received a notice in writing pursuant to section 257 of the Act from a member of the Company proposing his appointment as a director of the Company, and who has consented, if appointed, to act as a director, be and is hereby appointed as a director of the Company liable to retire by rotation.”

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

“RESOLVED THAT in accordance with the provisions of sections 198, 269, 309, 310, 311, schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) and subject to the approvals as are necessary, consent of the Company be and is hereby accorded to the reappointment of Mr. J. S. Arora as wholetime director of the Company designated as Director (Operations) with effect from 1st December, 2008, for a period of two years on the remuneration and on the terms and conditions including remuneration to be paid in case of inadequacy of profits, absence of profits or no profits as are set out in the Agreement (the “Agreement”) entered into by the Company with Mr. J. S. Arora, which Agreement is placed before this meeting and is hereby specifically approved with liberty to the Board of Directors of the Company (the “Board”) to alter and vary the terms and conditions of the Agreement.

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

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

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

“RESOLVED THAT pursuant to the provisions of section 17 and other applicable provisions, if any, read with section 192A of the Companies Act, 1956 (the “Act”), consent of the Company be and is hereby accorded for alteration of the Clause III (C) (57) of Objects Clause of the Memorandum of Association of the Company in the following manner:

The existing Clause III (C) (57) of the Memorandum of Association of the Company be deleted, and in its place, the following revised clause be inserted:

**57. To carry on business of generation (including co-generation), transmission, distribution, sell, market, trade and deal-in electric and other forms of energy derived by any and all modes and to manufacture, market and sell, equipment, apparatus, appliances, materials and supplies required therefor.**

RESOLVED FURTHER THAT the Memorandum of Association of the Company, duly modified as aforesaid, or as suggested by any appropriate authority and accepted by the Board of Directors of the Company (the "Board"), be and is hereby adopted as the Memorandum of Association of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, matters, deeds and things as it may consider necessary, usual or expedient to implement this resolution."

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

"RESOLVED THAT the approval of the members of the Company be and is hereby accorded pursuant to the provisions of section 149 (2A) and other applicable provisions, if any, of the Companies Act, 1956, for commencing and carrying of the business and activities as mentioned in the amended Clause III (C) (57) of the Objects Clause of the Memorandum of Association of the Company.

RESOLVED FURTHER THAT effect may be given to this resolution, at such time and in such manner as Board of Directors of the Company (the "Board") considers appropriate and the Board be and is hereby authorized to take all such steps and actions and give such directions, as may in its absolute discretion deem necessary and to settle any question that may arise in this regard.

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

**Note : Transactions at sr. nos. 11 & 12 require consent of members through postal ballot.**

By Order of the Board of Directors  
For Finolex Industries Limited

Anil B. Atre

AVP (Legal & Admin.) &  
Company Secretary

Pune,  
27th June, 2009.

### Notes:

1. **A member entitled to attend and vote at the meeting is entitled to appoint proxy to attend and vote instead of himself and a proxy need not be a member of the Company. The proxy form, in order to be effective, must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.**
2. The explanatory statement pursuant to section 173(2) of the Companies Act, 1956 is annexed hereto.
3. The register of members and the share transfer books of the Company will remain closed from 15th August, 2009 to 28th August, 2009, both days inclusive.
4. Dividend, if declared at the meeting, will be paid on or before 26th September, 2009 to those shareholders whose names appear on the register of members of the Company on 28th August, 2009 or on the register of beneficial owners maintained by the depositories as at the close of their business hours on 14th August, 2009.
5. Members whose shareholding is in the dematerialized form are requested to direct change of address notifications and updations of bank/mandate/ECS details to his/her respective depository participant. Members holding shares in physical form may please send such details to the Company at its Investor Relations Centre.
6. Members holding shares in physical form are requested to consider dematerializing the same at the earliest.
7. Members who have not appointed nominees are requested to appoint nominees. The prescribed form for appointment of nominee will be made available on request.
8. Members desirous of obtaining any information concerning the accounts and operations of the Company for the financial year ended 31st March, 2009 are requested to address their questions to the Company Secretary at Investor Relations Centre so as to reach on or before 20th August, 2009 so that the requested information is made available at the meeting to the best extent possible.
9. Please ensure to enclose copies of PAN card(s) of all transferees along with share transfer documents to be lodged for transfer of shares. In absence of such PAN card copies, Company can't effect the transfer of shares.
10. Pursuant to sections 205A and 205C of the Companies Act, 1956, all unclaimed/unpaid dividends up to the financial year 2000-01 have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government.

11. Members are requested to bring their copy of the annual report and the duly filled in attendance slip with them at the annual general meeting.
12. Route map showing directions to the venue of the meeting is given on page 78.
13. **As per section 192A of the Companies Act, 1956, read with the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001, consent of the shareholders to the resolutions proposed at item nos.11 and 12 are to be obtained by means of voting by postal ballot ("Postal Ballot"). Postal Ballot form and self addressed postage pre-paid envelope are enclosed. The Company has appointed Mr.M.A.Patwardhan, an eminent advocate from Pune as scrutineer ("Scrutineer") for conducting the postal ballot process in a fair and transparent manner.**

Shareholders are advised to read carefully the instructions printed in the Postal Ballot form and return the form duly completed in all respects in the enclosed self-addressed postage pre-paid envelope so as to reach the Scrutineer on or before the close of working hours on 20th August, 2009.

The Scrutineer will submit a report to the Chairman after completion of scrutiny and the results of the voting by the Postal Ballot will be announced by the Chairman at the ensuing annual general meeting.

#### **EXPLANATORY STATEMENT IN RESPECT OF ITEM NOS. 7 TO 12 OF THE NOTICE PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.**

##### **Item Nos.7, 8 & 9**

Dr. Vijay P. Bhatkar and Dr. Sunil U. Pathak were appointed as additional directors by the Board of Directors (the "Board") with effect from 21st October, 2008. Mr. P. D. Karandikar was appointed as additional director by the Board with effect from 27th June, 2009. They hold office upto the date of the twenty eighth annual general meeting of the Company. Notices have been received from some members of the Company in pursuance of section 257 of the Companies Act, 1956 along with a deposit of Rs. 500 each proposing Dr. Vijay P. Bhatkar, Dr. Sunil U. Pathak and Mr. P. D. Karandikar as candidates for office of directors. Dr. Vijay P. Bhatkar, Dr. Sunil U. Pathak and Mr. P. D. Karandikar have given their consent, if appointed, to act as directors of the Company.

Brief resume of the directors being appointed, nature of their expertise in specific functional areas and names of companies in which they hold directorships, memberships of the committees of the Board and their shareholding in the Company as required under Clause 49 of the listing agreement are furnished hereunder:

Dr. Vijay P. Bhatkar, M.E., Ph.D., age 62 years, is one of the most distinguished scientists and IT leaders of India today. He is credited with the creation of several national institutions viz. C-DAC, ER&DC, ETH and so on. Dr. Bhatkar held high ranking positions in Government of India. For his contributions to IT in India, he was conferred Padmashree award in the year 2000. Dr. Bhatkar is presently leading the mission of Education to Home (ETH) of bringing the benefits of ICT to the masses, particularly in the literacy, school and university education. Dr. Vijay P. Bhatkar is also a director of Sterling Infotech Limited, ETH Limited and Maharashtra Knowledge Corporation Limited. He is not member of any committee of the Board. He is not holding any shares in the Company.

Dr. Sunil U. Pathak, M.Sc., Ph.D., age 58 years, is an eminent personality in the field of Income Tax. He has held high ranking positions in the Income Tax Department, Government of India. After illustrious career of 24 years in IRS, he opted for voluntary retirement in the year 1997, and engaged himself in Income Tax Tribunal and chamber consultation practice in Pune and Mumbai. Dr. Sunil U. Pathak is also a director of Finprop Advisory Services Limited, Akash-Tatva Investments Private Limited, Mohini Investments Private Limited, K. P. Investments Private Limited, Coated Fabrics Private Limited, Hi-Tech Poly Coatings Private Limited, Orbit Electricals Private Limited, Corrugated Box Industries (I) Pvt. Limited and M.I.S. Implant Technologies (India) Pvt. Limited. He is also a member of the audit committee and investors grievance committee of the Board. He is not holding any shares in the Company.

Mr. P. D. Karandikar, M.A., M.Sc. (London School of Economics), age 60 years, is the former divisional commissioner of Pune. He has been at the helm of affairs of various Government organizations including managing director of SICOM and CEO of MIDC. He has held position of Secretary to Government of Maharashtra in various departments. He also received President's medal in 1982 and other awards during his illustrious career with Indian Administrative Service. He is also a director of IL&FS Renewable Energy Limited. He is not member of any committee of the Board. He is not holding any shares in the Company.

The directors consider it to be in the interest of the Company to continue to receive the benefits of their advice and expertise and recommend their appointments.

None of the directors except Dr. Vijay P. Bhatkar, Dr. Sunil U. Pathak and Mr. P. D. Karandikar are concerned or interested in the resolutions proposed at item Nos. 7, 8 and 9 respectively.

### Item No.10

Mr. J. S. Arora was reappointed as a wholetime director designated as Director (Operations) for the period of two years with effect from 1st December, 2008 by the

Board of Directors (the "Board") at its meeting held on 21st October, 2008, upon the terms and conditions which are set out in the Agreement entered into by the Company with Mr. J. S. Arora.

Mr. J. S. Arora, B.E. Chemical, age 64 years, is working with the Company since 1994 and is a director of the Company since 1st December, 1996. He has long standing experience of 42 years in the field of fertilizers and petrochemicals with different Petrochemical companies.

The main terms and conditions of the Agreement for reappointment of Mr. J. S. Arora are as under:

**A. Remuneration:**

The Company shall pay to Mr. J. S. Arora basic salary of Rs.1,46,050 in the scale of Rs. 1 lakh to Rs. 5 lakhs per month with an annual increment, as may be decided by the Board within the abovementioned scale.

Other perquisites are as under:

| Description                                    | Amount (Rs.)<br>per month |
|--|---------------------------|
| Conveyance allowance (Including reimbursement) | 11500                     |
| Reimbursement of driver's salary               | 5000                      |
| Compensatory allowance                         | 11100                     |

**B. Perquisites and facilities:**

Mr. J. S. Arora shall also be entitled to:

1. House rent allowance of 30% of basic salary.
2. Bonus/Ex-gratia as announced by the Company.
3. Medical allowance including reimbursement as per rules of the Company.
4. Leave with full pay and all allowances as per the rules of the Company.
5. Encashment of leave at the end of tenure as per the rules of the Company.
6. Leave Travel Concession for self and family in accordance with the rules of the Company.
7. Performance Incentive as decided by the Board.
8. Benefit of group personal accident insurance policy taken out by the Company.
9. Contributions to provident fund, superannuation fund and gratuity fund as per the rules of the Company.
10. Free use of motor car (without driver) provided by the Company for business purposes.

11. Free landline and mobile phone facility that is to say all charges whereof including rental, call charges, etc. shall be paid by the Company in full, personal long distance calls to be billed by the Company to the respective director.
12. The Company shall reimburse actual entertainment and travelling expenses incurred by directors in connection with the Company's business.

The agreement entered into by the Company with Mr. J. S. Arora is available for inspection by the members of the Company at the registered office of the Company between 10.00 a.m. and 12.00 noon on any working day of the Company till 28th August, 2009.

The aforesaid may be treated as an abstract of the terms and conditions of reappointment and remuneration paid/payable to Mr. J. S. Arora pursuant to section 302 of the Companies Act, 1956.

None of the directors other than Mr. J. S. Arora is concerned or interested in the resolution proposed at item no.10 of the Notice.

### Item Nos.11 & 12

Your Company proposes to set up a 30 MW Gas based Power Plant at its plant at Chinchwad, Pune. The concept of power generation through Gas based power plant is comparatively a low cost project having a very short gestation period and an eco-friendly source of energy. Besides this social and environmental aspect, it makes great business sense to take up this venture.

In view of the above, your Company proposes to amend the existing Objects Clause III (C) (57) of the Memorandum of Association by inserting the revised clause to enable it to trade and deal in electric and other forms of energy derived by any and all modes and to manufacture, market and sell, equipment, apparatus, appliances, materials and supplies required therefor.

A copy each of the existing Memorandum of Association and a new set of the Memorandum of Association after incorporating the proposed alteration in its object clause is available for inspection by the members of the Company at the registered office of the Company between 10.00 a.m. and 12.00 noon on any working day of the Company.

The provisions of section 149 (2A) of the Companies Act, 1956 (the "Act"), require approval of the shareholders by means of a special resolution for commencing any business listed under the "Other Objects" of the Memorandum of Association of the Company in terms of section 13(1)(d)(ii) of the Act. The Company proposes to commence the activities and or business as detailed in the abovesaid revised Clause III (C) (57) of the Memorandum of Association.

Pursuant to section 17 read with section 192A of the Act, and the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 (the "Rules") any proposal to alter the Objects Clause of the Company has to be approved by its shareholders by way of postal ballot. Though the approval under section 149(2A) of the Act is not mandatorily required by means of a postal ballot, yet the said proposal is also being put up for the shareholders' approval by way of postal ballot. Postal Ballot form and self-addressed Postage Pre-paid envelope are enclosed.

The Board of Directors accordingly recommends the resolutions set out at item nos.11 and 12 of the accompanying notice for the approval of the members.

None of the directors of the Company is in any way concerned or interested in the aforesaid special resolutions.

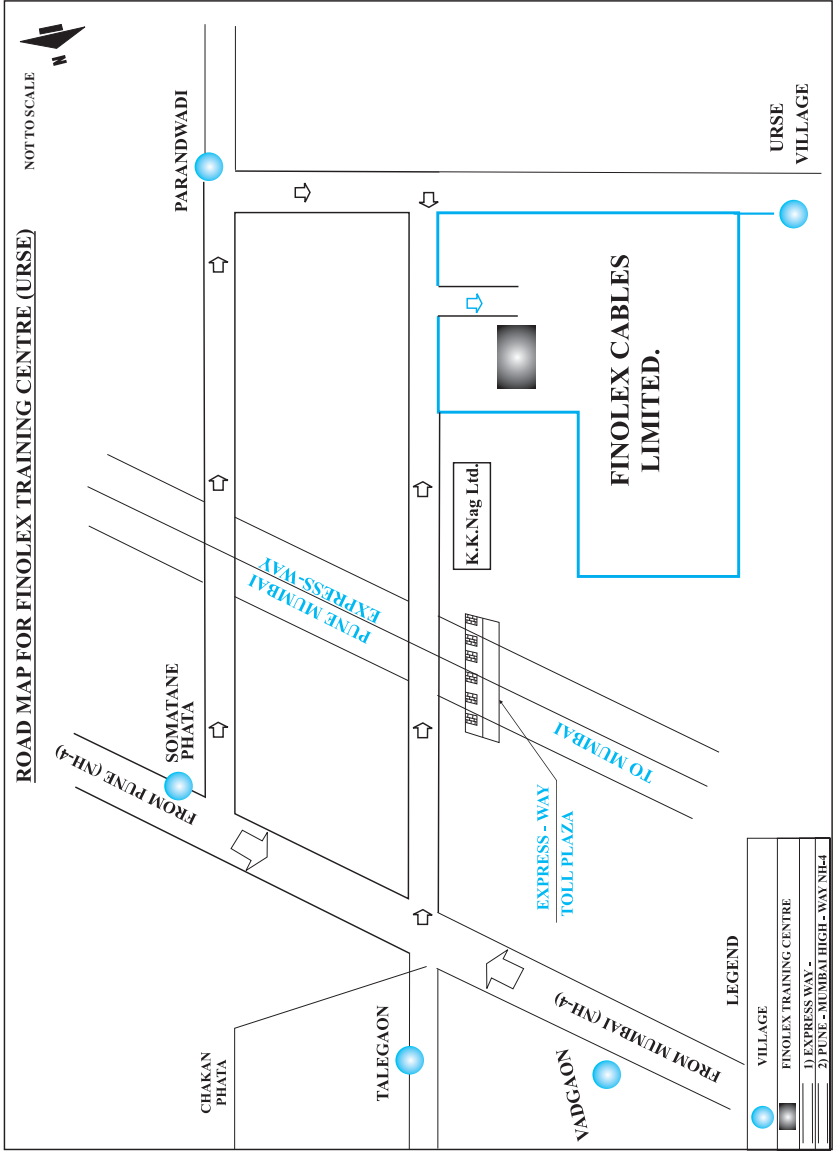
By Order of the Board of Directors  
For Finolex Industries Limited

Anil B. Atre

AVP (Legal & Admin.) &  
Company Secretary

Pune,  
27th June, 2009.





# FINOLEX INDUSTRIES LIMITED

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

## PROXY FORM

Folio No.: \_\_\_\_\_ No. of shares \_\_\_\_\_

DP ID No. : \_\_\_\_\_

Client ID No. : \_\_\_\_\_

I/We \_\_\_\_\_ of

\_\_\_\_\_ being member(s) of the above named

Company, hereby appoint \_\_\_\_\_

of \_\_\_\_\_

or failing him \_\_\_\_\_

of \_\_\_\_\_

as my/our proxy to attend and vote for me/us on my/our behalf at the 28th annual general meeting of the Company to be held on Friday, the 28th August, 2009 at 11.30 a.m. at Training Centre of Finolex Cables Limited at and post Urse, Taluka Maval, District Pune 410 506.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

Signature \_\_\_\_\_

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

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

—Tear here—

# FINOLEX INDUSTRIES LIMITED

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

## 28TH ANNUAL GENERAL MEETING – 28th August, 2009 ATTENDANCE SLIP

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

Folio No.: \_\_\_\_\_ DP ID No.: \_\_\_\_\_ Client ID No.: \_\_\_\_\_

Member's Name \_\_\_\_\_ No. of shares \_\_\_\_\_

Proxy's Name (in block letters) \_\_\_\_\_

I hereby record my presence at the 28th annual general meeting at Training Centre of Finolex Cables Limited at and post Urse, Taluka Maval, District Pune 410 506 on 28th August, 2009 at 11.30 a.m.

Member's/Proxy's Signature

Notes: 1) Interested joint members may obtain attendance slips from the Registered Office of the Company.

2) Members/joint members/proxies are requested to bring the attendance slips with them. Duplicate slips will not be issued at the entrance of the meeting hall.



## Five Year Financial Highlights

(Rs. in lakhs)

| PROFIT AND LOSS ACCOUNT DATA                                 | 2008/09   | 2007/08   | 2006/07   | 2005/06   | 2004/05   |
|--|-----------|-----------|-----------|-----------|-----------|
| Gross Revenue  | 173500.25 | 167550.25 | 125252.13 | 90076.03  | 100126.02 |
| Materials and manufacturing cost<br>(including excise duty ) | 138028.85 | 137282.48 | 99186.01  | 69190.06  | 72827.28  |
| Personnel expenses   | 3760.50   | 3466.66   | 2615.91   | 2124.05   | 2318.73   |
| Administration and selling expenses                          | 27095.05  | 7845.94   | 6444.69   | 5675.08   | 5841.89   |
| Finance charges  | 4682.66   | 3031.93   | 1373.20   | 1894.98   | 1228.08   |
| Depreciation   | 5832.25   | 5745.77   | 5460.81   | 4682.07   | 4435.72   |
| (Loss)/Profit before tax                                     | (5899.06) | 10177.47  | 10171.51  | 6509.79   | 13474.32  |
| Taxation   | (2109.64) | 3058.92   | 3183.24   | 2278.93   | 3882.62   |
| (Loss)/Profit after tax                                      | (3789.42) | 7118.55   | 6988.27   | 4230.86   | 9591.70   |
| Dividend ( including tax on dividend<br>if applicable )      | 1452.00   | 4354.00   | 4354.00   | 4243.00   | 4243.00   |
| <b>BALANCE SHEET DATA</b>                                    |           |           |           |           |           |
| Share capital  | 12400.87  | 12400.15  | 12399.28  | 12398.90  | 12398.47  |
| Reserves and surplus   | 37594.95  | 42999.72  | 40467.00  | 37970.97  | 38146.46  |
| Net worth  | 49995.82  | 55399.87  | 52866.28  | 50369.87  | 50544.93  |
| Deferred tax ( net )   | 7604.30   | 9805.98   | 10470.98  | 10665.09  | 10629.66  |
| Long term Loans  | 24300.04  | 14776.39  | 17344.00  | 18002.20  | 14625.04  |
| Short term Loans   | 56024.37  | 54398.21  | 30545.46  | 34626.05  | 41105.57  |
| Total liabilities  | 137924.53 | 134380.45 | 111226.72 | 113663.21 | 116905.20 |
| Gross block  | 120586.59 | 113911.37 | 109098.26 | 105009.63 | 89027.03  |
| Net block (including CWIP)                                   | 86515.40  | 76649.31  | 65972.00  | 60569.23  | 54301.79  |
| Investments  | 26458.95  | 25214.29  | 24562.68  | 36732.97  | 41319.00  |
| Net current assets   | 24950.18  | 32516.85  | 20692.04  | 16361.01  | 21284.41  |
| Total assets   | 137924.53 | 134380.45 | 111226.72 | 113663.21 | 116905.20 |
| <b>KEY RATIOS</b>  |           |           |           |           |           |
| Return on net worth ( % )                                    | (7.58)    | 12.85     | 13.22     | 8.40      | 18.98     |
| Earnings per share ( Rs. )                                   | (3.06)    | 5.74      | 5.63      | 3.41      | 7.73      |
| Long term debt to equity                                     | 0.49      | 0.27      | 0.33      | 0.36      | 0.29      |
| Dividend payout ( % )  | —         | 61.16     | 62.30     | 100.29    | 44.24     |
| Interest coverage  | (0.26)    | 4.36      | 8.41      | 4.44      | 11.97     |
| Book value per share   | 40.31     | 44.67     | 42.63     | 40.61     | 40.76     |

U.C.P.

BOOK - POST

If undelivered please return to

**Finolex**  
**Industries Limited**

Finolex Industries Limited , P-14, Rajiv Gandhi Infotech park,  
MIDC Hinjewadi , Pune 411 057, Tel: +91-20-27408200.