

FIL/SEC/SEs/2023-24/050

5th August, 2023

National Stock Exchange of India Limited
 Manager – Listing Department
 5, Exchange Plaza
 Bandra-Kurla Complex
 Bandra (East), Mumbai 400 051
 Scrip Code: FINPIPE

BSE Limited
 Manager – Listing Department
 Registered Office: Floor 25
 P.J.Towers
 Dalal Street
 Mumbai 400 001
 Scrip Code: 500940

Sub: Notice of 42nd (Forty-Second) Annual General Meeting along with Annual Report for the F.Y. 2022-23 of the Company

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

Dear Sir / Madam,

We wish to inform that, the 42nd (Forty-Second) Annual General Meeting (‘AGM’) of Finolex Industries Limited is scheduled to be held on **Monday, 28th August, 2023 at 4.00 p.m.** (IST), through Video Conferencing (‘VC’) or Other Audio Visual Means (‘OAVM’).

In terms of the subject referred Regulations read with MCA & SEBI Circulars, we are submitting herewith the notice of 42nd (Forty-Second) AGM along with Annual Report for the financial year 2022-23 which is being sent to those Members, whose email addresses are registered with the Company / Registrar and Share Transfer Agent (‘RTA’) / their respective Depository Participants (‘DP’), through electronic mode.

The Schedule of AGM is as set out below:

| Event – 42 nd AGM | Details | Time (IST) |
|--|---|------------|
| Date and time of AGM | Monday, 28 th August, 2023 | 4.00 P.M |
| Mode | Video conferencing and other audio visual means | - |
| Link for participation through video conferencing & E-voting platform of Kfin (RTA) | https://emeetings.kfintech.com/ | - |
| Cut-off date for e-voting | Monday, 21 st August, 2023 | - |
| E-voting start date and time | Friday, 25 th August, 2023 | 9.00 a.m. |
| E-voting end date and time | Sunday, 27 th August, 2023 | 5.00 p.m. |
| Record Date for the payment of Final Dividend of ₹1.50/- (i.e. 75%) per Equity Share of ₹2.00/- each | Monday, 21 st August, 2023 | - |
| Dividend Payment date | Monday, 11 th September, 2023 | - |

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

Tel +91 2114 237251 / 237253
Toll Free 1800 200 3466
Fax +91 2114 237252
Email investors@finolexind.com
Web finolexpipes.com



Please note that the said notice of the 42nd (Forty-Second) AGM along with Annual Report of the Company for the Financial Year 2022-23, are also available on the website of the Company at www.finolexpipes.com.

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

Thanking you,

Yours sincerely,

For **Finolex Industries Limited**

Ashutosh Kulkarni
Company Secretary & Compliance Officer
M. No.: A18549

Corporate Office
Finolex Industries Limited
D-1 / 10, M.I.D.C.
Chinchwad, Pune 411 019
Maharashtra, India

Tel +91 20 27408200
Fax +91 20 27474444
Email care@finolexpipes.com
Web finolexpipes.com



FINOLEX PIPES

Annual Report

2022-2023

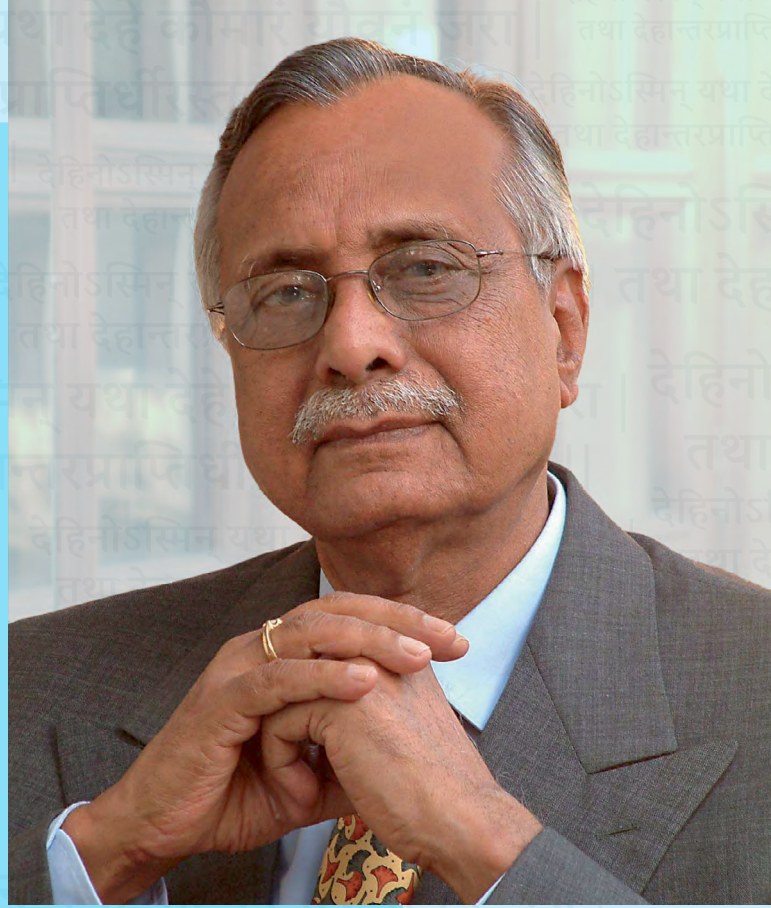
देहिनोऽस्मिन् यथा देहे कौमारं यौवनं जरा ।

तथा देहान्तरप्राप्तिर्धीरस्तत्र न मुह्यति ॥

भगवद् गीता अध्याय २.१३

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

Bhagavad Gita, Ch. 2.13



Shri Pralhad P. Chhabria
(12.03.1930-05.05.2016)

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

FY22-23
HIGHLIGHTS

₹ 4,397 CRORE

Revenue

₹ 237 CRORE

Profit after tax (PAT)

₹ 293 CRORE

EBITDA (6.65%)

₹ 10,585 CRORE

Market capitalisation
as on March 31, 2023

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Prakash P. Chhabria
Executive Chairman

Ms. Bhumika L. Batra
Independent Director

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

Mr. Saumya Chakrabarti
Director - Technical

Mrs. Kanchan U. Chitale
Independent Director

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

Dr. Deepak R. Parikh
Independent Director

Mr. Pradeep R. Rathi
Independent Director

Mr. Anami N. Roy
Independent Director

Mr. Ajit Venkataraman
Chief Executive Officer
(upto May 31, 2023)
Managing Director
(w.e.f. June 1, 2023)

Mr. Anil V. Whabi
Managing Director
(upto May 31, 2023)

.....
Mr. Niraj Kedia
Chief Financial Officer

Mr. Ashutosh B. Kulkarni
Company Secretary

AUDIT COMMITTEE

Mr. Pradeep R. Rathi
Chairman

Ms. Bhumika L. Batra

Mrs. Kanchan U. Chitale

Mr. Saurabh S. Dhanorkar

Dr. Deepak R. Parikh

Mr. Anami N. Roy

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Mr. Anami N. Roy
Chairman

Ms. Bhumika L. Batra

Mr. Prakash P. Chhabria

Mr. Saurabh S. Dhanorkar

Dr. Deepak R. Parikh

Mr. Pradeep R. Rathi

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mrs. Ritu P. Chhabria
Chairperson

Ms. Bhumika L. Batra

Mr. Prakash P. Chhabria

Mrs. Kanchan U. Chitale

Mr. Saurabh S. Dhanorkar

Dr. Deepak R. Parikh

Mr. Pradeep R. Rathi

Mr. Anami N. Roy

Mr. Ajit Venkataraman (w.e.f. June 1, 2023)

Mr. Anil V. Whabi (upto May 31, 2023)

NOMINATION AND REMUNERATION COMMITTEE

Ms. Bhumika L. Batra
Chairperson

Mrs. Kanchan U. Chitale
Mr. Saurabh S. Dhanorkar
Dr. Deepak R. Parikh
Mr. Pradeep R. Rathi
Mr. Anami N. Roy

RISK MANAGEMENT COMMITTEE

Mrs. Kanchan U. Chitale
Chairperson

Ms. Bhumika L. Batra
Mr. Prakash P. Chhabria
Mr. Saurabh S. Dhanorkar
Dr. Deepak R. Parikh
Mr. Pradeep R. Rathi
Mr. Anami N. Roy
Mr. Ajit Venkataraman
(w.e.f. June 1, 2023)
Mr. Anil V. Whabi
(upto May 31, 2023)

AUDITORS

Statutory Auditors: Walker Chandio & Co., LLP
Internal Auditors: Ernst & Young LLP
Secretarial Auditors: SVD & Associates
Cost Auditors: S. R. Bhargave & Co.

SOLICITORS & ADVOCATES

Crawford Bayley & Co., Mumbai



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

BANKERS

Axis Bank Limited
Citibank N.A.
HDFC Bank Limited
Hongkong and Shanghai Banking
Corporation Limited
ICICI Bank Limited
Kotak Mahindra Bank Limited

CORPORATE OFFICE

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

Tel. No.: 020-27408200/27408572

REGISTERED OFFICE

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

Tel. No.: 02114-237251

REGISTRAR AND SHARE TRANSFER AGENT

KFIN Technologies Limited

Unit: Finolex Industries Limited
Selenium Building, Tower-B,
Plot No 31 and 32, Financial District,
Nanakramguda, Serilingampally,
Hyderabad, Rangareddy,
Telangana India - 500 032

WhatsApp: +91-910 009 4099
Toll Free: 1-800-309-4001

Email ID: einward.ris@kfintech.com

Website: <https://www.kfintech.com>
Corporate Registry (RIS) Website Link:
<https://ris.kfintech.com>

Investor Support Centre Link:
<https://ris.kfintech.com/clientservices/isc>

Corporate Identity No.

(CIN) L40108PN1981PLC024153

Email: investors@finolexind.com

Website: www.finolexpipes.com

BOARD OF DIRECTORS



Mr. Prakash P. Chhabria
Executive Chairman





Ms. Bhumika L. Batra
Independent Director



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



Mrs. Kanchan U. Chitale
Independent Director

-  Chairperson
-  Member

-  Audit Committee
-  Stakeholders' Relationship Committee
-  Corporate Social Responsibility Committee
-  Nomination & Remuneration Committee
-  Risk Management Committee
-  Finance Committee
-  Share Transfer Committee



**Mr. Saurabh
S. Dhanorkar**

Non-Executive &
Non-Independent
Director



**Mr. Pradeep
R. Rathi**

Independent
Director



Mr. Anami N. Roy

Independent
Director



Mr. Ajit Venkataraman

Chief Executive Officer
(upto May 31, 2023)

Managing Director
(w.e.f. June 1, 2023)



**Dr. Deepak
R. Parikh**

Independent
Director



Mr. Anil V. Whabi

Managing Director
(upto May 31, 2023)

ABOUT FINOLEX INDUSTRIES

COMPANY OVERVIEW

Finolex Industries is the largest and sole backward-integrated manufacturer of PVC pipes and fittings in India. Our annual production capacity for pipes and fittings is 4,00,000 metric tons, and for PVC resin, it is 2,72,000 metric tons. With our extensive range of products catering to agriculture, plumbing, and sanitation sectors, we are the most reliable brand in the country. We have four advanced manufacturing facilities in Maharashtra and Gujarat, which, along with our wide distribution network, enables us to ensure the highest standards of quality at every step of the value chain.

OUR PRODUCTS

Plumbing, Sanitation Pipes and Fittings



ASTM Pipes and Fittings



CPVC Pipes and Fittings



SWR Pipes and Fittings



Sewerage Pipes

Agricultural Pipes and Fittings



Agricultural PVC-U Pipes and Fittings



Column Pipes



Casing Pipes

Solvent Cement & Lubricants



OUR PRESENCE

4
Manufacturing facilities
(Ratnagiri, Urse, Talegaon
and Masar)

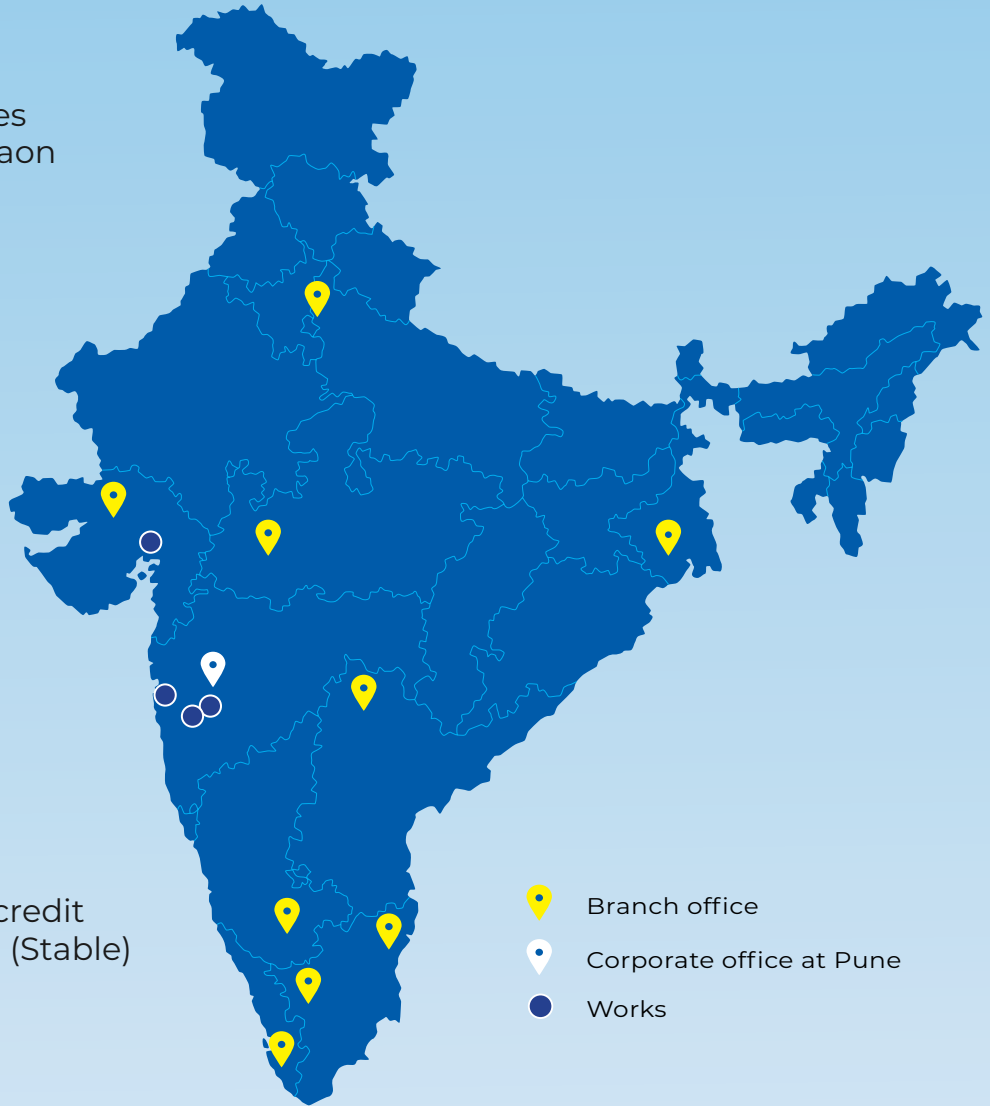
900+
Exclusive dealers

9
Branch offices

21,000+
Retailers

AA+ stable
Upgraded long-term credit
rating from AA to AA+ (Stable)
– CRISIL/India ratings

A1+
Maintained short-term credit
rating – CRISIL/ India ratings



FINOLEX IN NUMBERS

1,478
Employees as on
March 31, 2023

NIL
Long-term debt as
on March 31, 2023

₹ 22.12 Crore
CSR Spend

TEN YEAR FINANCIAL HIGHLIGHTS (STANDALONE)

₹ in crores

| PARTICULARS | IND AS | | | | | | | IGAAP | | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 | 2017/18 | 2016/17 | 2015/16 | 2014/15 | 2013/14 |
| PROFIT AND LOSS ACCOUNT DATA | | | | | | | | | | |
| Revenue from operations (Excluding Excise duty) | 4,397 | 4,647 | 3,462 | 2,985 | 3,091 | 2,738 | 2,602 | 2,482 | 2,476 | 2,453 |
| EBITDA* | 293 | 1,024 | 989 | 447 | 604 | 484 | 563 | 404 | 213 | 397 |
| EBIT** | 203 | 940 | 912 | 374 | 534 | 423 | 508 | 354 | 155 | 334 |
| Profit before tax | 297 | 1,385 | 977 | 393 | 536 | 439 | 517 | 373 | 81 | 242 |
| Profit after tax | 237 | 1,053 | 728 | 324 | 350 | 299 | 352 | 254 | 48 | 170 |
| Dividend [Proposed for FY22-23] | 93 | 248 | 248 | 150 | 150 | 150 | 172 | 149 | 30 | 102 |
| BALANCE SHEET DATA | | | | | | | | | | |
| Share capital | 124 | 124 | 124 | 124 | 124 | 124 | 124 | 124 | 124 | 124 |
| Net worth | 4,825 | 3,864 | 3,073 | 1,930 | 2,528 | 2,765 | 2,291 | 1,570 | 787 | 790 |
| Loan funds | 526 | 278 | 204 | 283 | 91 | 101 | 94 | 112 | 587 | 656 |
| Gross block | 2,644 | 2,461 | 2,399 | 2,334 | 2,199 | 1,179 | 1,982 | 1,923 | 1,894 | 1,850 |
| Operating Capital Employed | 1,184 | 1,402 | 1,402 | 1,668 | 1,681 | 1,473 | 1,330 | 1,113 | 966 | 1,009 |
| KEY RATIOS | | | | | | | | | | |
| EBITDA (%) | 6.65% | 22.03% | 28.57% | 14.99% | 19.55% | 17.68% | 21.63% | 16.30% | 8.62% | 16.17% |
| Return on operating capital employed (%)*** | 17.17% | 67.09% | 65.03% | 22.39% | 31.77% | 28.75% | 38.19% | 31.78% | 16.01% | 33.12% |
| PAT (%) | 5.38% | 22.67% | 21.03% | 10.86% | 11.32% | 10.90% | 13.53% | 10.25% | 1.93% | 6.94% |
| Earnings per share (₹) | 3.82 | 16.98 | 11.73 | 5.23 | 5.64 | 4.81 | 5.68 | 4.10 | 0.77 | 2.74 |
| Debt to equity | 0.11 | 0.07 | 0.07 | 0.15 | 0.04 | 0.04 | 0.04 | 0.07 | 0.75 | 0.83 |
| Dividend payout (%) | 39.34% | 23.56% | 34.09% | 46.15% | 42.77% | 50.11% | 48.77% | 58.71% | 62.33% | 59.73% |
| Interest coverage(times) | 11 | 73 | 136 | 40 | 49 | 49 | 37 | 9 | 4 | 6 |
| Book value per share (₹) | 78 | 62 | 50 | 31 | 41 | 45 | 37 | 25 | 13 | 13 |
| Market Capitalisation (₹) | 10,585 | 9,596 | 7,864 | 4,848 | 6,071 | 8,187 | 7,185 | 4,519 | 3,521 | 2,370 |

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

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

*** Return on operating capital employed - EBIT/Operating Capital employed

FROM THE CHAIRMAN'S DESK

Dear Shareholders,

“We are growing. With strong fundamentals, solid financial discipline & greater customer focus we have become a much stronger force in the market place”

Last year, we took significant steps into the urban market (Plumbing & Sanitation), while simultaneously strengthening our reputation in the agricultural sector. With a strong belief in our capabilities, a strengthened talent force, and focused initiatives to build our brand, I am confident that we will turn these steps into great strides going forward.

All the plans we have put in place, each and every person on our team, every decision taken so far, the backward and forward integration, the customer centric moves - everything now puts us on the cusp of the next big shift in our collective fortunes. Yes, collective. As our beloved founder, Late Shri Pralhad Chhabria kept reminding us - we can move forward, only if we carry each and every member of our large, extended Parivaar forward along with us, to progress & prosper.

This is exactly the theme for this year's Annual Report - 'Universal language of prosperity'.

Wherever they may live in India, whatever their language, Indians have the same word for reliability - Finolex. Which translates into prosperity for each of them.

This is not just true for the present, but also our vision for the future. We have put plans and systems in place to ensure that we are a household name & we earn the confidence of people across the length and breadth of our great country.

This year's annual report speaks of this, but in the language of growing numbers.

For us, prosperity goes beyond these numbers. It includes our contribution towards supporting the underprivileged & creating social well-being. It is a combination of dignity, respect, joy, abundance, good health, and everything else that contributes to the mental, physical, emotional and spiritual well-being of an individual, family, community and their environment.

This is only possible when we take personal accountability for the success and prosperity of our customers by relentlessly pushing for quality in order to ably support their dreams and ambitions. This happens when we push for prosperity amongst our family of channel partners & are fair with vendors, suppliers, agencies, employees & associates. When one of our stakeholders moves ahead in life, we can then honestly claim progress for ourselves.



Warm Regards,

Prakash Pralhad Chhabria
Executive Chairman

BUSINESS MODEL

At Finolex, our business model is centred around providing innovative solutions and top-quality products to meet the needs of our customers. Our focus on backward and forward integration, along with our state-of-the-art manufacturing facilities, ensures that we maintain tighter control over the entire value chain.

INPUTS

The inputs in Finolex Pipes' business model represent the resources and activities that enable us to manufacture and distribute high-quality pipes and fittings while maintaining our commitment to collective growth, sustainability and social responsibility.

ROBUST RESOURCE BASE

₹ 4,825 Crore
Net worth

₹ 1,514 Crore
Free Cash (net)

OUR MANUFACTURING FACILITIES

4
Manufacturing facilities

OUR TALENT AND EXPERTISE

1,478
Employees

26,680
Training hours

STRONG STAKEHOLDER AND COMMUNITY RELATIONSHIPS

₹ 22.12 Crore
CSR Spend

21,900+
Number of dealers, sub-dealers and distributors

JUDICIOUS USE OF NATURAL RESOURCES

5
Water projects completed

3,200+
Trees planted during FY22-23

This allows us to deliver products that meet and exceed the expectations of customers in various sectors including agriculture, plumbing and infrastructure. Furthermore, our commitment to sustainability and social responsibility underpins our business model, enabling us to contribute to our nation's growth while positively impacting the world around us.

BUSINESS PROCESS

Finolex is committed to quality and efficiency which extends beyond its products and its business process. With a focus on backward and forward integration, our operations are streamlined to ensure that each step of the production process is optimised for maximum productivity and minimal waste.



Raw material - Ethylene Dichloride (EDC), Ethylene, and Vinyl Chloride Monomer (VCM) – are imported through the Finolex jetty located in Ratnagiri, Maharashtra



Raw materials – Pipeline – Storage tanks



PVC manufacturing plant



PVC resin



43 MW captive power plant



PVC pipes plant at Ratnagiri, Pune and Masar and Fittings plant at Pune



Warehouses



Dealers



Agriculture



Construction

OUTPUTS

We take immense pride in our commitment to deliver a diverse range of durable and high-quality products including pipes, fittings, resin, solvent cement, lubricant and primer.

₹ 237 Crore

Profit after tax

₹ 4,397 Crore

Revenue from operations

₹ 3.82

Earnings per share

**2,72,000 MT
ANNUM**

Total production capacity of PVC resin

**4,00,000 MT
ANNUM**

Total production capacity of PVC pipes and fittings

BRAND AWARENESS AND MARKETING INITIATIVES

Over decades, Finolex Pipes has been a trusted and loved brand by farmers, plumbers and users across the length and breadth of the country. The Company has launched extensive and comprehensive marketing campaigns with a 360-degree omnichannel approach.

Our primary goal is to create a very strong brand recognition and further cement a dominant position in the minds and hearts of our target audience. We went above and beyond traditional approaches with our 360 degrees marketing blitzkrieg that has driven positive impact and growth in awareness and demand generation. Moving aggressively on all fronts, we went that extra mile to reach out to our stakeholders to engage and excite them with new ways of storytelling and communicating the brand narrative.

Recognising the importance of growing construction and infrastructure demand in the country today, we have forged close partnerships with contractors, MEP consultants, builders, and plumbers in the plumbing and sanitation sector. We did extensive meets and workshops to communicate about the product and brand highlights, participated in various events and exhibitions across the country, and strengthened relationships with channels, influencers, end users and communities paving the way for strong brand consideration in the marketplace.

Our custom-tailored programmes are meticulously crafted in collaboration with

farmers and bore-well technicians, ensuring that the programmes precisely meet their specific needs. By focusing on the grassroots level we have successfully ingrained ourselves as the trusted and preferred brand among professionals and experts in the field.

In this relentless pursuit of excellence, we have become an integral part of every Indian household. This achievement is a testament to our loyal customer base, who trust us implicitly. We listen intently to our customers, actively considering their feedback and integrating it into our approach to the marketing and communication strategies plans. This approach has allowed us to continuously improve and evolve, solidifying our bond with our customers and ensuring their strong loyalty.

We have gone beyond traditional channels and fully embraced digital and social media platforms. With unwavering determination, we have captivated our target audience through compelling content, leaving a lasting impression on them. Leveraging the power of these platforms, we have amplified our brand visibility, connected with a vast audience and created an industry-wide buzz.

TV AND IN-FILM INTEGRATION

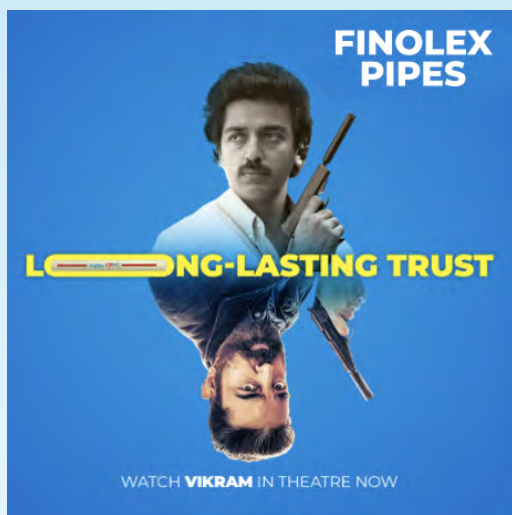
Finolex Pipes dominated on-Air media with a strong presence comprising extensive TV campaigns on top regional and national channels. With meticulous precision, these campaigns reached the screens of a vast audience in the regions that mattered most

in our priority markets. With a rich mix of brand spots, reality shows, integrations and sponsorships, the brand was consistently present across peak buying periods of the year on TV and other shows.

REALITY SHOW INTEGRATION - BIG BOSS



IN-FILM INTEGRATION



Movie-Vikram



Movie-Varisu

SHORT FILMS AND FESTIVE FILMS CAMPAIGNS

India loves films and this craze is seen quite highly within our stakeholder groups, especially in Southern India. Short films and festive films serve as powerful weapons during the year. Through in-film integrations and cinema screening activity, the brand connected with movie loving audiences especially in South India to boost recall and salience for the brand.



Baitullah Film Launch November 22



Women's Day video on women empowerment March 23

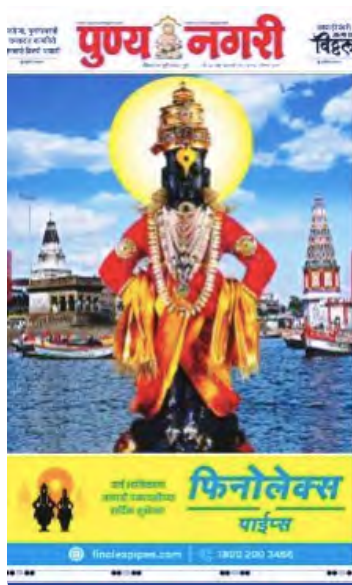
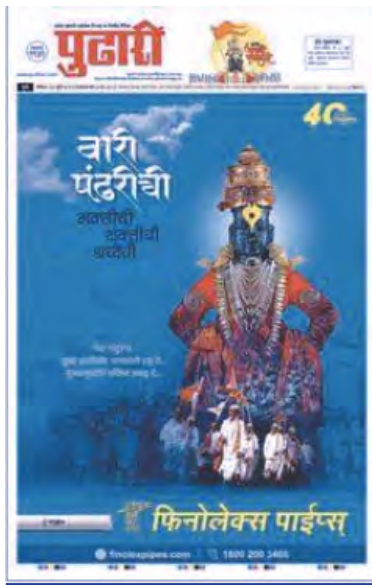


Pralhad short Film Launch August 22



Diwali Brand Film- October 22

PRINT MEDIA CAMPAIGN



Print media helped the brand connect in the rural heartland of India with unique tactical campaigns. Regional print campaigns were executed during key festivals, celebrating and forging deep emotional connections with millions of plumbers, farmers, and members of Finolex Parivaar.

PARTICIPATION IN POPULAR ON-GROUND EVENTS AND EXHIBITIONS

Trade events and exhibitions are important occasions to showcase our dependable product range, talk about our differentiation and portray the brand in all its glory. Finolex Pipes leveraged these occasions to meet various influencers in the trade, cement relationships with channel partners and showcase our product offerings. We received encouraging responses both in terms of leads and love for the brand.



RETAIL BRANDING AND OUTDOOR MARKETING ACTIVITIES

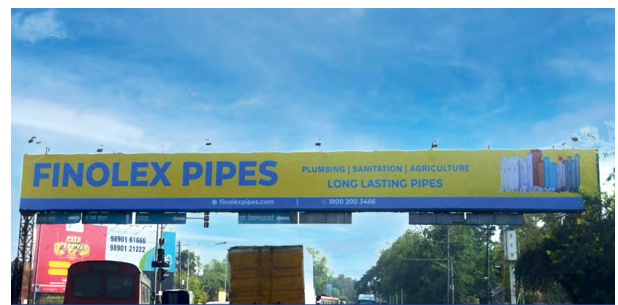
Visibility is the key driver for the brand in our category and retail counters are the key point of on-ground contact for the brand. Last year, extensive retail branding in new and old counters across the country helped generate massive visibility. Our retail footprint has increased significantly in metros and deeper interiors and this has been in sync with the growing demand for the brand in the country.

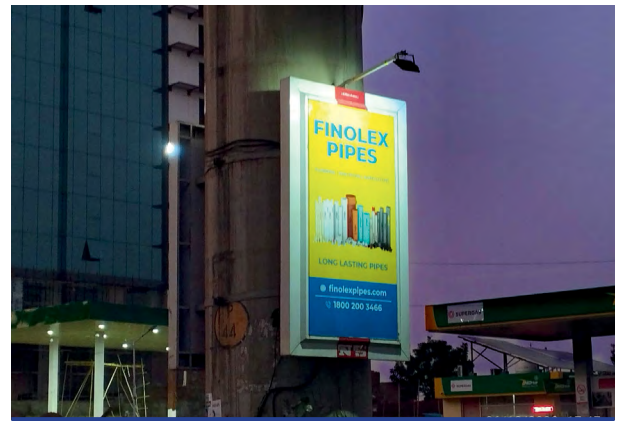
PAN INDIA RETAIL BRANDING



Retail Branding

OUTDOOR MARKETING ACTIVITIES





Creating visibility across focused markets through Bus stop branding, Wall paintings, Umbrella branding, Auto back branding and other activities



CHANNEL PARTNER MEETS

Dealers and retailers are at the frontline and create very powerful conversion moments for the brand. Beyond sales, they help us understand the pulse of the market and hence it's important to constantly interact with them and have a meaningful dialogue to push and promote the brand ahead. These channel partner meets happen at various locations in the country and abroad marking the celebration of collective achievement, charting the future course for the growth of the brand (volume and value) and discuss new nuances for building a stronger future together.

To support these channel partners, the Company organised several meets touching key influencers - plumbers and bore-well mechanics across cities. These events provided updates on top-class products, technology, and industry trends, intensive upskilling sessions and building last mile assurance by making them become part of our growing Finolex Parivaar. We also collaborated with our CSR partner, the Mukul Madhav Foundation to provide plumbing training to women as part of our unwavering commitment to the society.



Salem Mega Retailer Meet – Tamil Nadu - February, 2023



Mega Plumber Meet – Mumbai , March 2023

UNIQUE O2O EXPERIENCE THROUGH DIGITAL INTERVENTION

Search online, buy offline has been catching up with almost everyone and hence our unique O2O (online to offline) strategy helped us reach the masses with coherent experience creation and interesting content generation throughout the year. Today, we see an increasing number of customers and influencers embracing multiple online platforms to search, scroll and support their daily requirements. At Finolex Pipes, we leveraged this power of social commerce and engaged consistently with users through a myriad of content and information. Our objective was to enable better discovery of the brand and products, get widespread assurance and seek positive recommendations for our brand in the marketplace. Through targeted promotions for award winning content, we were excited to engage with various audiences – users, influencers, channel partners and even communities associated with our brand.

GROWING BY SERVING THE COMMUNITY

Finolex Pipes believes in a people-centric strategy that forges partnerships with individuals, groups, festivals, and events and celebrates with customers and communities. As a leading brand, we believe in supporting our communities by providing them with an equal chance to grow and prosper. Hence we participated in sponsorships and collaborations through our CSR partner, the Mukul Madhav Foundation. Much more can be learned by accessing the website – www.mmpc.in.

AWARDS AND RECOGNITIONS

Our work was not just seen in the marketplace but also loved by the trade and media who went ahead to recognise our contribution in vivid areas of marketing and excellence. This humbly inspires us to consistently create the right voice and visibility for the brand, improve the customer experience, strengthen love, and build the image and reputation of the brand. We express our deep gratitude to everyone who supported us in our brand journey and those who recognised us amidst the plethora of brands in the country.



Iconic Brands Of India 2022
-By Economic Times



Great Place To Work Certification



Best Financial Performance
Entrepreneur Awards 2022



Factory of Future 22
-By Economic Times



'Best Brand Integration On TV' at
Global Marketing Excellence Award-2022



'Entrepreneur of the Year' award at
IEBF, London

CORPORATE SOCIAL RESPONSIBILITY

At Finolex Pipes, we understand that social responsibility is not just a duty, but a way of life. Our belief that every person has the power to make a positive difference has inspired us to partner with the Mukul Madhav Foundation, our CSR partner, to work closely with communities and empower them to create a brighter future.

From education to healthcare, social welfare to skill development, our focus areas have been carefully chosen to address the pressing needs of the communities we serve. Our unwavering commitment to making a meaningful impact has led us to achieve 15 of the 16 CSR mandates, including promoting gender equality and reducing inequalities and social injustice.

Furthermore, we are proud to align ourselves with the United Nations' sustainable development goals, with a commitment to creating a better tomorrow for all. We believe that our efforts today will lay the foundation for a brighter and more sustainable future for generations to come.

MUKUL MADHAV FOUNDATION

Mukul Madhav Foundation (MMF) is more than just a charitable trust, it's a beacon of hope and happiness for those in need. Since its inception in 1999, MMF has been tirelessly working at the grassroots level to empower and uplift marginalised communities and individuals. With an overseas office in London, UK, established in 2018, MMF's mission is to give access to necessary resources to help individuals flourish has only grown stronger.

MMF's wide range of initiatives, which includes healthcare, education, social welfare, water and environmental conservation, sanitation, women's empowerment, disaster relief, promotion of sports, and skill development, fulfills 17 out of 17 of the UN Sustainable Development Goals (SDG) and 15 of the 16 CSR Mandates introduced by the Indian Government in 2014. This means that the foundation is continuously making a difference in the lives of underprivileged individuals across India by building stronger foundations for them to reach their full potential and uplift their communities. MMF is credited with working on several transformational projects such as:

- Mukul Madhav Vidyalaya imparts urban education and facilities to rural children in Maharashtra
- Initiating Mission Cerebral Palsy since 2015
- Undertaking water conservation projects since 2016
- Assisting in the Swachh Bharat Initiative since 2017
- Supporting farmers and farming communities in rural and tribal areas since 2017
- Reducing inequalities for women and children – rescued and rehabilitated 900+ children in Bihar and Madhya Pradesh
- For detailed information on MMF's full scope of activities, visit www.mmpc.in and www.mmpc.org.uk



25 YEARS OF IMPACT

The road has been long, rewarding and steep, but we have promises to keep and miles to go before we sleep.

Entering its 25th year of positive impact on lives and the world, MMF continues to 'be proactive', 'act unconditionally', and 'keep it sustained'.

20

Sectors MMF works in

5+ lakhs

Lives impacted

24

States across India

1,000

Farmers trained in mechanisation in Sinnar, Nashik

3,200+

Trees planted in Maharashtra and Gujarat

216

Students provided with scholarships across India

800+

Cataract surgeries in 2022

1,000+

Students provided access to safe drinking water

75+

Cerebral Palsy surgeries completed

500+

Women supported with tailoring skills in Ratnagiri and Pune in Maharashtra, Masar in Gujarat and Varanasi in Uttar Pradesh

600+

celebrated Rakhi with jawans at the borders in 2022

1,100+

Children, slum dwellers, homeless, senior citizens provided daily meals in Pune, Mumbai and Varanasi

4

Sports personalities supported during the year

4,000+

Students involved in river and beach cleaning Pune and Ratnagiri

700+

Senior citizens supported with health camps and other needs

250+

Abandoned cows supported with daily feed in Pune

1+ lakh

Individuals supported during floods across India since 2015. 1000 families supported in Assam in 2022

OUR MISSION...

To help the most vulnerable communities with quality healthcare, education, equality, empowerment, clean water, and sanitation

To support individuals with disabilities to live with dignity, to thrive, and to succeed

To help the earth heal by initiating water conservation, planting trees, and driving sustainable environmental initiatives

OUR FOCUS AREAS

AGRICULTURE AND RURAL DEVELOPMENT



At Finolex, we strive to enhance the agricultural and non-agricultural pursuits of farmer communities. We lay a special emphasis on empowering those who have been historically marginalised, including returning migrants, women farmers, and widows. Our efforts include providing them with high-quality seeds, saplings, and bee boxes to support their farming endeavours. Additionally, we offer training on a range of topics, such as advanced farming techniques, soil science, mechanisation, and marketing strategies, to help them increase their yields and optimise their profits.

100+

Farmers supported with mushroom cultivation in Silvassa, Gujarat

370

Solar lights installed in tribal villages of Palghar, Maharashtra

424

Widowed women farmers supported in Osmanabad, Maharashtra

1,000

Farmers trained in mechanisation in Sinnar, Nashik, Maharashtra

MMF has been working on a multi-faceted approach to supporting numerous projects and initiatives aimed at promoting growth in agriculture and rural development, with a focus on eradicating poverty. By increasing the support for agricultural raw materials, we have been able to empower women and widows with social assistance, enabling them to create more livelihood opportunities and support their families. Additionally, our efforts in rural development have resulted in the provision of solar streetlights, training, and other essential needs, providing access to urban facilities in rural areas.

Some of the major projects inaugurated in FY23 include the Central Agriculture Testing Laboratory in Solapur in partnership with MMF and the Madha Welfare Foundation. This initiative would help fortify the farmers of the locality by enabling them to test their soil and water for better yields. Additionally, the project helped provide training and discounted agricultural services and products to approximately 4,000 farmers.

Another major project for the year involved Finolex, MMF and the Kherwadi Social Welfare Association where 3 villages were adopted in Thiruvallur district, Tamil Nadu enabling sustainable livelihoods and community well-being. This was accomplished in partnership with ward members, village panchayat presidents and vice presidents.



Dignitaries at the opening of the Agriculture Testing Lab in Madha, Solapur Maharashtra



100 Champion farmers training 1000 women farmers - Nasik, Maharashtra



Discussion with participants on benefits of Mushroom cultivation, Silvassa, Gujarat



Inauguration pooja by villagers and FIL members for solar lights – Palghar, Maharashtra



Widowed farmers complete training, Osmanabad, Maharashtra

ENSURING ENVIRONMENTAL SUSTAINABILITY



Water is a crucial factor in the path of progress. Numerous entities, both governmental and non-governmental, pour in significant funds every year to provide necessities like irrigation and drinking water. However, despite this, a staggering number of people in Maharashtra still suffer from acute water shortages and droughts. The situation is only set to worsen, with predictions suggesting that 70% of cultivable land will remain rain-fed by 2030. Decentralised approaches in water management hold the key to meeting the present and future water needs of rain-fed areas.

To alleviate the acute water shortage plaguing rural Maharashtra and Gujarat, we have taken the initiative to implement several water schemes, enriching the lives of countless villagers. Our water conservation projects, rainwater harvesting, construction and maintenance of bunds, and planting of 18,678+ trees till date are aimed at enhancing the ecologies of drought-prone regions and improving the livelihoods of rural communities.

In one of our recent projects, Finolex in collaboration with MMF and SEWA (Geneva, Switzerland) supported Katfal, Maharashtra village with a water conservation project that included the construction of a new cement nala bund (CNB) and repairing an old one.

3,600+

Trees planted in
Maharashtra and
Gujarat

5

Water projects completed
in drought prone areas of
Maharashtra



Desilting and widening of a percolation tank at Yashwant Rao Mahavidyalaya, Karmala, Solapur Maharashtra



Tree Plantation at Mukul Madhav Vidyalaya by the students

ERADICATING EXTREME HUNGER AND POVERTY



At Finolex, with the support of our CSR partners MMF, we lend support to different organisations on a regular basis, ranging from schools for the visually impaired to homes for the elderly, as well as those affected by leprosy and mental health issues. We strive to assist them in whatever way we can, be it by supplying them with essential groceries, physiotherapy equipment, warm clothing, kitchenware, milk, fruits, grains, or personal hygiene items. Recently, we also donated diapers to senior citizen homes. Additionally, we also extend our support to individuals impacted by AIDS or with disabilities through various initiatives.



250+

Slum dwellers, homeless and senior citizens fed daily

1,100+

Children being fed daily

60+

Institutes supported with monthly rations, diapers and medicines

Ration kits delivered to Narayan Parushram-Abhiyankar remand home, Ratnagiri, Maharashtra



Meals provided to Sadhus in Varanasi



Midday meals at Poona Women's Council School, Pune, Maharashtra

PROMOTION OF EDUCATION



216

Students provided with scholarships

385

Tribal girls provided with educational support

80+

Engineering students are supported financially

150

Children with special needs in Bangalore provided rehabilitation services

90+

Educational institutes supported with infrastructure and facilities

76

Agriculture college students supported with scholarships across Maharashtra

At Finolex, we firmly believe in the power of education to transcend all odds. To ensure that every child has access to quality education, we work along with MMF, towards upgrading educational infrastructure. From providing safe drinking water and sanitation facilities, equipping schools with computers and sports gear, and offering scholarships to deserving students – we are committed to the UN SDG 4 of ‘Quality Education’ for all

We take special pride in our support to the Mukul Madhav Vidyalaya which is a dream project that provides high-quality education in Golap, Ratnagiri. Sitting on 10 acres of land, identified and leased by us, this institution aims to provide urban education and facilities in rural Maharashtra. Launched in 2010 with 150 students, MMV has grown over the years and now hosts 650+ students from nursery to class 12. In 2020 MMV launched a junior college offering science and commerce as options to students.



School Transformation Project in Bangalore, Karnataka



Mukul Madhav Vidyalaya, Gholap, Maharashtra



Graduation Ceremony of Girls who graduated in Plumbing Course from ITI Girls College, Aundh Pune

PROMOTION OF VOCATIONAL SKILLS AND LIVELIHOODS



7
Students trained in radiology technology

50+
Women provided tailoring skills in Ratnagiri and Pune in Maharashtra, Masar in Gujarat and Varanasi in UP

1,000+
Farmers trained PAN India

500+
Women trained in honey bee box-keeping in Palghar and Bhimashankar in Maharashtra



Science and Technology Park trainers reaching out to Panwadi village for dairy training, Pune Maharashtra

India is poised to be the workforce of the world, and whether within the country or outside, our people need to be prepared and skilled accordingly. Our commitment lies in empowering individuals to be self-sufficient and equipped with industry-ready skills. To achieve this, we have conducted skill development programmes in Ratnagiri, Maharashtra and Masar, Gujarat covering computer literacy and tailoring. We have joined hands with MMF and other partner organisations in various initiatives aimed at imparting training to women and youth in diverse trades.



ITI plumbing course girls and Finolex team at Plant Urse, Maharashtra



Betel Nut Cultivation Training, Tripura



Sheep donation to empower women of Jammu and Kashmir



82 Women received training at the skill development centre in Varanasi, Uttar Pradesh

PROMOTING GENDER EQUALITY AND EMPOWERING WOMEN



15th

Period Positive Holiday Home opened in Gadchiroli, Maharashtra

770+

Senior citizens supported in Maharashtra

370+

Individual toilets built in Palghar and Gadchiroli, Maharashtra

600+

Widows supported with essentials in Maharashtra



Women being trained in tailoring in Madhya Pradesh



Project Muktee- Bal Panchayat workshop

Promoting gender equality is pivotal to uplifting communities. At Finolex, with the active support of MMF, we strive to empower women by enabling their basic rights to healthcare, education, self-esteem, and financial independence. We achieve this through various initiatives that focus on education, vocational and agricultural training, and providing healthcare and welfare assistance.

Our initiatives have had a significant impact on the lives of thousands of women. Through our programmes, we have assisted over 30,000 women in various areas such as education, healthcare, and vocational training. Additionally, we have provided 200 bicycles to girls who faced challenges getting to school, and more than 600 widows have received support through donations of groceries and essential items.

Two very notable projects that have been done over the last 2 years and continued in 2023 are anti-child trafficking and child abuse through British Asian Trust in Bihar and Madhya Pradesh, and the other to support women who were abused, through Action Aid via a project called Gauravi – One Stop Crisis Center. Alongside we have also enabled skilling and livelihood opportunities for vulnerable communities in Gujarat.

PROMOTING PREVENTIVE HEALTHCARE



800+

Cataract surgeries completed in Pune

25+

Cochlear implants provided in Pune

600+

Patients supported financially

260

Patients screened in 3 mammography camps in Ratnagiri and Pune

2,000+

Patients with thalassemia supported with filters and blood transfusions

50+

Paediatric heart surgeries supported in Pune, AP and Karnataka

160+

Patients with thalassemia supported with filters, medicines, blood transfusions in Maharashtra and Gujarat

Our continuous efforts are directed towards enhancing and improving the standard of healthcare services in India. Our objective is to make world-class healthcare accessible and affordable to all sections of society. In association with several hospitals and medical institutes, we aim to provide better infrastructure and impart training to medical professionals. We also organise preventive diagnostic camps and awareness programmes and extend financial assistance to individuals and institutions in need of funds.

We collaborate with a network of hospitals, non-governmental organisations, and international groups to provide assistance and aid to individuals struggling with serious illnesses like thalassemia, diabetes, cancer, and other critical ailments. We also work with volunteers to ensure that marginalised communities have access to medical services and provide support for emergency cases, especially for those who are differently abled, women, children, and the elderly. Our efforts have enabled us to fund critical procedures like cardiac surgery, cataract surgeries, and blood tests, while also distributing insulin and organising diabetic camps throughout the year.



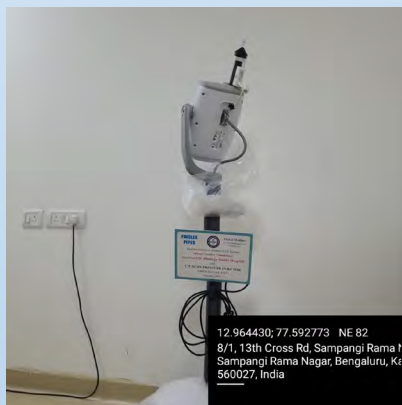
Inauguration of Palliative Care Unit at Sreeram Cancer Trust in Kanyakumari, Tamil Nadu



Geriatric camp organised at the Primary Healthcare Centre at Kawate village, Satara, Maharashtra.



Dialysis unit at Jejuri, Maharashtra



An injector machine donated to P D Hinduja Hospital Endoscopy unit and donated to Sassoon General Hospital, Pune, Maharashtra.



An eight year old supported with Cochlear implant surgery at KEM hospital in Pune

PROMOTING SPORTS



Yash Aradhya, a prodigy from Finolex Pipes, the recipient of Pradhan Manthri Bal Shakthi Puraskar for his exceptional achievement in sports

4

Sports personalities supported during the year

We encourage the spirit of teamwork and gamesmanship and support athletes and sportspersons to pursue sports full-time. Finolex and MMF provide infrastructure for mountaineering, skating, para-badminton, badminton, shooting, weightlifting and many more. Further, we encourage competitive sports in neighbouring schools by providing amenities and facilities in addition to promoting sports at the Mukul Madhav Vidyalaya in Ratnagiri, Maharashtra. We also support and sponsor marathons in Pune and Ratnagiri to ensure healthy habits for friends, families, corporates, and beyond.



Rachna Patel Team at 1st place in Fazza Dubai Para Badminton Championship



Hruitvik Ambekar, an international badminton player on completion of his match

SAFE DRINKING WATER AND SANITATION



2
Tribal villages declared open defecation free

10,000+
individuals have access to safe drinking water PAN India

370
Toilets built in tribal villages in Palghar and Gadchiroli, Maharashtra

Despite being one of the most rapidly developing economies, India still confronts a multitude of public health issues. Lack of toilets and inadequate sanitation facilities pose a significant threat to public health, particularly among young girls. Our efforts are directed towards establishing sanitation infrastructure and restroom facilities in numerous villages, with a specific focus on Maharashtra. We are also committed to promoting clean drinking water sources, such as RO filters, in schools and villages.



RO water cooler at Trimbakeshwar, Maharashtra



Provided RO water cooler and gardening spray pump to ITI Tarasali, Gujarat



Inauguration of toilets at Palghar, Maharashtra



Inaugurating toilet at Government High School, Namakkal, Tamil Nadu

SUPPORT TO DIFFERENTLY ABLED



75+

Successful Cerebral Palsy surgeries completed in Maharashtra

400

Visually challenged individuals supported monthly in Gujarat and Maharashtra

130

Children supported with artificial limbs and callipers in Kheda, Gujarat

9

Finolex Rehabilitation Centres established in Gujarat and Maharashtra

1,000+

Cerebral Palsy children identified and supported in Maharashtra and Gujarat.

We are committed to enabling the unique abilities of people with disabilities by creating opportunities for them to learn, work, and succeed through our programmes. Our initiatives have impacted over 250 people with prosthetic surgeries, while Finolex’s call centre provides employment to the visually impaired. One of our major projects, Mission Cerebral Palsy, offers support in the form of surgeries, physiotherapy, and wheelchairs, benefiting over 1,000 children.

We have also extended our support to institutions for the visually impaired and differently-abled in Maharashtra, providing groceries, educational aid, and infrastructure development. On World Disability Day in 2018, we contributed to Bal Kalyan Sanstha and donated a CCTV system and a water tank. Additionally, we have facilitated the provision of wheelchairs, prosthetics, and other forms of assistance to individuals with disabilities.



Physiotherapy is given to children with Cerebral Palsy at our rehab centers across Satara, Ratnagiri in Maharashtra and Gujarat



Children supported with prosthetics in Gujarat



Beneficiary supported with cataract and medicines

TECHNOLOGY INCUBATORS



35+

Ion generators donated to hospitals and police stations in 2020

79+

Ventilators provided to hospitals in 2020

1 start-up supported through Science and Technology Park who provided "High-Temperature Multi Jet Updraft Gasifier Unit" at Gulmarg Gondola

We are firm believers that innovation and technological advancements hold the potential to unlock India's future. We have taken up the initiative to incubate and support tech startups, with plans to expand our aid and assistance to more startups in the near future.



Gasifier at Gulmarg , Srinagar Gondola site for plastic waste management

ARMED FORCES/VETERANS



It is a great privilege to be able to serve the armed forces and veterans who have put their lives at risk to safeguard our nation. Since 2017, Finolex and MMF have been committed to enhancing the quality of life of soldiers, veterans, and their families through various programmes aimed at providing financial and occupational support for widows and disabled veterans, as well as upgrading their health and sanitation facilities.

Celebrated Rakhi with

600

jawans at the borders in 2022

CONTRIBUTION TO SWACHH BHARAT KOSH CLEAN GANGA FUND



Our team has taken an active role in the Swachh Bharat initiative, the world's largest sanitation programme, working alongside volunteers, students, and government officials to improve the cleanliness of rivers, riverbanks, and beaches, with a primary focus on Maharashtra. We believe that restoring the natural balance and cleaning up our life-sustaining rivers and stunning beaches along the Maharashtra coastline is crucial.

4,000+

Students and volunteers participated in beach and river cleaning in Pune and Ratnagiri



Students and teachers cleaning Bhatye beach, Maharashtra.



Individuals from My River MY valentine cleaning drive in Pune

ANIMAL WELFARE



We are committed to building a more compassionate world that values and respects the well-being of animals. Through our initiatives, we strive to create safe and nurturing environments for animals, ensuring they have access to proper nutrition and are treated with empathy and care.

250+

Abandoned cows supported with daily feed in Pune



Renovation of a cow shed in Pune



Inauguration of bird rescue cage in Padra, Gujarat

CSR AWARDS AND ACHIEVEMENTS

Awarded at the “Global CSR Excellence & Leadership Awards” on March 24, 2022 at Taj Lands’ End, Mumbai.



Finolex Industries and MMF received appreciation from the Society of Jivrakshak for Animals, Padra (SJAP) - An animal rescue NGO.

G100 and Denim Club presented an award of Exceptional Women of Excellence to Mrs. Ritu Prakash Chhabria at the House of Lords, London on March 29, 2022



Mrs. Ritu Prakash Chhabria honoured at the NRI World Summit 2022 held in the UK by the esteemed Shiromani Award in recognition of her philanthropic initiatives



CSR TIMES AWARD IN EDUCATION AND HEALTHCARE

December 8, 2022

We are delighted to share that our project has been honored with the prestigious 9th National CSR Times Award. This recognition reflects the significant impact our project has made on society and acknowledges our commitment to corporate social responsibility. The 'CSR TIMES Award' is a testament to the meaningful efforts we've undertaken in making a positive difference in the community. We extend our heartfelt thanks to all those who contributed to the success of this initiative. Together, we will continue to strive for a better and more sustainable future for everyone.



Peacock Awards by IOD November 2022

The Managing Trustee of Mukul Madhav Foundation (CSR Partner of Finolex Industries Ltd), Mrs. Ritu Prakash Chhabria, is honoured to have received the esteemed Golden Peacock Award in November 2022 for Outstanding Leadership on Social Empowerment & Building Resilient Communities, at the hands of The Lord Johnson of Lainston CBE, Department for International Trade UK, and The Baroness Verma, Global Chair, Advisory Council, Institute of Directors (IOD). This award is globally recognised as a benchmark for corporate excellence amongst impact-driven leaders working in the space of social responsibility.



Vivekananda Sustainability Awards 20th April 2022

Mukul Madhav Foundation is proud to be the recipient of the Vivekananda Sustainability Awards 2022 for improvement of Clean Water and Sanitation in Communities.

This was at the august hands of Swami Chidanand Saraswati, Acharya Dr. Lokesh Muni and Former Chief Justice of India - Mr. K. G. Balkrishnan.

We are grateful and thankful to Mr. Vinay Saini, AGM, North and Mr. Arun Ojha, GM, Delhi from Finolex Industries for receiving this award on our behalf on April 20, 2022 at Delhi.



DRIVING HOLISTIC ESG GROWTH AT FINOLEX

We are committed to driving sustainable practices and creating a positive impact on various environmental, society, and governance (ESG) aspects. As a leading player in the pipes and fittings industry, we recognise the importance of integrating sustainability into our business operations and making a meaningful contribution to a more sustainable future.

We are dedicated to integrating sustainability into all aspects of our business operations. We strive to be a responsible corporate citizen, minimising our environmental impact, promoting social progress, and upholding the highest standards of governance. Through product innovation, social initiatives, strong governance practices, and collaborative partnerships, we are working towards a more sustainable future.

We started our ESG reporting journey in FY21-22, where we not only published our first ever Sustainability Report but also set ESG goals and targets and defined a roadmap to achieving the defined goals and targets. As we conclude the second year of our ESG journey, we have embraced the principles of ESG as a guiding framework and have made significant progress along the way. We also established and published an overarching organisation-wide

ESG policy highlighting our key material topics and our approach towards these topics.

We strive to make well-rounded progress across our organisation. In 2021-22, we were conferred permission to use the Responsible Care® logo for our Ratnagiri plant in Maharashtra. After being audited, we became the 77th company in India to be given this privilege by the Indian Chemical Council, an apex industry body representing the chemical industry. In FY22-23, we have initiated implementation of similar practices at our Urse and Masar plants with a view of integrating sustainability into all aspects of our business operations.

ENVIRONMENTAL STEWARDSHIP

At Finolex Industries, environmental stewardship is a top priority. We strive to minimise our environmental footprint and promote resource efficiency across our operations. We have implemented sustainable manufacturing practices that prioritise energy conservation, water management, and waste reduction. Our focus on energy efficiency has led to significant reductions in greenhouse gas emissions, contributing to climate change mitigation. By adopting the principles of the circular economy, we promote waste reduction, recycling, and responsible disposal. We also strive to minimise the environmental impact of our supply chain, collaborating with suppliers to ensure sustainable sourcing practices.

The key highlights of our environmental performance for FY22-23 are as follows:

33%

of diesel forklifts were replaced with electric forklifts

8500+ tCO₂e

energy saved by conservation initiatives

1 MW

solar roof top system commissioned at Masar

260,000+ m³

effluent recycled

Initiated a Biodiversity study for our Ratnagiri plant - Finalised the scope of the study and the exercise will be carried out in depth in the upcoming months

Prepared a comprehensive afforestation plan for next two years to enhance the green cover in the vicinity of our manufacturing plants

ROBUST PEOPLE AND SOCIAL PRACTICES

Our employees are at the heart of our success. We prioritise their well-being, professional growth, and work-life balance. We foster a culture of inclusivity, diversity, and equal opportunities, ensuring a respectful and supportive work environment. Our employee practices focus on nurturing talent through training programmes, skill development initiatives, and career advancement opportunities. We encourage open communication, collaboration, and teamwork, promoting a sense of belonging and empowerment. We also prioritise employee health and safety, providing a safe workplace

and adhering to strict safety standards. We encourage a culture of safety and empower our employees to actively participate in the identification and reporting of potential risks or hazards. Open communication channels are in place for employees to share their concerns, suggestions, and near-miss incidents. Our employee practices reflect our commitment to attracting, retaining, and developing a highly skilled and engaged workforce.

We believe in fostering strong and long-term relationships with our value chain partners. However, we also ensure that our value chain partners adhere to stringent and robust ESG practices by screening them on various ESG-criteria and assessing their performance on various environmental, social and legal aspects.

The key highlights of our social performance for FY22-23 are as follows:

100%

employees trained on health and safety

~75%

got training towards ESG awareness (covering topics such as EHS, CoC, POSH, Skill development)

LTIFR - 0.13

(1 injury recorded amongst workers)

100%

return to work rate for employees who availed parental leave

Training on Information security is provided to all the new joiners during induction

Training on Code of Conduct (CoC) session is done for all the new joiners starting from January, 2023.

Mandatory e-Learning course being introduced for all the employees in FY23-24, covering topics such as ESG, Information security and Code of Conduct

Zero cases of high consequence work-related injury or fatalities

Awareness programmes conducted for 69% value chain partners on various practices related to product use, quality, health, safety, environment, working conditions, operation and maintenance

COMMUNITY DEVELOPMENT

Growing together is at the core of our business philosophy. We are committed to making a positive impact on the communities where we operate. Our social initiatives focus on healthcare, education, social welfare, water and environmental conservation, sanitation, women empowerment, disaster relief, promotion of sports, and skill development.

We believe in the transformative power of education and its ability to create opportunities and improve lives. Working in partnership with Mukul Madhav Foundation, we have contributed to 17 out of 17 SDGs through our community development initiatives meeting 15 out of 16 CSR mandates put forth by the Government of India. Please refer to our Corporate Responsibility activities section for more details annexed to this report.

CORPORATE GOVERNANCE

At Finolex Industries, we uphold the highest standards of corporate governance. We have established strong governance practices that ensure transparency, accountability, and ethical conduct in all our operations. Our Board of Directors provides strategic oversight, ensuring that the interests of all stakeholders are safeguarded. We have a comprehensive

Code of Conduct that sets out clear guidelines for ethical behaviour and responsible business practices. Compliance with all applicable laws and regulations is a non-negotiable principle within our organisation. We regularly evaluate our governance practices, benchmarking them against global standards and best practices. Our commitment to corporate governance is fundamental to maintaining the trust and confidence of our stakeholders.

The key highlights of our governance practices for FY22-23 are as follows:

100%

employees trained on health and safety

Zero cases of breach of Code of Conduct

Training on Code of Conduct and ethical business conduct integrated into new joiners induction programme

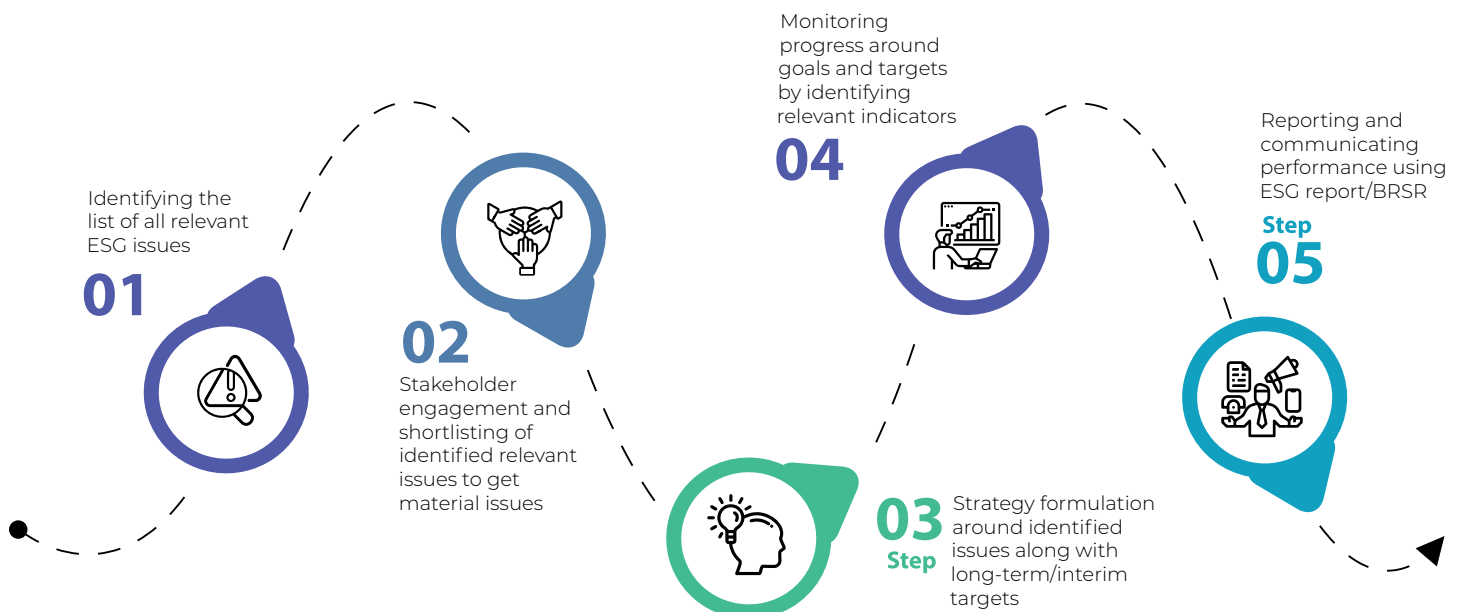
Zero cases of data breach, cyber security and information security-related incidents

DISCLOSURE OF ESG PERFORMANCE

We published our first Sustainability Report in FY21-22. We endeavour to ensure transparent communication of our ESG performance through our Sustainability Report. We aim to align our communication of sustainability performance with

internationally recognised standards and frameworks such as the UN Sustainable Development Goals and the GRI Standards. Additionally, we participate in the DJSI rating conducted by S&P Global, which will serve as a demonstration of our ESG capabilities in comparison to our peers in the sector.

ESG ROADMAP

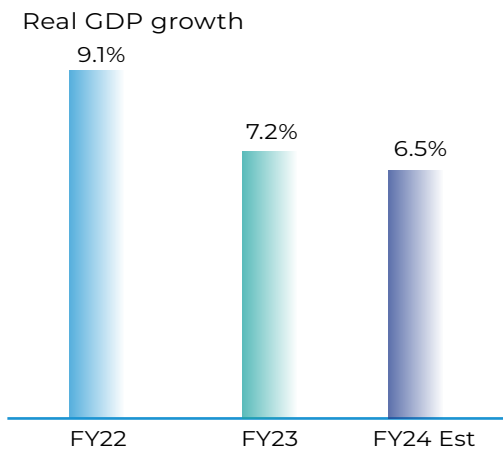


MANAGEMENT DISCUSSION AND ANALYSIS

1. ECONOMIC OVERVIEW

1.1 INDIAN ECONOMY

The world continues to reel from multiple successive events such as the protracted war in Ukraine, high inflation in Western democracies including the United Kingdom teetering on a cost-of-living crisis, a fresh wave of COVID-19 cases hitting China etc. These events have impacted all countries; however, India has revealed itself to be a bright spot in an otherwise gloomy global economic outlook.



Est-Estimated

Today, ranked amongst the fastest-growing major economies in the world, India is also set to be the 2nd fastest growing economy in the G20 while holding the presidency of the forum for 2023. The Ministry of Finance announced that the Indian economy's real GDP grew at 7.2% in FY23¹. In its 75th year of Independence, India is the 5th largest economy in the world and poised to reach a nominal GDP of \$ 3.5 trillion² by March 31, 2023, as per the economic survey tabled in Parliament.

India's agriculture sector has seen a robust average annual growth rate of 4.6% over the last six years and is expected to grow at a rate of 3.5% in FY23, as per the Press Information Bureau. India has become a net exporter of agricultural products

in recent years, touching \$ 50.2 billion in FY23, while allied sectors - animal husbandry, dairy, and fisheries - are increasingly being recognised as emerging sectors.

The industrial sector is a significant contributor to the Indian economy providing about 30% of the total gross value added in the country. In FY23, the sector faced exceptional challenges as the Russia-Ukraine conflict began in early 2022 and with no end in sight. The conflict directly contributed to a sharp rise in the prices of many commodities including edible oil, crude oil, fertilisers and food grains that remained at elevated levels for many months.

However, the Indian industrial sector acquitted itself quite well despite difficult circumstances with the first half of FY23 showing a 3.7% increase in overall Gross Value Added (GVA), which is higher than the average growth achieved in H1 of the last decade. Overall, the industrial sector is expected to witness a modest growth of 4.1% in FY23 compared to 10.3% in the previous fiscal year.

The services sector is expected to act as the driver of growth for the economy by rebounding to a y-o-y growth of 9.1% in FY23 as compared to 8.4% in the previous fiscal. After the world's largest vaccination programme, private consumption has seen continuous momentum and grew at 7.5% in FY23⁴ compared to 7.9% in the previous fiscal.

The Gross Fixed Capital Formation, as a measure of investment, grew by 11.4% in FY23³ against 15.8% in the previous fiscal year. Over the last few years, the government has continued to push capital expenditure and infrastructure spending while private investment is showing signs of improvement thanks to better balance sheets in banks and companies.

Sources

1 [The Economic Times](#)
 2 [The Economic Times](#)

3 [The Economic Times](#)
 4 [Money Control](#)

Despite supply chain disruptions and an erratic geopolitical environment, Indian exports grew by 14% in FY23⁵. Following the pattern of previous post-pandemic fiscal years, the share of exports to GDP increased to 22.7% in FY23 and will ensure that India continues to have fiscal space to manoeuvre and remain resilient compared to other emerging market economies.

1.1.1 OUTLOOK

In line with multilateral agencies such as the World Bank, IMF, ADB, and the RBI, domestically – the Economic Survey 2022-2023 has projected a baseline GDP growth of 6.5% in real terms in FY24. The actual outcome for real GDP growth is likely to be in the range of 6% to 6.8%⁶.

While external exigencies can impact growth, a domestic-driven economy like India's would make it less exposed than export-driven economies like China, South Korea or Japan. Additionally, the Government of India in the Union Budget for FY24 has increased capital investment outlay on infrastructure for the third year in a row by 33% to ₹ 10 trillion, a steep increase reflecting the government's focus on sustained domestic demand and the generation of jobs.

Finally, the Russia – Ukraine war created heightened uncertainty geopolitically and led to a drastic increase in commodity prices. While these prices have moderated, many of them still hover above pre-war levels.

All these factors have led to a deterioration of the global outlook, impacting trade numbers for the Indian economy with export demand expected to slow down internationally, while domestic demand continues to increase imports, thereby leading to a widening of current account deficits (CAD), which may then, in turn, bring the currency under pressure.

While entrenched high inflation can risk low global growth even leading into FY24, the positives for the Indian economy are that oil prices would stay low

and CAD will be better than projected. Additionally recessionary tendencies in advanced economies may result in a return of capital flow to India if inflation in the country is stable below 6%.

Domestically, India remains in a robust position and government measures have set up the economy for growth over the medium and long term. Higher governmental CAPEX and highly improved corporate and bank balance sheets are expected to result in higher private investments that will take the onus going forward and reduce the need for the government to do the heavy lifting.

The strong focus on urban infrastructure will be especially important for the construction industry, with the budget including necessary allocations for rural programmes as well. A coordinated monetary and fiscal policy will eventually lead to lower borrowing costs later in the year and further consolidate demand.

The agriculture and allied sectors have been forecasted to grow at 3.6% in FY24. Further, the industry and services sectors are expected to grow by 5.8% and 7.6%⁷, respectively.

2. PIPING INDUSTRY OVERVIEW



The government has allocated ₹ 70,000 crore⁸ in the Union Budget 2023 - 2024 on its flagship scheme under the Jal Jeevan Mission (JJM), to provide potable drinking water to every rural household which is a jump from ₹ 60,000 crore

5 [Times of India](#)

6 [Press Release](#)

7 [The World Bank](#)

8 [The Print](#)

in the previous fiscal year. This translates to a nearly 17% increase in budget allocation under this scheme and will continue to have positive impacts on dependent industries such as the organised pipe manufacturing sector.

By the end of March 2023, the government was estimated to have provided 11.66 crore⁹ rural households with tap water connections, achieving a 60% coverage milestone. States that have a higher number of households for tap connections include Rajasthan, Kerala, Manipur, Tripura, Maharashtra, Madhya Pradesh, Mizoram and Sikkim.

It is crucial to note that the organised piping manufacturers will benefit the most from the government outlay on water connections and their existing strong presence in the rural market. Although unorganised players have the chance to participate in government projects, they are expected to upgrade facilities and get ISI certifications.

Similarly, the PM Awas Yojana which is on the mission to provide housing for all got a massive boost of nearly 68% by being allocated ₹ 79,000 crore¹⁰ in the Union Budget 2023-2024. The existing inventory of housing has been reduced and this combined with the huge allocation of funds will translate to a huge demand for affordable housing. Last year the scheme allocated ₹ 48,000 crore to complete 8 million houses for eligible beneficiaries. This allocation will help boost the housing sector which would

also directly benefit the piping industry to meet plumbing requirements.

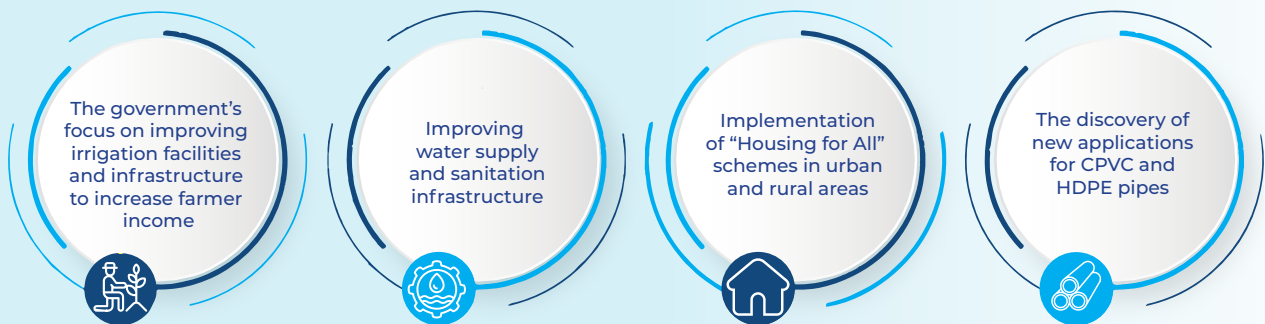
Other relevant government initiatives and schemes include AMRUT – Atal Mission for Rejuvenation and Urban Transformation, Swachh Bharat Mission, and Pradhan Mantri Krishi Sinchai Yojana (PMKSY) would further help boost demand in the piping industry within the country.

These initiatives and schemes combined with strategic planning to target market with relatively low penetration would further ensure that the piping industry has the environment for sustained high growth moving forward.

A significant share of the market remains unorganised although the share of organised players continues to rise. Currently, approximately 65% of the Indian piping industry is organised with the UPVC segment being 57-58% organised and 80% of the CPVC market segment being organised. India is the fastest-growing consumer of PVC and there remains a large scope for sustained growth. Pipes and fittings form 73% of the end consumer market for PVC in India with the top 5 players expected to consolidate in market share.

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

These growth estimates are influenced by factors such as:



Sources

9 [Press Information Bureau](#)

10 [The Business Standard](#)

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

The piping market is being driven by rapid urbanisation, demand for large and cost-effective sewage lines, increasing public and private initiatives, and infrastructure developments, in addition to the factors mentioned earlier. The growing usage of PVC in flooring applications across private, commercial, and industrial premises is expected to contribute to the growing demand for PVC Resin.

3. COMPANY OVERVIEW

Finolex Industries Limited, also known as Finolex, FIL, or Finolex Pipes, is a prominent producer of PVC resin in India, as well as a top brand in pipes and fittings, with a strong reputation for trustworthiness. In fact, Finolex is the largest backward integrated pipes company in the country. We offer a wide range of PVC pipes and fittings suitable for applications in agriculture, plumbing and sanitation. With four state-of-the-art manufacturing facilities in Maharashtra and Gujarat, we have a pipes and fittings production capacity of 4,00,000 MT per annum and a PVC resin manufacturing capacity of 2,72,000 MT per annum. During the financial year 2022-23, we have commenced commercial production of PVC fittings at a new state of art manufacturing facility in Talegaon near Pune, Maharashtra with annual capacity of 12,000 MT.

4,00,000 MT PER ANNUM

Pipes and fittings production capacity

2,72,000 MT PER ANNUM

PVC Resin manufacturing capacity

3.1 FINOLEX PIPES – OUR COMPETITIVE ADVANTAGE



While factors such as rising input costs and disruptions to supply chain logistics could have temporary impacts, our company has been able to innovate and adapt to expand our presence. Over the years, we have consistently expanded our product range and distribution network, bolstering our position in the plumbing and sanitation market. Additionally, we have adeptly embraced the opportunities presented by growing markets like CPVC pipes and fittings. With these strategic moves, our company stands well-prepared for the future, fully equipped to cater to the evolving needs of the housing, construction, and infrastructure segments.

3.1.1 LONG-LASTING AND DURABLE PIPES

Four decades of product excellence – superior quality, strong and durable pipes

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

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

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

Backward Integration in PVC Resin –

One of our biggest advantages in producing quality products is our backward integration into PVC resin production. This ability makes us the only company in India with this capability.

The advantages of backward integration are numerous starting with consistent quality, cost optimisation and uninterrupted raw material availability for production. This has been achieved thanks to the foresight of our leaders. The captive jetty in Ratnagiri allows Finolex to import raw material that is used in manufacturing PVC resin. This steady supply of raw materials allows Finolex to control and maintain the quality of our products. In addition, the Ratnagiri facility includes a power station ensuring a steady power supply and further reducing manufacturing costs.

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

Robust manufacturing plants –

Finolex has four manufacturing plants. Three in Maharashtra (Ratnagiri, Urse and Talegaon) and a fourth in Gujarat (Masar). Our insistence on quality is reflected by the ISO 9001:2015 certification that all our manufacturing facilities hold.

Our flagship facility in Ratnagiri includes its own open sea cryogenic jetty to receive raw materials, storage facilities to stock them, a PVC pipe manufacturing plant, and a PVC resin

manufacturing facility in technical collaboration with Uhde GmbH, Germany with Hoechst Technology. In-house resin manufacturing ensures that all our pipe manufacturing plants, across locations, receive a dedicated supply of consistent and superior-quality resin.

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

3.1.2 LONG-LASTING RELATIONSHIPS

Our company values the support of its stakeholders and takes proactive measures to interact with them. It is of paramount importance to our leadership to ensure that there is regular interaction with our stakeholders to understand their concerns and interests. Through our diverse range of Corporate Social Responsibility (CSR) initiatives, we actively engage with and uplift underprivileged sections of society, ensuring inclusivity and making a positive impact in the communities we serve. Our CSR programmes encompass various areas such as education, healthcare, environmental sustainability, and social welfare. We are committed to fostering inclusivity by extending support and opportunities to the marginalised and underprivileged, empowering them to lead better lives and contribute to the overall development of society. Our various modes of engagement ensure longer-lasting relations with stakeholders and society.

OUR STAKEHOLDERS



3.1.3 EMPOWERED COMMUNITIES

Our company's commitment extends beyond providing products and services for the development of our nation. Rather, it is intertwined with our fundamental philosophy of empowering the people of India. Through our collaboration with the Mukul Madhav Foundation, we continuously

strive to improve the lives of the communities we serve. Our goal is to create a network that fosters people's aspirations and equips them with the necessary skills to enhance their standard of living. Our efforts span across education, healthcare, sanitation, environment, and social welfare programmes. We do not merely donate funds, but also empower individuals with dignity.

MUKUL MADHAV FOUNDATION

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

These are our focus areas:

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

4. OVERVIEW OF THE PLUMBING AND SANITATION SECTOR

When it comes to constructing either residential or commercial properties, it is imperative to have a robust plumbing and sanitation system in place to guarantee cleanliness and safe drinking water. With the need for future houses and smart cities on the rise, PVC pipes present an ideal solution. These pipes are crafted with precision and quality,

ensuring excellent hygiene standards and safe disposal of wastewater. Capable of transporting a wide range of substances such as liquids, gases, and waste, PVC Pipes are the present and future of the plumbing and sanitation industry in the country, all while creating millions of employment opportunities.

4.1 OVERVIEW OF FINOLEX PIPES USED IN THE PLUMBING AND SANITATION SECTOR

ASTM PIPES AND FITTINGS:



Designed for potable water distribution and plumbing applications as it is lead-free and corrosion resistant.

Applications:

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

Features & Benefits:

- Lead-free and Environment and health-friendly
- UV Stabilised ensuring protection from direct sunlight
- Ideal for potable water transportation
- Meet global standards for housing and industry application
- Tough, Durable, and Immune to termites
- Corrosion-free and chemical resistant

For more information, refer to our website [here](#)

CPVC PIPES AND FITTINGS:



Finolex Pipes' premium offering which is ideal for hot and cold-water applications and are suitable for indoor and outdoor distribution systems.

Applications

- Hospitals
- Academic Institutes
- Hotels & Resorts
- Swimming Pools
- Manufacturing Plants
- High-rise and independent houses

Features and Benefits

- Lead free and Environment & health friendly
- UV stabilised
- Ideal for hot and cold-water applications
- Fire resistant
- High Impact Strength
- Leak proof joints
- Corrosion-free

For more information, refer to our website [here](#)

SWR PIPES AND FITTINGS:

These pipes are designed using high grade raw materials and are ideal for the efficient removal of waste in the drainage system.

Applications

- Waste discharge system in residences, commercial complexes, resorts, hospital etc.
- Venting of gases and odour in domestic plumbing
- Rainwater transportation and harvesting for residential and commercial buildings

Features and Benefits

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

For more information, refer to our website [here](#)

SEWERAGE PIPES:

These underground and sewerage pipes are designed to carry night soil and waste from buildings to the drainage system and in turn to treatment plants. This is ideal for buildings where hygiene is a priority.

Applications

- Gravity Drainage
- Transportation and discharge of industrial effluents
- Drainage of surface water
- Sewer flow for transportation of night soil and water discharge

Features and Benefits

- Corrosion and rust proof
- Good resistance to combustion
- Non-reactive to acids, alkalis, effluents, salts, and minerals
- Easy Installation, Low frictional losses and scale formation
- Non-conductor of electricity

For more information, refer to our website [here](#)

4.2 KEY GOVERNMENT INITIATIVES IN THE AREA OF CLEAN DRINKING WATER AND SANITATION

| | | |
|--|---|--|
| <p>The Jal Jeevan Mission</p> |  | <p>The Jal Jeevan Mission led by the Government of India aspires to provide safe and adequate drinking water through individual household tap connections by 2024 to all households in rural India.</p> <p>With a focus on the implementation of source sustainability, the Jal Jeevan Mission will mandate greywater management, water conservation, and rainwater harvesting. The functions under this mission include providing Functional Household Tap Connection (FHTC), In-village water supply infrastructure, and retrofitting of completed and ongoing piped water supply schemes to provide FHTC and improve services.</p> |
| <p>Swachh Bharat Mission and National Mission for Clean Ganga</p> |  | <p>The Swachh Bharat Mission and the National Mission for Clean Ganga (NMCG) will propel investments in Water Supply and Sanitation (WSS) and therefore impact plumbing and sanitation products. The Swachh Bharat Mission focuses on the construction of households, communities, and public toilets, including conversion to pour-flush latrines. All of these factors will help drive the plumbing and sanitation sectors.</p> |
| <p>Atal Mission for Rejuvenation & Urban Transformation</p> |  | <p>Atal Mission for Rejuvenation & Urban Transformation (AMRUT) initiative by the government is focused on providing basic infrastructure services such as water supply, sewerage, stormwater drains, and the development of green spaces.</p> |
| <p>Smart Cities Mission</p> |  | <p>The objective of the Smart Cities Mission is to promote cities to provide core infrastructure with, a clean and sustainable environment and therefore, create a respectable quality of life for citizens through the application of smart solutions. Infrastructure elements include adequate water supply, sanitation and affordable housing.</p> |

4.3 OUTLOOK

In India, it is estimated that up to 40% of water is lost in transmission due to ageing pipe networks which makes the pipes and fittings business crucial in assuring the safe and clean use of water. From January 2023 to March 2023, the Jal Jeevan Mission has achieved the remarkable feat of providing 86,894 new tap water connections. So far, a total of 58 Crore people have access to clean drinking water through taps.

The domestic plastic pipes industry is estimated to be ₹ 315 billion¹¹ with organised players sharing nearly 65% of market. The pipes and plastic fittings industry is expected to grow at a CAGR of 14% between FY18 – FY26. The drivers of this growth are a combination of demand in the market and government initiatives that are focused on infrastructure in urban and rural areas.

Sources

¹¹ [Times of India](#)

5. OVERVIEW OF THE AGRICULTURE SECTOR



The agriculture sector serves as the main source of livelihood for approximately 58% of India's population. At present, India holds the distinction of being the largest producer of an array of commodities, including spices, pulses, milk, tea, cashew, and jute. Additionally, the country is also the second-largest producer of wheat, rice, fruits, vegetables, sugarcane, cotton, and oilseeds.

Over the last few years, the agriculture sector has demonstrated resilience and witnessed growth. With the distinction of being the largest employer of the workforce, the Gross Value Added (GVA) for agriculture and allied sector grew by 3.3%¹² in constant price terms in FY23. This increase is largely due to a rise in prices of almost all major agricultural commodities, especially cereals such as wheat and rice.

As per the first advance estimates for 2022-2023 (kharif only), total foodgrain production in India is estimated at 149.92 million tonnes with rice production at 104.99 million tonnes.

India's agricultural and processed food products exports in FY23, were up by 9% compared to the same period last year and reached \$26.3 billion¹³. Moreover, growth in the allied sectors including livestock, dairying and fisheries have experienced high growth and seen big jumps in export numbers.

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

5.1 OVERVIEW OF FINOLEX PIPES USED IN THE AGRICULTURE SECTOR



PVC-U PIPES (SELFIT AND RINGFIT)

These pipes and fittings are specifically manufactured and designed for varied pressure and gravity flow applications in agriculture, irrigation, swimming pools and domestic water supply.

Applications

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

Features and Benefits

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

For information, refer to our website [here](#)

Sources

¹² [Press Information Bureau](#)

¹³ [The Financial Express](#)

CASING PIPES



Manufactured using a special Lead-Free PVC-U compound, these casing pipes are ideal for the transportation of hard, salty, sandy or chemical aggressive water and so protect water lines from soil conditions.

Applications

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

Features and Benefits

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

For more information, refer to our website [here](#)

COLUMN PIPES



These pipes are suitable for water extraction from bore wells as they are uniquely designed and manufactured using lead-free compounds which allows them to withstand system load such as the weight of the pump, water and pipes for additional safety.

Applications

- Ideal for both urban and rural extraction of water from borewells

Features and Benefits

- Lightweight
- Easy to install
- High tensile strength
- High torque resistance
- Lead-free
- Anti-abrasion and anti-corrosion

For more information, refer to our website [here](#)

SOLVENT CEMENT



Our solvents are manufactured under license from Invogue Labs Inc. New York, U.S.A. with strict in-house quality standards to guarantee superior quality. This range of solvent cements facilitate strong joints between pipe to pipe, fitting to fitting or pipe to fitting combinations.

Applications

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

Features and Benefits

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

For more information, refer to our website [here](#)

5.2 KEY GOVERNMENT INITIATIVES TO BOOST THE AGRICULTURE SECTOR

- Kisan Drones – Use of drones to spray farms with pesticides and nutrients to double farmers' income. The drones will then also be used to carry produce from the farms to the markets directly and/or for crop assessment

- The government raised the farm credit target to ₹ 20 lakhs crore for FY24 with a focus on the development of animal husbandry, dairy and fisheries sector
- Promoting natural farming – assistance will be provided over a period of three years to 1 crore farmers and 10,000 bio input resource centres will be established
- ₹ 6,000 crore investment in a subsidiary of Pradhan Mantri Matsya Sampada Yojana to promote endeavours of fishermen, fish vendors, and micro and small enterprises to enhance the value chain and reach markets
- ₹ 70,000 crore allocated 'Har Ghar, Nal Se Jal' for FY24
- Funds allocated to promote micro irrigation in drought-prone areas of the country
- Government to launch 'Atmanirbhar Clean Plant Programme' to boost the availability of disease-free, quality planting material for high-value horticulture crops with ₹ 2,200 crore budget allocation
- RBI to raise the credit limit for collateral-free agriculture loans to ₹ 1.6 lakhs
- Agriculture Accelerator Fund' to be set up to promote startups in rural India

5.3 OUTLOOK

The agriculture and allied sectors in India are expected to continue to grow boosted by government initiatives including improving productivity and enhancing the efficiency of resource utilisation. Additional measures such as digitalisation via platforms like e-NAM which integrated 1260 APMC mandis across 22 states and 3 union territories have helped facilitate online trading of 203 agriculture and horticulture commodities that enable farmers to realise better remunerative prices for their produce.

Initiatives for logistics support such as transportation, cargo centres, and cold storage facilities has set the industry up to take advantage of growth opportunities, maximise revenue and reduce wastage. Some of the supply-side drivers such as hybrid and genetically modified seeds will further enhance

productivity. India is also at the forefront of agricultural research and development which have a public-private partnership with innovative funding resulting in better productivity.

All of this is complemented by the policy support from the Government and increasing agriculture exports which sets the industry up for sustainable growth in the years to come.

6. THREATS

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

Re-occurrence of COVID-19 pandemic-like conditions

A potential reoccurrence of the COVID-19 pandemic could have a significant impact on businesses and industries, as it remains a persistent threat worldwide. Although some regions have entered a post-pandemic phase, the rising number of COVID-19 cases in other countries suggests that the threat is not yet over. The construction industry, for example, could experience strain again as workers are required on construction sites and cannot work remotely. Therefore, it is essential to maintain vigilance and prioritise employee safety to mitigate potential impacts on business and industry.

Low consumer spending

Although trends suggest that consumer spending is on the rise, potential economic downturns abroad and an increase in inflation could put a damper on spending. The lingering effects of the pandemic and rising inflation globally, may continue to weigh on consumers' minds and impact their spending decisions. Additionally, geopolitical tensions could further exacerbate economic uncertainties.

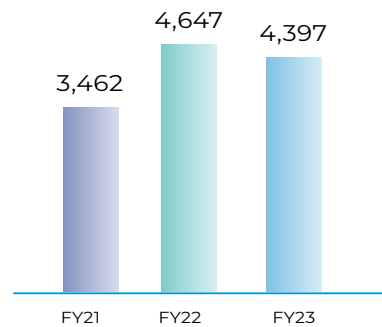
Rise in costs

While there has been some moderation in oil prices recently, any escalation in the Ukraine conflict or energy supply disruptions could potentially impact commodity prices, including industries such as construction and agriculture. The conflict has already led to inflation in several

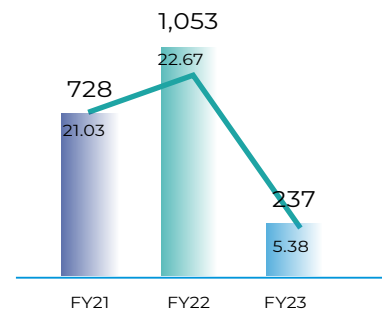
economies due to supply chain disruptions, which has affected not only agriculture-related products like fertilisers and potassium but also other sectors such as housing.

7. FINANCIAL ANALYSIS

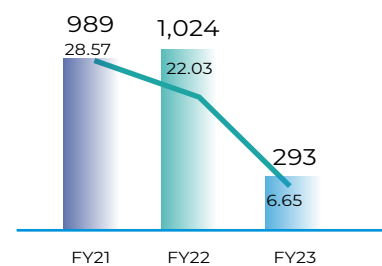
Revenue (₹ Crore)



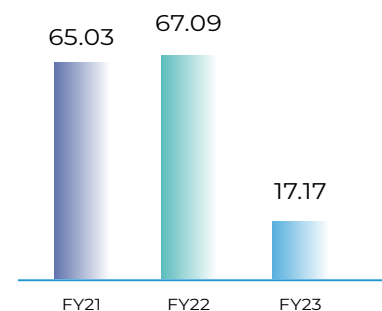
PAT/PAT margin (₹ Crore)/(%)



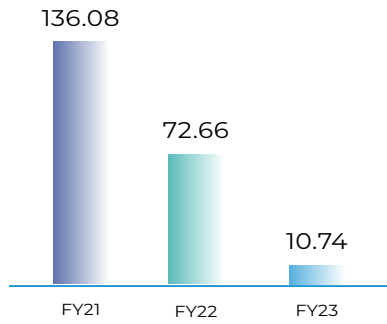
EBITDA/EBITDA margin (₹ Crore)/(%)



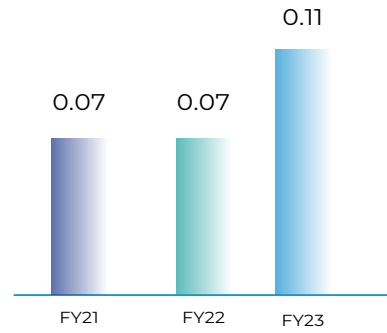
ROCE (%)



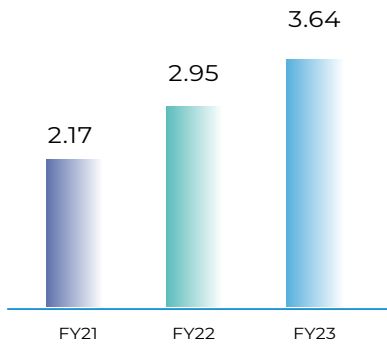
Interest coverage ratio (times)



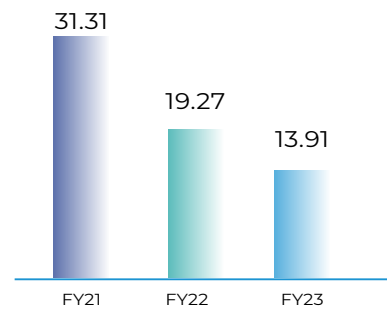
Debt-equity ratio (times)



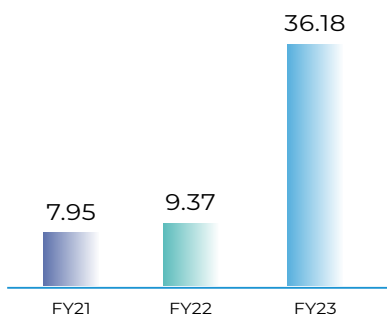
Inventory turnover ratio (times)



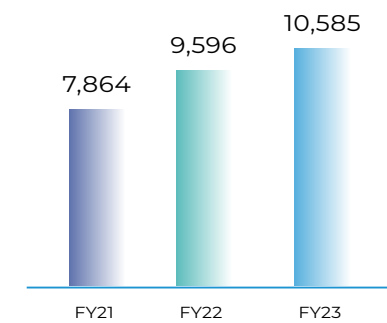
Debtors turnover ratio (times)



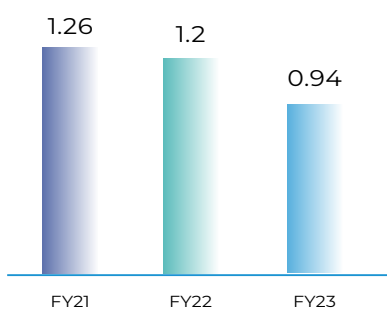
EV/EBITDA (times)



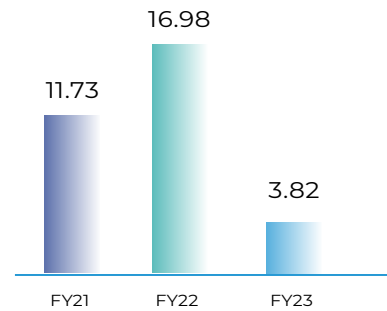
Market capitalisation (₹ Crore)



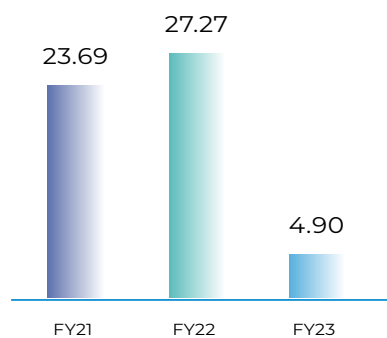
Current ratio (times)



EPS (₹ / per share)



Return on net worth (%)



FINANCIAL REVIEW AND ANALYSIS

| Particulars | Unit | FY23 | FY22 | Variance | |
|--------------------------|-------------|--------|--------|----------|--|
| Revenue | Cr | 4,397 | 4,647 | -5% | |
| EBITDA | Cr | 293 | 1,024 | -71% | Reduction in EBITDA is primarily attributable to sharp correction in PVC prices during the year. |
| EBITDA margin | % | 6.65% | 22.03% | -15% | |
| PAT | Cr | 237 | 1053 | -78% | Reduction in net profit ratio is in line with reduction in profits during the year which, in turn, is primarily attributable to sharp correction in PVC prices. |
| PAT margin | % | 5.38% | 22.67% | -17% | |
| RoCE | % | 17.17% | 67.09% | -50% | The reduction in return on capital employed ratio is in line with reduction in profits during the year which, in turn, is primarily attributable to sharp correction in PVC prices. |
| Interest coverage ratio | Times | 10.74 | 72.66 | -85% | Reduction in interest coverage is due to reduction in net profits and increase in the interest rate regime. |
| Debt-equity ratio | Times | 0.11 | 0.07 | 52% | The increase in debt equity ratio is due to higher buyers' credit outstanding as at March 31, 2023, compared with March 31, 2022. On a net debt basis, the Company is debt free as at March 31, 2023 and March 31, 2022. |
| Inventory turnover ratio | Times | 3.64 | 2.95 | 23% | |
| Debtors turnover ratio | Times | 13.91 | 19.27 | -28% | Debtors Turnover Ratio decreased due to increase in average Trade Receivable in FY23 in line with increase in revenue from plumbing and sanitation. |
| EV/EBITDA | Times | 36.18 | 9.37 | 286% | Attributable to reduction in net profits during the year. |
| Market capitalisation | Cr | 10,585 | 9,596 | 10% | |
| Current ratio | Times | 0.94 | 1.2 | -21% | |
| EPS | ₹ Per share | 3.82 | 16.98 | -78% | Reduction in profits during the year which, in turn, is primarily attributable to sharp correction in PVC prices during the year. |
| Return on net worth | % | 4.90% | 27.27% | -22% | |

8. RISK MANAGEMENT AND MITIGATION

We place a high value on transparency in information sharing, which involves providing accurate information and being open to scrutiny and judgement. We believe that transparency is important for building communication and promoting authenticity and competency. Finolex Pipes is committed to upholding transparency in all its business operations and considers it a responsibility to disclose relevant information to stakeholders. We also aim to provide comprehensive information in the Management Discussion and Analysis section of our Annual Report.

| Risk | Mitigation |
|---|--|
| <p>Economic Risk</p> <p>A repeat of major events such as a recurrence of COVID-19 pandemic lockdown along with other geopolitical crises may impact economic growth</p> | <p>India's economic growth is still expected to become the fastest-growing major economy in the world, due to progressive initiatives by the Central Government including regulatory reforms, investment plan propositions, and budgetary support. Our Company has proven to be resilient, consistent, and sustainable in providing growth and delivering robust results.</p> |
| <p>Competition Risk</p> <p>New players entering the market in addition to other organised players looking to increase market share with a rise in opportunities does pose a risk to our predicted margins and market share</p> | <p>Our Company has worked tirelessly to maintain its competitive advantage. This has been achieved by differentiating its value proposition and we believe taking such actions continuously will ensure we remain relevant and at an advantage over the competition. Some of the actions taken to achieve this include:</p> <ul style="list-style-type: none"> • Focus on the plumbing and sanitation business through enhanced credit to dealers, the addition of new SKUs, and entering new markets like the North East of India • Maintain the highest product quality standards • Increase our network of dealers and deepen our relationship with them • Regular and important branding exercises • Improved logistics networks to increase our reach • Increased participation of on-field influencers |

| Risk | Mitigation |
|--|--|
| <p>Input Risk</p> <p>An increase in the prices of raw materials may impact the Company's margins and affect our profitability</p> | <p>Within the Pipes and Fittings segment, any adverse impact of an increase in raw material prices is generally passed on to its customers, thereby protecting the Company from price fluctuations.</p> <p>In the PVC Resin segment, our Company is affected by the volatility of prices of certain commodity chemicals (Ethylene and PVC) and intermediates (EDC and VCM). Our operations require a continuous purchase and supply of materials such as Vinyl Chloride Monomer (VCM), Ethylene and Ethylene Dichloride (EDC) for the manufacturing of PVC Resin. The prices of PVC Resin manufactured by us are monitored by Company Management and adjusted to respond to a change in the import parity price of PVC in the market. The market price of input and output are generally adjusted over a period of time and therefore, the Company is exposed to price variations only for a limited period.</p> |
| <p>Geographic Concentration Risk</p> <p>There remains the risk of concentration of the business in only a few geographies which may limit our Company's customer reach and engagement. Additionally, this may impact marketability and consumer familiarity which may impact our profitability.</p> | <p>This risk has been mitigated by the fact that the Company has established 4 separate plants in Ratnagiri, Pune, Masar and Talegoan along with a wide distribution network of dealers and retailers that cater to customers across the country including less penetrated market regions such as the North East of India.</p> |

9. HUMAN RESOURCES

We put our people at the center of what we do and consider them critical for our success. We have outlined our HR Strategy which has three pillars – Culture, Career and Compensation & benefits. Our HR Strategy helps us in building better organisation capabilities, hire and retain best talent and create a culture that delivers long term value and sustained competitiveness in the market place.

Our employee value proposition, clearly defines our priorities – “We strive to be best at what we do, both in eyes of our customers and our co-workers. We believe in healthy work-life balance. We are truly one team with complementary strengths so that everyone is adding value. We bring meaning to everyone’s life by wholeheartedly giving back to our society. We are Finolex Parivaar !!”. We have implemented several initiatives to help skill our employees to further enhance their productivity and increase employee engagement. We continue to dedicate our resources towards the development of leadership skills and competencies to ensure employee growth within the organisation.

These initiatives have also helped in retaining our best talent while also establishing the organisation as an attractive workplace with an engaged and productive workforce. As of March 31, 2023, our employee strength stood at 1,478 and we invested 26,680 hours in Learning and Development of our employees.

10. INTERNAL CONTROL SYSTEMS

Our has positioned adequate internal control procedures, proportionate to the nature of the business and size of operations for the smooth conduct of business. Internal audits are conducted at regular intervals at all the plants and cover key areas of operations. These audits are independent, objective and responsible for evaluating and improving the effectiveness of risk management, control and governance processes. An Audit Committee, consisting of five independent directors and one non-independent & non-executive director, monitors the performance of the internal audits. This is conducted periodically through audit plans, audit

findings and the promptness of issue resolution through follow-ups.

11. INTERNAL FINANCIAL CONTROL

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

12. CAUTIONARY STATEMENT

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

Board of Directors' Report

To the Members,

Your directors have pleasure in presenting the forty-second annual report together with the audited financial statements (standalone and consolidated) for the financial year ended March 31, 2023.

State of the Company's affairs:

Financial Results

(₹ in Crore)

| Particulars | Standalone | | Consolidated | |
|---|------------|----------|--------------|----------|
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| Profit before depreciation, exceptional items & finance charges | 413.92 | 1,106.90 | 437.72 | 1,104.50 |
| Less: Finance charges | 27.23 | 14.09 | 27.23 | 14.09 |
| Profit before depreciation, exceptional items and taxation | 386.69 | 1,092.81 | 410.49 | 1,090.41 |
| Less: i. Depreciation | 89.20 | 83.40 | 89.20 | 83.40 |
| ii. Exceptional items (gain)/loss | - | (376.06) | - | (376.06) |
| iii. Provision for taxation | 60.90 | 332.00 | 70.59 | 331.72 |
| Profit after depreciation, exceptional items and taxation | 236.59 | 1,053.47 | 250.70 | 1,051.35 |
| Add/(Less) : | | | | |
| i. Retained earnings at the beginning of the year | 2,972.33 | 2,160.17 | 30.36.38 | 2,226.25 |
| ii. Re-measurement of defined benefit plans and income tax effect | (0.26) | (0.24) | (0.24) | (0.15) |
| iii. Dividend | (248.19) | (248.19) | (248.19) | (248.19) |
| Retained earnings at the end of the year | 2,960.47 | 2,965.21 | 3,038.65 | 3,029.26 |
| Earning per equity share: | 3.82 | 16.98 | 4.04 | 16.94 |

Operations

The operational performance is summarized below:

(₹ in Crore)

| Particulars | Standalone | | Consolidated | |
|--|------------|----------|--------------|----------|
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| Revenue from Operations | 4,397.05 | 4,647.32 | 4,397.05 | 4,647.32 |
| Other Income | 121.38 | 83.16 | 120.92 | 82.23 |
| Total Income | 4,518.43 | 4,730.48 | 4,517.97 | 4,729.55 |
| Profit before tax (before exceptional item) | 297.49 | 1,009.41 | 297.03 | 1,008.48 |
| Exceptional item gain/(loss) | - | 376.06 | - | 376.06 |
| Profit before tax (after exceptional item) | 297.49 | 1,385.47 | 297.03 | 1,384.54 |
| Share of profit of associate before tax | - | - | 24.26 | (1.47) |
| Profit after tax | 236.59 | 1,053.47 | 250.70 | 1,051.35 |
| PVC Pipes and Fittings | | | | |
| Production – in MTs | 301,830 | 230,847 | 301,830 | 230,847 |
| Sale – in MTs | 303,026 | 236,895 | 303,026 | 236,895 |
| Sale – in ₹ Crores | 4,113.28 | 3,852.67 | 4,113.28 | 3,852.67 |
| PVC Resin | | | | |
| Production – in MTs | 232,463 | 214,186 | 232,463 | 214,186 |
| Sale – in MTs (including inter divisional): | 239,638 | 224,924 | 239,638 | 224,924 |
| Sale – in ₹ Crores (including inter divisional): | 2,271.02 | 2,962.10 | 2,271.02 | 2,962.10 |

The total capacity of PVC pipes & fittings stands at 4,00,000 MT p.a. The sales volume for PVC pipes & fittings was 303,026 MT for the financial year ended March 31, 2023 as against 2,36,895 MT for the financial year ended March 31, 2022. Total standalone income was at ₹4,518.43 Crore for the financial year ended March 31, 2023 against ₹4,730.48 Crore for the financial year ended March 31, 2022. Profit after tax was at ₹236.59 Crore for the financial year ended March 31, 2023 as against ₹1,053.47 Crore for the financial year ended March 31, 2022.

During the period under review, your Company has commenced commercial operations of PVC fittings at a new state-of-the-art manufacturing facility at Talegaon, Pune (Maharashtra) with effect from March 12, 2023. The annual capacity of the said facility is 12,000 MT and the CAPEX is approximately ₹100 Crore, which has been funded entirely through internal accruals.

Dividend

The Board of Directors has recommended dividend of ₹1.50/- (i.e. 75%) per equity share (subject to deduction of tax at source). The dividend on equity shares, if approved by the Members, will absorb ₹93.07 Crore.

According to the Finance Act, 2020, dividend income is taxable in the hands of the Members w.e.f. April 1, 2020 and the Company is required to deduct tax at source (TDS) from dividend paid to the Members at prescribed rates as per the Income-tax Act, 1961.

According to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations') the top 1000 listed entities based on market capitalization, calculated as on March 31, of every financial year are required to formulate a Dividend Distribution Policy which shall be disclosed on the website of the listed entity and a web-link shall also be provided in the Annual Report. Accordingly, the Dividend Distribution Policy of the Company can be accessed using the following link https://www.finolexpipes.com/site/assets/files/12927/dividend_distribution_policy.pdf.

Transfer to Reserves

The Board does not propose to transfer any amount to the General Reserve, during the financial year ended March 31, 2023. During the previous financial year, no amount was transferred to General Reserve. The total comprehensive Income for the year is ₹1,202.64 Crore (Previous year ₹1,039.07 Crores) was transferred to Reserves and Surplus of Balance Sheet.

Deposits

During the financial year, the Company has not accepted any deposits from public described under Chapter V of the Companies Act, 2013 (the 'Act') and as such no amount on account of principal or interest on

deposits from public was outstanding as on the date of the balance sheet.

The Company had no unpaid /unclaimed deposit(s) as on March 31, 2023.

Management discussion and analysis

The Management Discussion and Analysis, as required in terms of the SEBI Listing Regulations, is annexed and forms an integral part of this report.

Consolidation of financial statements

As at the end of the financial year 2022-2023, your Company does not have any subsidiary Company. However, it does have two associate companies namely 'Finolex Plasson Industries Private Limited' and 'Pawas Port Limited'.

Your Company has consolidated the financials of Finolex Plasson Industries Private Limited. The Company has not consolidated financials of an immaterial associate viz. 'Pawas Port Limited', in which your Company holds 49.99% equity shares (₹0.05 Crore) and it has also not started operations.

The consolidated financial statements prepared as per the provisions of Section 129 of the Act and Schedule III of the Act, are annexed and forms an integral part of this report.

Revision in financial statements

There has been no revision in the financial statements of the Company during the financial year 2022-23.

Subsidiary and Associate Companies

In terms of Section 129(3) of the Act, a statement containing salient features of the financial statements of the associate or joint venture company(ies) in **Form AOC-1** and forms an integral part of this report.

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

During the financial year 2022-23, there is no change in associate company(ies) of the Company.

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

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

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

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

Contracts or arrangements with related parties

The particulars of related party transactions are stated in the note no. 37 in the financial statements and **Annexure-1** which forms an integral part of this report.

The related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business of the Company and prior omnibus approval is obtained for related party transactions which are of repetitive nature.

No material related party transactions, i.e. transaction with a related party exceeding Rupees One Thousand Crore or 10% of the annual consolidated turnover, as per the last audited Financial Statements of your Company whichever is lower, had been entered with any related party. There are no materially significant related party transactions entered by the Company with its Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict of interest with the Company at large.

Accordingly, the disclosure of related party transactions as required under Section 134(3) (h) of the Companies Act, 2013, in **Form AOC-2** is not applicable and hence does not form part of this report. All related party transactions are placed before the Audit Committee for its approval. The Company has developed a related party transactions Manual, Standard Operating Procedures for the purpose of identifying and monitoring such transactions.

Your Company has formulated a policy on related party transactions and on dealing with related party transactions ('RPT Policy'). The Policy is available on Company's website and can be accessed through https://www.finolexpipes.com/site/assets/files/12932/related_party_transactions_policy.pdf

Corporate Governance

A separate report on corporate governance in compliance with corporate governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V and Regulation 34 of the SEBI Listing Regulations along with compliance certificate dated May 22, 2023 obtained from M/s. SVD & Associates, Practicing Company Secretaries, is annexed and forms an integral part of this report

Material changes and commitments

Your directors confirm that there are no material change(s) and commitment(s) affecting the financial position of the Company which have occurred between the end of the financial year of the Company and the date of this report.

Risk management

The Risk Management Committee was duly constituted by the Board and the details of the Committee along with term of reference are provided in the Corporate Governance forming an integral part of this report.

The Company has a robust risk management policy and framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting.

The framework has different risk models which help in identifying risks trend, exposure and potential impact analysis at a Company level as also separately for business segments. Risk management forms an integral part of the business planning and forecasting. The key business risks identified by the Company and its mitigation plans are included in the management discussion and analysis report.

Internal financial controls

Your Directors had laid down internal financial controls to be followed by the Company and such policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information. The Audit Committee evaluates the internal financial controls systems periodically.

The scope and authority of the internal auditors are defined by the Audit Committee from time to time. To maintain its objectivity and independence, the internal auditor's M/s. Ernst & Young, LLP report their observations to the Audit Committee of the Board. The internal auditors monitor and evaluate the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of the internal auditors, process owners undertake corrective action in their respective areas which then strengthens the controls. Audit observations and corrective actions thereon are presented to the Audit Committee of the Board. Based on the work performed by the internal, statutory and secretarial auditors and external consultants, including the audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by management, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2022-23.

Directors and Key Managerial Personnel:

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

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

1. Appointment and re-appointment of Directors:

During the financial year 2022-23, the members at the forty-first (41st) Annual General Meeting held on August 30, 2022, approved the following resolutions with regard to appointment / re-appointment of Directors:

- i. Mr. Prakash P. Chhabria (DIN: 00016017) Chairman of the Company was re-appointed as the Whole-time Director designated as Executive Director of the Company for a period of five years from December 1, 2021 to November 30, 2026.
- ii. Mr. Sanjay S. Math (DIN: 01874086) was re-appointed as a Managing Director of the Company, for a period of six months from December 1, 2021 to May 31, 2022.
- iii. Mr. Anil V. Whabi (DIN: 00142052), was appointed as a Director and as a Whole-time Director of the Company designated as Director – Finance for a period of six months from December 1, 2021 to May 31, 2022. He was re-designated and appointed as Managing Director for a period of one year from June 1, 2022 to May 31, 2023.
- iv. Mr. Saumya Chakrabarti (DIN: 09594036) was appointed as a Director and Whole-time Director of the Company designated as Director - Technical for a period of five years from June 1, 2022 to May 31, 2027
- v. Mrs. Ritu P. Chhabria (DIN 00062144), was re-appointed as Non-Executive & Non-Independent Director liable to retire by rotation.

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

During the financial year 2022-23, Mr. Sanjay S. Math was superannuated as Managing Director on close of business hours of May 31, 2022. Your Board places on record its sincere appreciation for valuable contribution and timely guidance of Mr. Math to the Company during his tenure.

3. Re-appointment of Mr. Saurabh S. Dhanorkar, Director

Mr. Saurabh S. Dhanorkar (DIN: 00011322), Non-Executive & Non-Independent Director will retire by rotation as Director at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

4. Re-appointment of Mrs. Kanchan U. Chitale Independent Director

Mrs. Kanchan U. Chitale (DIN: 00007267), Non-Executive & Independent Director, is proposed to be re-appointed for the second consecutive term of five years w.e.f. April 1, 2024 and she will not be liable to retire by rotation. The Board recommends her re-appointment.

5. Retirement of Mr. Anil V. Whabi, Managing Director

Mr. Anil V. Whabi will retire as Managing Director of the Company with effect from close of business hours of May 31, 2023, after rendering close to nine years of dedicated service to the Company. The Board of Directors at its meeting held on May 22, 2023 has considered and approved the retirement of Mr. Anil V. Whabi, Managing Director and also Key Managerial Personnel with effect from close of business hours of May 31, 2023. Mr. Anil V. Whabi will cease to be Director of the Company with effect from end of business hours of May 31, 2023.

Your Board places on record its sincere appreciation for the valuable contribution of Mr. Whabi and timely guidance made by him during his tenure.

6. Appointment of Mr. Ajit Venkataraman, Additional Director & Managing Director

Consequent to the retirement of Mr. Anil V. Whabi, Managing Director on close of business hours of May 31, 2023, the Board recommends the appointment of Mr. Ajit Venkataraman (DIN: 07289950), currently Chief Executive Officer of the Company, as Additional Director & designated him as Managing Director (Key Managerial Personnel) for period of five years w.e.f June 1, 2023.

The resolutions for the aforesaid respective appointment(s) / re-appointment(s) including payment of their remuneration and details of their brief resume, nature of expertise in specific functional areas, disclosure of relationship between directors inter-se, names of the listed entities in which the person holds the directorship and the membership of the Committee of the Board of directors and shareholding in the Company and other details as required pursuant to SEBI Listing Regulations and the Secretarial Standards on General Meetings (SS-2) are contained in the notice of the 42nd Annual General Meeting.

The Board recommends the appointment and re-appointment of Director, Managing Director and Independent Director as stated above and payment of their remuneration.

7. Independent Directors

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

149(7) of the Companies Act, 2013, all Independent Directors have submitted declaration that:

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

Based on the confirmations/ disclosures received from the Independent Non-Executive Directors in terms of Regulation 25 of the SEBI Listing Regulations along-with a certificate issued by M/s. SVD & Associates., Practising Company Secretaries, (Peer Review No: P2013MH075200) Secretarial Auditors of the Company, the Board of Directors is of the opinion that the Independent Non-Executive Directors are of integrity and possess the requisite expertise and experience (including the proficiency).

8. Key Managerial Personnel (KMP)

Pursuant to the provisions of Section 203 of the Companies Act, 2013 Mr. Anil V. Whabi, Managing Director, Mr. Ajit Venkataraman, Chief Executive Officer (w.e.f. August 1, 2022) Mr. Niraj Kedia, Chief Financial Officer (w.e.f. May 20, 2022) and Mr. Ashutosh B. Kulkarni, Company Secretary are the Key Managerial Personnel of the Company as on March 31, 2023.

The Board of Directors on recommendation of Nomination and Remuneration Committee and Audit Committee, at its meeting held on July 22, 2022 appointed Mr. Ajit Venkataraman, as Chief Executive Officer and Key Managerial Personnel with effect from August 1, 2022.

Mr. Anil V. Whabi, Managing Director of the Company will superannuate on close of business hours of May 31, 2023 and accordingly he will cease to be Key Managerial Personnel of the Company.

The Board of Directors on recommendation of Nomination and Remuneration Committee, at its meeting held on May 22, 2023 appointed Mr. Ajit Venkataraman, as Managing Director and Key Managerial Personnel with effect from June 1, 2023.

Training and familiarization programme for directors

The Company has adopted the familiarization programme for independent directors in compliance of the Regulation 25(7) of the SEBI Listing Regulations, and with an aim to provide them with an insight into their roles, rights, responsibilities within the Company, the nature of the business of the Company and the business model of the Company. The Board members are provided with necessary documents, reports and internal policies to enable them to familiarize themselves with the Company's procedures and practices.

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

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

The details of the familiarization programme for independent directors are available on the website of the Company and can be accessed through https://www.finolexpipes.com/site/assets/files/21854/familiarization_programmes_for_independent_directors_fy_2022-23.pdf

Policy on directors' appointment and remuneration

The Company has adopted a Nomination and Remuneration Policy (NRC Policy) for nomination and remuneration of Directors, Key Managerial Personnel (KMP), Senior Management (SM), Functional Heads (FH) and other employees, pursuant to the Act and SEBI Listing Regulations, as amended from time to time.

The salient features of the NRC Policy

- i. Appointment and remuneration of Directors, KMP, SM and FH;
- ii. Determination of qualifications, positive attributes and independence for appointment of a Director

(Executive/Non-Executive/Independent) and recommendation to the Board matters relating to the remuneration for the Directors, KMP, SM and FH;

- iii. Formulating the criteria for performance evaluation of all Directors;
- iv. Board Diversity;

The Board at its meeting held on February 4, 2023, revised the policy by revising the definition of 'Senior Management', by including 'Functional Heads' as the Senior Management, pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2023.

The policy of Nomination and Remuneration is available on the website of the Company and can be accessed through https://www.finolexpipes.com/site/assets/files/18437/nomination_and_remuneration_policy.pdf

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

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

The Board of Directors has carried out an annual evaluation of its own performance, its committees and the directors individually as per the requirements of the Act, and the SEBI Listing Regulations.

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

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

Remuneration of directors and key managerial personnel

The information required under Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as **Annexure – 1** and forms an integral part of this report.

Particulars of employees

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

Auditors and Auditors' Report

Statutory Auditors

At the forty-first (41st) Annual General Meeting held on August 30, 2022 the members of the Company approved the appointment of M/s. Walker Chandiook & Co. LLP, Chartered Accountants, (Firm Registration No. 001076N/N500013), as Statutory Auditors of the Company to hold office for period of five (5) consecutive years commencing from the conclusion of the forty-first (41st) Annual General Meeting until the conclusion of the forty-sixth (46th) AGM of the Company.

Your Company's standalone and the consolidated financial statements have been prepared in accordance with Ind AS notified under Section 133 of the Act.

The report of the Statutory Auditors on the Standalone and the Consolidated Financial Statements for the financial year ended March 31, 2023 is annexed and forms an integral part of this report and does not contain any qualifications, reservations, adverse remarks, disclaimers requiring any comments by the Board of Directors.

Cost Auditors

Your Company has maintained cost accounting records as specified by the Central Government under Section 148(1) of the Companies Act, 2013. The Board at its meeting held on May 22, 2023 has and on recommendation of the Audit Committee, appointed M/s. S. R. Bhargave & Co. as Cost Auditors to conduct an audit of cost accounting records of the Company for the financial year ending March 31, 2024. Your Company has received their written consent that the

appointment is in accordance with the applicable provisions of the Act and Rules framed thereunder. The Cost Auditors have confirmed they are not disqualified to be appointed as the Cost Auditors of your Company for the financial year ending on March 31, 2024.

Pursuant to the provisions of Section 148 of the Act, and Rules made thereunder, the ratification by the Members is necessary for the payment of remuneration to cost auditors. Your directors recommend the same.

The Cost Audit Report for the financial year 2021-22, issued by M/s. S. R. Bhargave & Co., Cost Auditors, in respect of the various products prescribed under Cost Audit Rules, does not contain any qualifications, reservations, adverse remarks or disclaimers and the same was filed with the Ministry of Corporate Affairs on September 30, 2022.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Board has appointed M/s. SVD & Associates, Practising Company Secretaries, Pune (Peer Review No: P2013MH075200) to undertake the secretarial audit of the Company for the financial year 2022-23. The secretarial audit report for the financial year 2022-23, is annexed as **Annexure-2** and forms an integral part of this report.

The secretarial auditor's report does not contain any qualifications, reservations, or adverse remarks or disclaimer.

Secretarial Standards

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

Disclosures:

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

Annual return

In terms of Section 92(3) and Section 134(3)(a) of the Act, read with the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company for the financial year ended March 31, 2023 is available on the website of the Company and can be accessed through <https://www.finolexpipes.com/investors/compliance-report/>.

Number of meetings of the Board

During the year under review, five (5) meetings of the Board of Directors were held. The details of the meetings are provided in the Corporate Governance Report.

Committees of directors

The details of the committees of the directors pursuant to the SEBI Listing Regulations and the Act, are described in the Corporate Governance Report.

Audit committee

The Audit Committee has been duly constituted as required under the provisions of the Act, and the SEBI Listing Regulations.

The required details pertaining to the composition of the Audit Committee, pursuant to Section 177 (8) of the Act, are provided in the corporate governance report. There were no instances of not having accepted the recommendation of the Audit Committee during the financial year 2022-23, by the Board.

Directors' Responsibility Statement

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

- a) in the preparation of the annual financial statements for the year ended on March 31, 2023, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2023 and of the profit of the Company for the year ended on that period;
- c) the directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the directors have prepared the annual accounts on a going concern basis;
- e) the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

- f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Details in respect of fraud reported by Auditors

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

Vigil mechanism / Whistle blower policy

The Company has established a vigil mechanism Whistle Blower Policy (the "WBP"), pursuant to Section 177(9) and (10) of the Act and Regulation 22 to SEBI Listing Regulations. A vigil mechanism was established for directors, employees and by any other person(s) to report to the management instances of unethical behaviour, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy. The Vigil Mechanism provides a mechanism for employees of the Company to approach the Chairman of the Audit Committee of Directors of the Company for redressal. No person has been denied access to the Chairman of the Audit Committee of Directors.

The Company affirms that no director or employee or other person(s) has been denied access to the Chairman of the Audit Committee and that no complaint was received during the year.

Prevention of Sexual harassment policy

The Company has zero tolerance for sexual harassment at the workplace and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the Workplace, to provide protection to employees at the workplace and for the prevention and redressal of complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure. An Internal Complaints' Committee has been constituted by the Company to redress any complaints received regarding sexual harassment.

Your directors state that during the year under review, there was no complaint received / case filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 have been provided in the Report on Corporate Governance.

Prohibition of Insider trading

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

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

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

Particulars of loans, guarantees or investments

The details, as applicable, of loans given, investments made or guarantees given pursuant to Section 186 of the Act, are disclosed in note no. 04 to the financial statements for the financial year 2022-23.

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

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

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

Further no application neither against the Company has been filed or is pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016), nor the Company has done any one-time settlement with any Bank or Financial institutions.

Employee stock option scheme

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

A statement giving complete details, as at March 31, 2023, pursuant to Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2021 is available on the Company's website and can be accessed through <https://www.finolexpipes.com/investors/compliance-report/>

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

Sweat equity shares and equity shares with differential voting rights

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

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

Your Company is committed to achieve the highest standards of environmental excellence by adopting environmentally sustainable and effective operating systems and processes. Your Company has put in place the internationally acclaimed Environment Management System under ISO 14001 certification at Ratnagiri. Your Company, is in compliance with all applicable environmental regulations in respect of air, water, noise, hazardous waste, e-waste etc. to mitigate the potential environmental impact on society.

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo required to be given under Section 134(3) of the Act, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is annexed to this report as **Annexure-3**, and forms an integral part of this report.

Business Responsibility and Sustainability Report (BRSR)

Your Company does business that delivers long-term stakeholders value and benefits the society and continue to focus on its commitments which are aligned with national priorities.

As per the SEBI Circulars, effective from the financial year 2022-23, the BRSR reporting is mandatory for top 1000 listed companies by market capitalisation as on March 31, 2023. Your Company falls under the aforesaid category, hence in compliance of the same the BRSR report is annexed as **Annexure-4** and forms an integral part of the report.

Corporate Social Responsibility

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

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

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

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

During the financial year 2022-23, your Company in association with MMF has incurred expenditure on various CSR activities amounting to ₹22.12 Crore as against the mandatory CSR expenditure of ₹15.55 Crore.

The Annual report on the CSR activities is annexed **Annexure-5** and forms an integral part of this report.

Cautionary statement

Statements in the Board of Directors' Report and the Management Discussion & Analysis describing the Company's objectives, expectations or forecasts may be within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting the selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

Acknowledgements

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

For and on behalf of the Board of Directors

Prakash P. Chhabria

Date: May 22, 2023
Place: London

Executive Chairman
DIN: 00016017

Annexure-1 to the Directors' Report

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

- i) The percentage increase in remuneration of each director, Chief Executive officer, Chief Financial Officer, Company Secretary or manager, if any, in the financial year 2022-23, the ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2022-23 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

| Sr. No. | Name of Director/KMP and Designation | Remuneration of Director/KMP for Financial year 2022-23 in ₹ Crore | Percentage increase/ (decrease) in remuneration in the Financial Year 2022-23 | Ratio of remuneration of each Director to the median/ remuneration of employees (times) |
|---------|---|--|---|---|
| 1. | Mr. Prakash P. Chhabria Executive Chairman | 11.44 | (49.09%) | 149.92 |
| 2. | Ms. Bhumika L. Batra Non-Executive Director | 0.33 | (48.44%) | 4.32 |
| 3. | Mrs. Ritu P. Chhabria Non- Executive Director | 0.30 | (50.00%) | 3.93 |
| 4. | Mr. Saumya Chakrabarti ¹ Director – Technical | 1.54 | Not Applicable * | 20.18 |
| 5. | Mrs. Kanchan U. Chitale Non-Executive Director | 0.39 | (43.48%) | 5.11 |
| 6. | Mr. Saurabh S. Dhanorkar Non- Executive Director | 0.39 | (42.65%) | 5.11 |
| 7. | Mr. Sanjay S. Math ² Managing Director (KMP) | 0.72 | Not Applicable * | 9.44 |
| 8. | Dr. Deepak R.Parikh Non-Executive Director | 0.31 | (50.79%) | 4.06 |
| 9. | Mr. Pradeep R. Rathi Non-Executive Director | 0.43 | (42.67%) | 5.64 |
| 10. | Mr. Anami N. Roy Non-Executive Director | 0.32 | (50.00%) | 4.19 |
| 11. | Mr. Anil V. Whabi ³ Managing Director (KMP) | 4.57 | (29.37%) | 59.89 |
| 12. | Mr. Ajit Venkataraman ⁴ Chief Executive Officer (KMP) | 1.96 | Not Applicable * | 25.69 |
| 13. | Mr. Niraj Kedia ⁵ Chief Financial Officer (KMP) | 0.95 | Not Applicable * | 12.45 |
| 14. | Mr. Ashutosh B. Kulkarni Company Secretary (KMP) | 0.27 | 9.00% | 3.54 |

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

¹ Mr. Saumya Chakrabarti was appointed as Director – Technical of the Company w.e.f. June 1, 2022

² Mr. Sanjay Math was superannuated as Managing Director of the Company from close of business hours on May 31, 2022, consequently remuneration details are given upto May 31, 2022, including retirement benefits.

³ Mr. Anil Whabi was appointed as Managing Director w.e.f. June 1, 2022

⁴ Mr. Ajit Venkataraman was appointed as Chief Executive officer of the Company w.e.f. August 1, 2022

⁵ Mr. Niraj Kedia was appointed as Chief Financial Officer w.e.f. May 20, 2022

- ii) The percentage increase in the median remuneration of employees for the financial year was 3.6%.
- iii) There were 1,478 permanent employees on the rolls of the Company as on March 31, 2023.
- iv) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year 2022-23 was 10.26% and increase of 6.00% in the managerial remuneration for the same financial year.
- v) It is hereby affirmed that the remuneration paid to the Directors is as per the Nomination and Remuneration Policy of the Company for directors and key managerial personnel.

For and on behalf of the Board of Directors

Date: May 22, 2023
Place: London

Prakash P. Chhabria
Executive Chairman
DIN: 00016017

Annexure-2 to the Directors' Report**FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023**

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

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Finolex Industries Limited, CIN L40108PN1981PLC024153 (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided and explanation provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023 complied with the statutory provisions listed here under and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 according to the provisions of:

- i. The Companies Act, 2013, (the Act) and the rules made thereunder as amended from time to time respectively;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment, wherever applicable;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), Regulations, 2018 **(not applicable to the Company during the audit period);**
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations 2021 **(not applicable to the Company during the audit period);**
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **(not applicable to the Company during the audit period);**
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulation 2021, **(not applicable to the Company during the audit period);** and
 - h) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 **(not applicable to the Company during the audit period).**
- vi. We further report that having regards to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, no other law was applicable specifically to the Company.

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

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

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

We further report that:

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Further meetings which were convened at a shorter notice, at least one independent director was present in such meeting.

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

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

1. The shareholders at the 41st AGM have approved the re-appointment of Mr. Prakash P. Chhabria (DIN 00016017) Chairman of the Company as the Whole-time Director designated as Executive

Director of the Company, for a period of 5 years from December 01, 2021 to November 30, 2026.

2. The shareholders at the 41st AGM, have passed a special resolution authorizing the Board to issue offer(s) or invitation(s) to subscribe to debt securities as per the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, including Non-Convertible Debentures ("NCDs") for a sum not exceeding ₹2,50,00,00,000/- (Rupees two hundred fifty crore only) on a private placement basis.
3. The Board of Directors at its meeting held on May 18, 2022, re-designated Mr. Anil Whabi (DIN 00142052) as Managing Director of the Company with effect from June 01, 2022 for a period of one year which was approved by the members in the 41st Annual General Meeting held on August 30, 2022 (41st AGM).
4. Mr. Sanjay S. Math, Managing Director (DIN 01874086) completed his tenure as Managing Director of the Company from close of business hours of May 31, 2022. Further he also ceased to be the Director and Key Managerial Personnel (KMP) of the Company with effect from close of business hours of May 31, 2022.
5. The Company has commenced commercial operations of PVC fittings at a new state of art manufacturing facility at Pune (Maharashtra) with effect from March 12, 2023. The annual capacity of the said facility is 12,000 MT and the capex towards the same is approximately ₹100 Crore, which has been funded entirely through internal accruals.

For **SVD & Associates**
Company Secretaries

Sridhar Mudaliar

Partner

FCS No: 6156

CP No: 2664

Peer Review No: P2013MH075200

UDIN: F006156E000341359

Place: Pune

Date: May 22, 2023

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

'ANNEXURE A'

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

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

Management's Responsibility

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

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. We have relied on the documents and evidences provided physically and by electronic mode.

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

Disclaimer

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

For **SVD & Associates**
Company Secretaries

Sridhar Mudaliar

Partner
FCS No: 6156
CP No: 2664

Peer Review No: P2013MH075200
UDIN: F006156E000341359

Place: Pune
Date: May 22, 2023

Annexure-3 to the Directors' Report

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

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

A. Conservation of energy

a) Energy conservation measures taken:

The Company has undertaken various energy conservation measures at its various plants to reduce energy utilization and increase in energy savings during the FY 2022-23

- **Urse, Masar and Ratnagiri - Pipe Plants**

- i. VFD (Variable-frequency Drive) of 22 KWH installed for the cooling tower pump resulting in energy saving of 1,04,040 KWH / annum and for 130 TR Chiller and 50 HP Chilled water feed pump to save 2,24,640 KWH/ annum.
- ii. Cooling tower installed and piping modified in plant, which resulted in saving of 2,700 KWH / annum.
- iii. Thermal Jacket installed along with Jacket in 5 Extruder Machines, to achieve the saving of 316.8 KWH / annum and 1, 86,300 KWH/annum, respectively.
- iv. Day light harvesting system installed to save 518.4 KWH / annum.
- v. Motion Sensor lights installed in washrooms to save 691.2 KWH/Annum.
- vi. Solar streetlights were installed for the yard boundary and pipe bay area to save 4,680 KWH/annum.
- vii. Rooftop solar panels were installed to reduce energy consumption by 14,40,000 KWH/annum.
- viii. Vacuum tank Automation (Close loop system) installed for controlling the speed of the vacuum pump through VFD and digital vacuum pressure controller resulted in saving of 38,016 KWH/Annum
- ix. By Installation of Pulverizer in Ratnagiri pipe plant, total 945 MT plastic was recycled and processed, resulted in reduction of 1607 MT CO₂ emission.

- x. Implementation of digital transformation in reliability management, which will boost the processes to make it faster and efficient, particularly in prediction of maintenance at the plant.

- **Ratnagiri – Resin Plant**

- i. LPG optimization in VCM (Vinyl Chloride Monomer) plant resulted in saving of 60 MT of LPG, equivalent to energy saving of 7,32,669 KWH.
- ii. Heat integration in VCM and PVC plants to realize total energy savings of 4405 MT steam, equivalent to energy saving of 41,39,280 KWH.
- iii. Power savings by Fin fan cooler stoppage during winter in VCM and PVC plants and by replacing low efficiency cooling water pumps with higher efficiency pumps in ETF/VCM plant, resulted in energy saving of 2,27,344 KWH.
- iv. Auxiliary power reduction in Captive Power Plant by optimizing boiler operation which resulted in energy saving of 16,17,333 KWH.
- v. Use of transparent sheets in air compressor shed and gravity flow in reverse osmosis plant resulted in power saving of 55,420 KWH.
- vi. Replacement of conventional lights by LED lamps resulted in power saving of 1,05,556 KWH.
- vii. 65,000 trees were planted in the Ratnagiri plant so far which resulted in reduction of 1,430 MT of CO₂ per annum.
- viii. Solar heaters were installed in the guest house which resulted in power saving of 39,222 KWH.
- ix. Recycling of Jumbo bag in PVC Bagging, reduced consumption of new bags, and resulted in reduction of carbon footprint by 481 MT of CO₂ emissions.

- x. Use of electric forklift in place of diesel forklift to reduce the Carbon footprint by 5.4 MT of CO₂ emissions.

Additional investments proposals, if any, are being planned for a reduction in the consumption of energy:

• **Urse, Masar and Ratnagiri - Pipe Plants**

- i. Plan to purchase Third-party Hybrid solar and wind power.
- ii. Replacement of existing Atlas Copco make Air compressor 750 CFM by the Kaeser air compressor 1,000 CFM with VSD (variable speed drive) operation.
- iii. Plan to install Barrel zone jacket in the Extruder TTS 108, through this 3,80,160 KWH/Annum will be achieved and daylight harvesting fitting in Fusible Area which will result in energy saving of 64,512 KWH/annum.
- iv. Plan to install motion sensors and lux sensors to auto-switch the lighting which is expected to save 54,801 KWH/ annum and to take Solar Captive Power which will save approx. of ₹4 crore/ annum
- v. Plan to replace existing PHE evaporator shell and Tube Evaporator to achieve savings of 1,13,363.62 KWH/annum.
- vi. Automation of shop floor lighting in pipe plant to save 65,000 KWH power.
- vii. Installation of VFD (Variable-frequency Drive) in chilled water pump of pipe plant to save 71,410 KWH power.

• **Badhalawadi, Talegaon - Fittings Plant**

- i. Plan to install VFD (Variable-frequency Drive) for water circulation pump.
- ii. Plan to install motion sensors and lux sensors to auto-switch the lighting to achieve energy saving of 1,000 KWH/ annum

- iii. Plan to install solar captive power, which will result in saving of approx. ₹4 crore/annum.

• **Ratnagiri - Resin Plant**

- i. De-staging of high pressure pump in Captive Power plant will result in saving of 5,00,000 KWH power.
- ii. Plan to improve Boiler operations through re-engineering, which will result in saving of 18,000 KWH of power and 491 MT coal.
- iii. Plan to install Compressed Air integration system within the plants, which will result in saving of 8,88,889 KWH.
- iv. Plan to improve waste heat recovery in VCM plant will save steam of 1,500 MT.
- v. Plan to install solar heaters in plant canteen will result in saving of 480 Kg LPG and 14,600 KWH power.
- vi. Plan to install LED lamps in place of exiting conventional lights will result in saving 1,66,667 KWH power.
- vii. Hydrogen plant to be transformed in order to fully operate by solar power.

B. Technology absorption

Research and Development (R&D)

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

1. Your Company has collaborated with National Chemical Laboratory-NCL Pune for the EPVC quality improvement. This includes studies on the Emulsion grade resin such as physicochemical analysis of resin to understand the structure through various analytical techniques and then suggest further improvements in quality to meet the international quality standard.

2. Future plans

Process optimisation - Automation of CPVC pipe counting, weighing and strapping to avoid mistakes in manual process. This will reduce the skill requirement for job.

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

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

4. The expenditure incurred on Research and Development

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

C. Foreign exchange earnings and Outgo:

The Foreign Exchange earnings and outgo during the financial year 2022-23 was as under:

| | |
|----------------------------------|------------------|
| Foreign Exchange earnings | ₹ Nil |
| Foreign Exchange outgo | ₹ 1,542.25 Crore |

For and on behalf of the Board of Directors

Prakash P. Chhabria
Executive Chairman
DIN: 00016017

Date: May 22, 2023
Place: London

Annexure-4 to the Directors' Report

Business Responsibility and Sustainability Report (BRSR) 2022-23

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

SECTION A: GENERAL DISCLOSURES

I. Details of listed entity

| Sr. No. | Particulars | Details |
|---------|--|--|
| 1. | Corporate Identity Number (CIN) of the Listed Entity | L40108PN1981PLC024153 |
| 2. | Name of the Listed Entity: | Finolex Industries Limited |
| 3. | Year of incorporation | 1981 |
| 4. | Registered office address | Gat No.399, Village Urse, Taluka Maval, District Pune MH 410506 |
| 5. | Corporate address | D-1/10, M.I.D.C, Chinchwad, Pune – 411 019 |
| 6. | E-mail | investors@finolexind.com |
| 7. | Telephone | 020-27408200/27408572 02114 237251 / 237253 |
| 8. | Website | www.finolexpipes.com |
| 9. | Financial year for which reporting is being done | 2022-2023 |
| 10. | Name of the Stock Exchange(s) where shares are listed | BSE Limited National Stock Exchange of India Limited |
| 11. | Paid-up Capital | ₹ 124.10 Crores |
| 12. | Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report | Mr. Ashutosh Kulkarni Tel: 020-27408200/27408572 Email: abk1@finolexind.com |
| 13. | Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together). | This report is prepared on a standalone basis |

II. Products/services

14. Details of business activities (accounting for 90% of the turnover):

| S. No. | Description of Main Activity | Description of Business Activity | % of Turnover of the entity* |
|--------|------------------------------|----------------------------------|------------------------------|
| 1. | Manufacturing | Pipes & Fittings | 94% |

* Turnover excludes inter-segment revenue

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

| S. No. | Product/Service | NIC Code | % of total Turnover contributed |
|--------|--------------------|----------|---------------------------------|
| 1. | Pipes and Fittings | 222 | 94% |

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

| Location | Number of plants | Number of offices | Total |
|---------------|------------------|-------------------|-------|
| National | 04 | 09 | 13 |
| International | - | - | - |

17. Markets served by the entity:**a. Number of locations**

| Locations | Number |
|----------------------------------|--------|
| National (No. of States) | 25* |
| International (No. of Countries) | - |

Note - * The Company serves its customers pan India across all states except Manipur, Mizoram & Sikkim

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Nil

c. A brief on types of customers:

Finolex Industries Limited (Finolex / FIL/ the Company) is one of India's most trusted brands in pipes and fittings and a leading producer of PVC resin, making it the largest backward integrated pipes company in India. We offer a wide range of PVC pipes and fittings suitable for applications in agriculture, plumbing and sanitation. Our main customers are Farmers, Plumbers, Plumbing Contractors, and Builders.

IV. Employees**18. Details as at the end of Financial Year:****a. Employees and workers (including differently abled):**

| S. No. | Particulars | Male | | Female | | |
|------------------|--------------------------------|--------------|--------------|---------------|-----------|--------------|
| | | Total (A) | No. (B) | %(B/A) | No. (C) | %(C/A) |
| EMPLOYEES | | | | | | |
| 1. | Permanent (D) | 1,270 | 1,229 | 96.77% | 41 | 3.23% |
| 2. | Other than Permanent (E) | Nil | Nil | Nil | Nil | Nil |
| 3. | Total employees (D + E) | 1,270 | 1,229 | 96.77% | 41 | 3.23% |
| WORKERS | | | | | | |
| 4. | Permanent (F) | 203 | 203 | 100% | Nil | Nil |
| 5. | Other than Permanent (G) | 2,858 | 2,840 | 99.37% | 18 | 0.63% |
| 6. | Total workers (F + G) | 3,061 | 3,043 | 99.41% | 18 | 0.59% |

b. Differently abled Employees and workers:

| S. No. | Particulars | Male | | Female | | |
|------------------------------------|--|------------|------------|-------------|------------|------------|
| | | Total (A) | No. (B) | %(B/A) | No. (C) | %(C/A) |
| DIFFERENTLY ABLED EMPLOYEES | | | | | | |
| 1. | Permanent (D) | Nil | Nil | Nil | Nil | Nil |
| 2. | Other than Permanent (E) | Nil | Nil | Nil | Nil | Nil |
| 3. | Total differently abled employees (D + E) | Nil | Nil | Nil | Nil | Nil |
| DIFFERENTLY ABLED WORKERS | | | | | | |
| 4. | Permanent (F) | Nil | Nil | Nil | Nil | Nil |
| 5. | Other than permanent (G) | 5 | 5 | 100% | Nil | Nil |
| 6. | Total differently abled workers (F + G) | 5 | 5 | 100% | Nil | Nil |

19. Participation/Inclusion/Representation of women

| | No. and percentage of Females | | |
|-----------------------------|-------------------------------|---------|----------|
| | Total (A) | No. (B) | %(B / A) |
| Board of Directors | 10 | 3 | 30% |
| Key Management Personnel* | 3 | Nil | Nil |
| Senior Management Personnel | 8 | 2 | 25% |

*(Excluding Key Management Personnel covered under Board of Directors)

20. Turnover rate for permanent employees and workers

| | FY 2022-23 (Turnover rate in current FY) | | | FY 2021-22 (Turnover rate in previous FY) | | | FY 2020-21 (Turnover rate in the year prior to the previous FY) | | |
|---------------------|---|--------|--------|--|--------|--------|--|--------|-------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Permanent Employees | 19.20% | 20.78% | 19.25% | 11.50% | 31.58% | 12.15% | 6.59% | 15.79% | 6.90% |
| Permanent Workers | 4.38% | Nil | 4.38% | 2.40% | Nil | 2.40% | 1.45% | Nil | 1.45% |

V. Holding, Subsidiary and Associate Companies (including joint ventures)**21. (a) Names of holding / subsidiary / associate companies / joint ventures**

| S. No. | Name of the holding / subsidiary/ associate companies/ joint ventures (A) | Indicate whether holding/ Subsidiary/ Associate/ Joint Venture | % of shares held by listed entity | Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No) |
|--------|---|--|-----------------------------------|--|
| 1 | Finolex Plasson Industries Private Limited | Associate | 46.35% | No |
| 2 | Pawas Port Limited | Associate | 49.99% | No |

VI. CSR Details**22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes**

(i) **Turnover:** ₹4,397.05 crore

(ii) **Net worth:** ₹4,824.90 crore

VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

| Stakeholder group from whom complaint is received | Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy) | FY 22-23 | | | FY 21-22 | | |
|---|---|--|--|---------|--|--|---------|
| | | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks |
| Communities | Yes https://www.finolexpipes.com/investors/regulation-46/ | Nil | Nil | - | Nil | Nil | - |
| Investors (other than shareholders) | Yes https://www.finolexpipes.com/investors/investors-relations-centre/ https://www.finolexpipes.com/investors/regulation-46/ | Nil | Nil | - | Nil | Nil | - |
| Shareholders | Yes https://www.finolexpipes.com/investors/investors-relations-centre/ | 68 | Nil | - | 42 | Nil | - |
| Employees and workers | Yes https://www.finolexpipes.com/sustainability/esg/ | Nil | Nil | - | Nil | Nil | - |
| Customers | Yes https://www.finolexpipes.com/sustainability/esg/ | 1,553 | Nil | - | 600 | Nil | - |
| Value Chain Partners | Yes https://www.finolexpipes.com/sustainability/esg/ | Nil | Nil | - | Nil | Nil | - |
| Other (please specify) | - | Nil | Nil | - | Nil | Nil | - |

Note: The policies guide the Company's conduct with all its stakeholders including grievance mechanism and the said policies are available on the Company website.

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

| S. No. | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk / opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|--------|--------------------------------|--|---|---|--|
| 1 | Occupational Health and Safety | R | <p>Risk:</p> <ul style="list-style-type: none"> Inherently associated with business activities and processes. Occupational Health & Safety has an impact on employee well-being and productivity impacting business of the Company. Non-compliance with safety measures by employees. | <ul style="list-style-type: none"> Implementation and strict adherence of robust OHS management system and process safety management to address the risks. The Company has in place proactive measures like HIRA, safety walks, Job Safety Analysis (JSA), Hazard and Operability study (HAZOP), Risk and Consequences Analysis, and Safety Audits. The Company complies with all applicable Health and Safety regulations. | <p>Negative:</p> <ul style="list-style-type: none"> Accidents can put life / property in danger and impact overall productivity and result in financial loss to the Company. |
| 2 | Resource Management | O | <p>Opportunity:</p> <ul style="list-style-type: none"> Water conservation measures can help in cost savings by reduction in water consumption and associated costs such as water and waste water treatment. | - | <p>Positive</p> <ul style="list-style-type: none"> Achieving long-term cost benefits and improved water footprint. |
| | | R | <p>Risk:</p> <ul style="list-style-type: none"> Water availability in extreme weather conditions may lead to downtime and reduced productivity. | <ul style="list-style-type: none"> Rain water harvesting by using ground water recharge and surface reservoirs is being practiced. Possibility of recycling of treated effluent to 100%. | <p>Negative:</p> <ul style="list-style-type: none"> Business disruption due. <ul style="list-style-type: none"> to water shortage. High water Cost. Reputational implications. |
| | Resource Management (Energy) | R/O | <p>Risk:</p> <ul style="list-style-type: none"> Risks and mitigation associated with energy management are covered under climate change. <p>Opportunity:</p> <ul style="list-style-type: none"> Improved operational efficiency. | <ul style="list-style-type: none"> Undertakes measures to conserve energy at Company's facilities by using energy-efficient measures and implementing energy-saving SOPs and practices to ensure optimal energy consumption at our plants. Conduct internal energy audits periodically to monitor process gaps and ensure continuous improvement. | <p>Positive:</p> <ul style="list-style-type: none"> Improved productivity, resulting in improvement in overall business efficiency. Lowering of utility bills and operating costs. Improved energy index and lowering Carbon footprint. |

| S. No. | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk / opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|--------|-------------------------------------|--|--|--|--|
| 3 | Operating and Financial Performance | R/O | <p>Risks:</p> <ul style="list-style-type: none"> Loss of investor's and stakeholder's trust due to non-compliance. Loss of brand value and reputation. <p>Opportunity:</p> <ul style="list-style-type: none"> Positive returns from stakeholders and investors. Business growth due to robust and consistent economic performance. | <ul style="list-style-type: none"> FIL has robust corporate governance practices, stringent policies and procedures and a comprehensive financial management and business continuity plan to ensure consistent economic performance. | <p>Negative:</p> <ul style="list-style-type: none"> Decreased revenue due to loss of stakeholder trust. Increased cost to companies due to regulatory non-compliance. <p>Positive:</p> <ul style="list-style-type: none"> Increased revenues as a result of prudent financial growth. |
| 4 | Market Presence | R | <p>Risks:</p> <ul style="list-style-type: none"> New players entering the market in addition to other organised players looking to increase market share with a rise in opportunities poses a risk to the predicted margins and market share. Counterfeit products in the market pose a risk to the Company's Brand recall. | <ul style="list-style-type: none"> Focus on the plumbing and sanitation business through credit to dealers, addition of new SKUs, and entering new markets. Maintain the highest product quality standards. Increase our network of dealers and deepen our relationship with them. Improved logistics networks to increase our reach. Frequent checks in market place backed by legal intervention help the brand in curtailing the threat from the spurious brands. Frequent awareness programmes on usage of original Company's products for the plumbers & end decision makers. | <p>Negative:</p> <ul style="list-style-type: none"> Financial loss/ decreased sales and profitability due to decreased customer base. Increased cost of production, sales and marketing. |

| S. No. | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk / opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|--------|---------------------------|--|---|--|---|
| 5 | Corporate Governance | R | <p>Risk:</p> <ul style="list-style-type: none"> Strong corporate governance is core to achieve the Company's objectives and any risks or non-compliance can undermine stakeholder's trust, damage reputation and disrupt business. | <ul style="list-style-type: none"> The Company has put in place strong corporate governance framework as per regulatory guidelines. It has in place a fair, transparent & accountable Corporate Governance structure across its hierarchy to safeguard the interests of all stakeholders. There is an effective mechanism, supported by strong policies to supervise the Executive Management and oversee the critical functions of the Company. | <p>Negative:</p> <ul style="list-style-type: none"> Poor corporate governance or unethical practices lead to loss of confidence of stakeholders including investors and customers. |
| 6 | Human Rights | R | <p>Risk:</p> <ul style="list-style-type: none"> Responsibility to identify and manage human rights risks in its operation and supply chain and mitigate from adverse risks and consequential damages. | <ul style="list-style-type: none"> The Company has always been committed to foster a culture of caring and trust. This is embedded in human rights policy and detailed process set along with due diligence procedures to evaluate human rights risks at all levels of operations. Environment Health and Safety (EHS) training, Prevention of Sexual Harassment (POSH), code of conduct related to human rights are covered under employee Induction. | <p>Negative:</p> <ul style="list-style-type: none"> Any violation can lead to severe reputational, regulatory and damage to the organization. |

| S. No. | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk / opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|--------|---------------------------|--|--|--|--|
| 7 | Talent Management | R/O | <p>Risk:</p> <ul style="list-style-type: none"> Failure to attract and retain talent by appropriate competency management to support business objectives. Lack of highly skilled and well-trained employees to contribute to business performance. <p>Opportunity:</p> <ul style="list-style-type: none"> Continued investment in these areas will benefit our employees and positively impact business and our stakeholders. | <ul style="list-style-type: none"> The Company continues to assess and develop our employees' capabilities across levels and geographies. The company invested in talent by providing them learning opportunities, access to mentoring / coaching, business projects and continue to mobilize them into critical roles. The company invested in functional training programmes for management, employees & workers to build a future ready and resilient organization. | <p>Positive:</p> <ul style="list-style-type: none"> Retention of talent, improves efficiency and productivity in achieving strategic goals and enhancing business performance. |
| 8 | Climate Change | R | <p>Risk:</p> <ul style="list-style-type: none"> Changes in climate-related regulations and policies. Climate-related events such as extreme weather conditions, natural disasters, or disruptions in raw material availability can affect our supply chain. Reputational risks for companies that are perceived to have a negative environmental impact. | <ul style="list-style-type: none"> Mitigation measures to reduce greenhouse gas emissions (such as engaging in long term renewable PPAs, installation of roof top solar plants etc.),improve energy efficiency. -Monitoring and reporting on climate performance, including setting targets and tracking progress towards emissions reductions and other climate-related goals. | <p>Negative:</p> <ul style="list-style-type: none"> Climate-related risks can have financial implications including increased costs of energy, raw materials, and compliance with environmental regulations. <p>Positive -</p> <ul style="list-style-type: none"> Initiatives taken around climate change has a positive implication towards business. |
| 9 | Data privacy and security | R | <p>Risk:</p> <ul style="list-style-type: none"> Loss of the Company's and stakeholders' sensitive information due to theft or system breakdown. | <ul style="list-style-type: none"> Bolstering the cybersecurity and information security measures by aligning with global frameworks and best practices. | <p>Negative:</p> <ul style="list-style-type: none"> Loss of sensitive data can result in regulatory non-compliance and penalties. |

| S. No. | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk / opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|--------|--|--|--|--|---|
| 10 | Quality management and Product stewardship | O | <p>Opportunity:</p> <ul style="list-style-type: none"> Emphasizing product quality allows the Company to differentiate its brand in the market. Delivering high quality products enhances customer satisfaction and builds trust. | | <p>Positive:</p> <ul style="list-style-type: none"> Differentiation with competitors and increased customer trust leads to higher sales volumes, revenue growth and increase in brand reputation. |
| 11 | Ecosystem and biodiversity | R | <p>Risk:</p> <ul style="list-style-type: none"> Impact of operations on the biodiversity in the vicinity of FIL's manufacturing plants. | <ul style="list-style-type: none"> Conducting biodiversity studies to measure Biodiversity index and develop plans as per outcome of the study. | <p>Negative:</p> <ul style="list-style-type: none"> Long term risk of ecosystem degradation and Biodiversity leading to reputational risk. |
| 12 | Environment Management | R | <p>Risks:</p> <ul style="list-style-type: none"> Changing regulatory scenarios can lead to non-compliance Adverse impacts on the environment from production sites. | <ul style="list-style-type: none"> Implementation of robust Environmental management system, ESG policy, SHE policy to address the risks. | <p>Negative:</p> <ul style="list-style-type: none"> Financial risks associated with compliance to regulations leading to reputational risks. |
| 13 | Customer relationship management | R/O | <p>Risk:</p> <ul style="list-style-type: none"> Poor quality of services and products can lead to loss of customers. <p>Opportunity:</p> <ul style="list-style-type: none"> Ensuring strong and constant communication with customers can lead to greater customer satisfaction and retention. | <ul style="list-style-type: none"> Multiple channels to interface with our customers for constant feedback. Continuous evaluation and improvement undertaken. | <p>Negative:</p> <ul style="list-style-type: none"> Loss of market share due to failing in serving the customer needs and service. <p>Positive:</p> <ul style="list-style-type: none"> Enhance customer satisfaction and retention can lead to increase in the revenue. |
| 14 | Sustainable supply chain | R/O | <p>Risk:</p> <ul style="list-style-type: none"> Inefficiencies in the sustainable supply chain and high dependency on limited suppliers/ vendors can cause supply chain disruptions in case of adverse macro-economic scenarios. | <ul style="list-style-type: none"> Regular supplier interactions while adding value to its business relationships. | <p>Positive:</p> <ul style="list-style-type: none"> Opportunity to have a strong and compliant supply chain system which ensures low risk on environmental and social parameters. |

| S. No. | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk / opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|--------|---------------------------|--|--|--|---|
| | | | <p>Opportunity:</p> <ul style="list-style-type: none"> Maintaining strong and long-standing relationship with suppliers/ vendors through effective relationship management and drive responsible procurement/ sourcing practices. | <ul style="list-style-type: none"> These suppliers are selected based on social, ethical and environment norms. Also, supplier Code of Conduct (COC) covers EHS parameters to be adhered to. Engaging in awareness, communication, and interaction sessions with suppliers will result in positive relationship building and it will help to build responsible and sustainable operations in supply chain. | <p>Negative:</p> <ul style="list-style-type: none"> Supply chain disruptions can lead to disturbed production schedules and delayed deliveries. |
| 15 | Community Development | O | <p>Opportunity:</p> <ul style="list-style-type: none"> Need Assessment done prior to project execution helps us develop strong community relations and ensure social consent to operate. | - | <p>Positive:</p> <ul style="list-style-type: none"> The benefits CSR endeavours bring to the community generates goodwill and enhances the Company's reputation. |
| 16 | Risk management | O | <p>Opportunity:</p> <ul style="list-style-type: none"> The Company is better placed to identify and mitigate risks and leverage upcoming opportunities. | <ul style="list-style-type: none"> Risk Management Policy, RMC and Internal Audits conducted. | <p>Positive:</p> <ul style="list-style-type: none"> Avoiding loss of revenue by preventing adverse impacts of unprecedented risks. |

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

Principle 1

Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Principle 2

Businesses should provide goods and services in a manner that is sustainable and safe.

Principle 3

Businesses should respect and promote the well-being of all employees, including those in their value chains.

Principle 4

Businesses should respect the interests of and be responsive to all its stakeholders.

Principle 5

Businesses should respect and promote human rights.

Principle 6

Businesses should respect and make efforts to protect and restore the environment.

Principle 7

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

Principle 8

Businesses should promote inclusive growth and equitable development.

Principle 9

Businesses should engage with and provide value to their consumers in a responsible manner.

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

| Disclosure Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|--|-----|-----|-----|-----|-----|-----|-----|-----|
| Policy and management processes | | | | | | | | | |
| 1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| b. Has the policy been approved by the Board? (Yes/No) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| c. Web Link of the Policies, if available | https://www.finolexpipes.com/sustainability/esg/ https://www.finolexpipes.com/investors/policies-code-of-conduct/ | | | | | | | | |
| 2. Whether the entity has translated the policy into procedures. (Yes / No) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 3. Do the enlisted policies extend to your value chain partners? (Yes/No) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 4. Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fair trade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle. | <p>All plants of the Company are certified for Quality Management Systems as per ISO-9001:2015.</p> <p>Ratnagiri plant is certified for Integrated Management System (Quality Management System, Environment Management System & Occupational Health and Safety Management System) as per ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018. Ratnagiri plant is also certified with Responsible Care (RC) logo. Our products pipes and fittings conforms to relevant Bureau of Indian Standards and ASTM standards as applicable.</p> | | | | | | | | |
| 5. Specific commitments, goals and targets set by the entity with defined timelines, if any. | <p>ENVIRONMENT</p> <p>Reduce Carbon Footprint</p> <ul style="list-style-type: none"> • 100% electric powered forklifts by 2030 at all the plants • Implement Responsible care programme at all Plants by 2025 <p>Biodiversity</p> <ul style="list-style-type: none"> • Conduct Biodiversity study in Ratnagiri Plant by 2025 • Plantation of 1,00,000* trees by 2025 with regular monitoring of the survival rate of the saplings (*increase plantation from present 62,000 to 100,000 nos.) • Public commitments to no deforestation and publicly available biodiversity policy <p>ESG Policy</p> <ul style="list-style-type: none"> • Publicly available ESG policy by 2022 • Establishing ESG policy framework and monitoring mechanism by 2023 • Implementation of an Organization-wide ESG policy by 2023 • >95% coverage of ESG awareness/training sessions for eligible employees across the organization by 2023 <p>ATTRACT & NURTURE TALENT</p> <ul style="list-style-type: none"> • Maintain employee turnover rate consistently under 15% | | | | | | | | |

ENSURE DATA PRIVACY & SECURITY

- ISO 27001:2013 certification for information security Management System
- 100% of employees to be trained on information security by 2023

CODE OF CONDUCT (CoC)

- >95% compliance with Employee CoC through written / digital acknowledgement and regular training of eligible employees by 2023
- >95% Compliance of the Third-party CoC through written/digital acknowledgment and regular training of eligible third party personnel by 2025

6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.

The Company is committed towards ESG norms and protection of environment.

- 33% of diesel forklifts were replaced with Electric forklifts.
- Responsible Care Certificate received for Ratnagiri PVC & pipes plant. Implementation initiated at other plants with formation of team.
- Biodiversity study for Ratnagiri plant - Scope finalized. Actual study to begin from FY 2023-24.
- Tree plantation plan is prepared for next two years and the same will be implemented from FY 2023-24.
- Biodiversity Policy under review.

Apart from the above the Company undertook following environmental & employees well-being initiatives in FY 2022-23:

- Implemented several energy conservation initiatives resulting in energy savings more than 8500 tCO₂e.
- Commissioned 1 MW solar roof top system at Masar plant, Gujarat.
- More than 2,60,000 m³ effluent recycled.
- Establishing an ESG policy framework, monitoring mechanism and implementation of an organization-wide ESG policy & hosted on the website of the Company.
- Provided training towards ESG awareness (covering topics such as EHS, CoC, POSH, Skill development) to approx. 75% employees.
- Training on information security is provided to all the new joiners during induction.
- Training on Code of Conduct (CoC) session is done for all the new joiners starting from January, 2023.
- Mandatory e-Learning course being introduced for all the employees in FY 2023-24, covering topics such as ESG, Information security and Code of Conduct.

Governance, leadership and oversight

7. Statement by director responsible for the business responsibility report, highlighting ESG - related challenges, targets, and achievements

In an era of increasing focus on sustainability, responsible business practices, and stakeholder engagement, Environmental, Social, and Governance (ESG) governance has emerged as a crucial aspect of corporate management. ESG governance encompasses the systems and processes through which organizations integrate environmental, social, and governance considerations into their decision-making, operations, and risk management frameworks. For us at FIL, sustainability has been our very essence over the years. Anything we do, has to be done well. Every action takes into account the larger picture, at present, and into the future. Like the farmers we work for have taught us, the seeds of big ideas we plant today, will only bear fruit in the future. And we have the patience and the will to wait. Whether it is our products, processes, profits, plants, or our parivaar – our family of employees, farmers, dealers, homeowners, plumbers, and the communities we work with or the environment, our every step keeps them all in mind. We invest in them, in their future, and in our collective future.

We have embarked on our ESG journey to grow holistically as an organization and create value for all our stakeholders. We took our first step in this direction in FY 2021-22 by gaining the 'Responsible Care' accreditation from the Indian Chemical Council. Through this, we strive to drive continuous improvement in safe chemicals management and achieve excellence in environmental, health, safety, and security performance. It is our constant endeavor to deliver products and services of the highest quality to our customers while ensuring minimal harm to the environment and society.

In FY 2021-22, we started our ESG journey, and set specific ESG goals on all the three pillars of the ESG i.e. Environment, Social and Governance. These goals include reduction of Carbon footprint, benchmarking by assessment of Biodiversity, tree plantation, adoption of policies on ESG and code of conduct and also on IT security.

As a result, in FY 2022-23, we have replaced 33% of diesel driven forklifts, through various energy conservation drives, were able to reduce more than 8500 tCO₂e, recycled more than 2,60,000 m³ of treated effluent back to process, commissioned 1 MW solar power plant at one facility situated at Masar, Gujarat and adopted our ESG policy.

Over these last 41 years, we feel we are just getting started, and the hardest work still lies ahead of us, and that is what fills us with purpose and excitement for the future. The legacy we have built so far has brought together a large, thriving family. It is a legacy that unites. It is a legacy that makes the future bright and filled with possibilities.

We all know that the climate change is the biggest business challenge in coming years since we are experiencing an unprecedented scale of the extreme weather events such as heat waves, floods, cyclones. To ensure the positive environmental footprint, we are focusing on enhanced use of renewable energy resources as well as the reduction of specific energy consumption. It is our collective responsibility to take care of the mother earth and use natural resources efficiently at each of our manufacturing facilities.

Anil V. Whabi

Managing Director

DIN: 00142052

-
- | | |
|---|---|
| 8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies). | At the highest level, the Board of Directors of the Company, led by Mr. Anil Whabi, Managing Director and Mr. Saumya Chakrabarti, Director - Technical have the primary role to protect and assess the Business Responsibility (BR) performance of the Company. Internal ESG Committee headed by Managing Director and Director - Technical is constituted which comprised of departmental representatives. |
|---|---|
-

| | |
|--|---|
| <p>9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.</p> | <p>Yes – Risk Management Committee (RMC) which comprises of - Mrs. Kanchan U. Chitale (Chairperson of the Committee) Ms. Bhumika L. Batra Mr. Prakash P. Chhabria Mr. Saurabh S. Dhanorkar Dr. Deepak R. Parikh Mr. Pradeep R. Rathi Mr. Anami N. Roy Mr. Anil V. Whabi The targets and performance of BRSR activities are reviewed by the RMC on half yearly basis. RMC of the Board also assesses the risks pertaining to ESG and certain principles of BRSR.</p> |
|--|---|

10. Details of Review of NGRBCs by the Company:

| Subject for Review | Indicate whether review was undertaken by Director / Committee of the Board/Any other Committee | | | | | | | | | Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify) | | | | | | | | |
|--|---|----|----|----|----|----|----|----|----|--|----|----|----|----|----|----|----|----|
| | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
| Performance against above policies and follow up action | Committee of the Board | | | | | | | | | Half yearly | | | | | | | | |
| Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances | Committee of the Board | | | | | | | | | Half yearly | | | | | | | | |

| | | | | | | | | | |
|--|----|----|----|----|----|----|----|----|----|
| <p>11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.</p> | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
| | No | No | No | No | No | No | No | No | No |

12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated:

| Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|----|----|----|----|----|----|----|----|----|
| The entity does not consider the Principles material to its business (Yes/No) | | | | | | | | | |
| The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No) | | | | | | | | | |
| The entity does not have the financial or/human and technical resources available for the task (Yes/No) | | | | | | | | | |
| It is planned to be done in the next financial year (Yes/No) | | | | | | | | | |
| Any other reason (please specify) | | | | | | | | | |

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

| Segment | Total number of training and awareness programmes held | Topics / principles covered under the training and its impact | %age of persons in respective category covered by the awareness programmes |
|-----------------------------------|--|---|--|
| Board of Directors | 5 | The Directors of the Company are familiarized on the Company's core values, code of conduct, business performance, operations, compliances, risk management, health, safety, and environment performance, HR and CSR initiatives at regular intervals during the quarterly Board / Committee Meetings. Further the Board is also familiarized on the principles of Environment, Social and Governance released by SEBI/MCA. The Executive Directors participated in ESG Materiality Assessment Survey. | 100% |
| Key Managerial Personnel | 7 | The KMPs participated in ESG Materiality Assessment Survey and workshop and were also familiarized on the principles of Environment, Social and Governance released by SEBI/MCA. In addition, KMPs attended training and awareness programmes covering topics on Code of Conduct, EHS, product information, induction on employee benefits/regulations. | 100% |
| Employees other than BoD and KMPs | 261 | Business ethics and values, code of conduct, POSH, employee benefits, EHS, compliance, skill development. | 75% |
| Workers | Multiple | POSH, EHS, Code of Conduct Product Training, Compliance. | 75% |

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

| MONETARY | | | | | |
|-----------------|-----------------|---|-----------------|-------------------|--|
| | NGRBC Principle | Name of the regulatory / enforcement agencies / judicial institutions | Amount (In INR) | Brief of the Case | Has an appeal been preferred? (Yes / No) |
| Penalty / Fine | | | | | |
| Settlement | | | Nil | | |
| Compounding fee | | | | | |
| NON-MONETARY | | | | | |
| | NGRBC Principle | Name of the regulatory / enforcement agencies / judicial institutions | | Brief of the Case | Has an appeal been preferred? (Yes / No) |
| Imprisonment | | | Nil | | |
| Punishment | | | | | |

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

| Case Details | Name of the regulatory / enforcement agencies / judicial institutions |
|----------------|---|
| Not Applicable | Not Applicable |

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes. The Company has zero tolerance towards all forms of bribery and we especially sensitize this aspect in our dealings with the various entities that it comes in contact with and remain committed to its Core Values (Customer Centricity, Ethics, Transparency, Teamwork and Ownership) in all situations. In particular, the Company prohibits offering, promising, giving or authorizing others to give anything, either directly or indirectly, to any person or entity for the purpose of influencing the recipient under any circumstances. FIL employees, its third parties and suppliers are required to fully comply with the requirements of this policy. Compliance with the provisions of Anti-Bribery and Anti-Corruption policy ("ABAC Policy") are mandatory. The mechanism and the procedure to deal with the complaints are mentioned at ABAC policy available at web link <https://www.finolexpipes.com/sustainability/esg/>.

5. Number of Directors / KMPs /employees / workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery / corruption

There have been no cases involving disciplinary action taken by any law enforcement agency on the charges of bribery / corruption against any Directors/ KMPs/ employees/ workers that have been brought to the company's attention.

| | FY 2022-23 | FY 2021-22 |
|-----------|------------|------------|
| Directors | Nil | Nil |
| KMPs | Nil | Nil |
| Employees | Nil | Nil |
| Workers | Nil | Nil |

6. Details of complaints with regard to conflict of interest:

| Particulars | FY 2022-23 | | FY 2021-22 | |
|--|------------|---------|------------|---------|
| | Number | Remarks | Number | Remarks |
| Number of complaints received in relation to issues of Conflict of Interest of the Directors | Nil | | Nil | |
| Number of complaints received in relation to issues of Conflict of Interest of the KMPs | Nil | | Nil | |

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest

Nil

Leadership Indicator

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Throughout the current financial year, the Company has shown a proactive commitment by conducting extensive awareness programmes. These initiatives aim to educate and engage its value chain partners on various aspects including the product range, specifications, product usage, and effective selling techniques. It conducts awareness programmes to showcase its quality, products & safety, awards & recognitions, demonstrating its commitment to excellence and industry leadership.

In a collaborative effort with the Indian Plumbing Association, the Company has established a cutting-edge Plumbing Lab in Pune. This facility serves as an invaluable resource for the plumbing community, with a

particular focus on students. The lab aims to enhance understanding and appreciation for the fundamental science behind plumbing, highlighting the pivotal role that high-quality pipes and fittings, manufactured by the Company, play in establishing reliable and efficient plumbing systems. Through this initiative, the Company is actively contributing to the advancement and knowledge-sharing within the plumbing industry.

FIL is fully committed to promoting gender equality in the plumbing segment. We empower girls by providing opportunities, mentorship, and resources. FIL joined hands with ITI, Aundh, Pune to conduct a 2-year training programmes in plumbing for 30 female students this year. Our initiative aims to expand across states, breaking stereotypes and fostering an inclusive environment. By advocating for diversity and supporting aspiring female plumbers, FIL is driving meaningful change in the industry.

| Total number of training and awareness programmes held | Topics / principles covered under the training and its impact | %age of persons in respective category covered by the awareness programmes |
|--|---|--|
| 1,654* | Company overview, product training pertaining to plumbing segment, usage of product, quality, safety, environment, operation and maintenance. | 67.75% |

*Value chain partners (viz. plumbers, retailers, Key Influencers, etc) are covered for the above training

In case of suppliers, the Company ensures that they adhere to the Supplier Code of Conduct (COC) which covers environment, health, safety and human rights parameters and must sign the COC as a part of the contract documents.

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

Yes. The Company have processes in place to avoid / manage conflict of interest involving members of the Board. The Company's Code of conduct for Board of Directors and senior management specifically covers the topic of Conflict of Interest. The code of conduct can be accessed at <https://www.finolexpipes.com/sustainability/esg/>

In order to avoid/manage conflicts of interest, the Company obtains a mandatory declaration from the members of its Board and senior management and an affirmation to that effect is signed by the Managing Director, which is part of the Annual Report of the Company every year. It is thus communicated to all stakeholders by the Managing Director, through the Annual Report. No instance of corruption and conflict of interest has been identified during the year under review. The declaration ensures that the members of the Board are in compliance with the Company's code of conduct Guidelines.

PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

| | 2022-23 | 2021-22 | Details of improvements in environmental and social impacts |
|-------|---------|---------|---|
| R&D | - | - | - |
| Capex | 7% | 6% | Replacement of machinery with high energy efficiency, thereby reducing the energy demand and consumption. Apart from that expenditure was incurred for the treatment of waste water, installation of solar panels, infrastructure improvement and other HSEF related areas. |

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No) –

Yes. The Company has procedures in place for sustainable sourcing.

b. If yes, what percentage of inputs were sourced sustainably?

Around 90% of the direct purchases are sourced sustainably, through reputed suppliers. These reputed suppliers are selected based on social, ethical and environment norms. Also, supplier Code of Conduct (COC) covers EHS parameters to be adhered to and supply chain partners must sign the COC as a part of the contract documents. The PVC production of the Company is mainly captively consumed.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

The Company continuously exercises and practices the recycling and reusing of waste as per the regulatory norms. The plastic wastes are recycled as per the regulatory and standard norms and plastic waste is channelized to recyclers. E-waste is sent to authorized dismantlers / recyclers for recycling and Hazardous waste is sent to approved CHWTSDF (Common Hazardous Waste Treatment Storage and Disposal Facility).

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity’s activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Yes. The Company is in process of getting Extended Producer Responsibility (EPR) registration. The Company adheres to the Plastic Waste Management Rules as applicable and amended from time to time. This initiative will reflect the Company’s commitment to take responsibility for the entire life cycle of packaging products, encompassing their disposal and recycling processes.

Leadership Indicator

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

As per ISO 14001:2015, life cycle perspective is carried out for all our products. A life cycle perspective includes consideration of an environmental aspects of an organization’s activities, products, and services that it can control or influence. Stages in a life cycle include acquisition of raw materials, design, production, transportation/delivery, use, end of life treatment, and final disposal.

Apart from the above, FIL’s Suspension PVC grade FS-6701 products are certified by NSF/ANSI 14 and suitable for food contact and drinking water applications. As per customer requirement, the products (SPVC & EPVC) are tested & REACH Compliant (Registration, Evaluation, Authorization and Restriction of Chemicals).

| NIC Code | Name of Product / Service | % of total Turnover contribute | Boundary for which the Life Cycle Perspective / Assessment was conducted | Whether conducted by independent external agency (Yes / No) | Results communicated in public domain (Yes / No) If yes, provide the web-link |
|----------|---------------------------|--------------------------------|--|---|---|
| 222 | Pipes and fittings | 94% | Cradle to grave | No | No |
| 201 | PVC | 6% | Cradle to grave | No | No |

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

| Name of Product / Service | Description of the risk / concern | Action Taken |
|--|-----------------------------------|--------------|
| No significant social or environmental concerns or risks were identified | | |

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Not applicable for FIL’s resin production. For pipes plants, consolidated figures of crush material used against the products are as mentioned below:

| Indicate input material | Recycled or reused input material to total material | |
|-----------------------------------|---|------------|
| | FY 2022-23 | FY 2021-22 |
| Recycle in house crushed material | 2.8% | 2.5% |

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

Not applicable as the Company does not have any specific consumer product except pipes and fittings and there is no product reclamation at the end of the product life. However, the waste material generated at the operations and project sites are reused, recycled and disposed as per the applicable regulatory requirements. (Please refer Sr. No. 8 under Principle 6 (Essential indicators))

| | FY 2022-23 (MT) | | | FY 2021-22 (MT) | | |
|--------------------------------|-----------------|----------|-----------------|-----------------|----------|-----------------|
| | Re-Used | Recycled | Safely Disposed | Re-Used | Recycled | Safely Disposed |
| Plastics (including packaging) | Nil | Nil | Nil | Nil | Nil | Nil |
| E-Waste | Nil | Nil | Nil | Nil | Nil | Nil |
| Hazardous waste | Nil | Nil | Nil | Nil | Nil | Nil |
| Other Waste | Nil | Nil | Nil | Nil | Nil | Nil |

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

| Indicate product category | Reclaimed products and their packaging materials as % of total products sold in respective category |
|---------------------------|---|
| PVC Resin | 34% packaging (FY 2022-23) |

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicator

1. a. Details of measures for the well-being of employees:

| Category | % of employees covered by | | | | | | | | | | |
|---------------------------------------|---------------------------|--------------|--------------------|--------------|--------------------|------------|--------------------|--------------|---------------------|------------|------------|
| | Health Insurance | | Accident insurance | | Maternity benefits | | Paternity Benefits | | Day Care Facilities | | |
| | Total (A) | Number (B) | % (B/A) | Number (C) | % (C/A) | Number (D) | % (D/A) | Number (E) | % (E/A) | Number (F) | % (F/A) |
| PERMANENT EMPLOYEES | | | | | | | | | | | |
| Male | 1,229 | 1,229 | 100% | 1,229 | 100% | NA | NA | 1,229 | 100% | Nil | Nil |
| Female | 41 | 41 | 100% | 41 | 100% | 41 | 100% | NA | NA | Nil | Nil |
| Total | 1,270 | 1,270 | 100% | 1,270 | 100% | 41 | 3.23% | 1,229 | 96.77% | Nil | Nil |
| OTHER THAN PERMANENT EMPLOYEES | | | | | | | | | | | |
| Male | | | | | | Nil | | | | | |
| Female | | | | | | Nil | | | | | |
| Total | | | | | | Nil | | | | | |

b. Details of measures for the well-being of workers:

| Category | % of workers covered by | | | | | | | | | | |
|-------------------------------------|-------------------------|------------|-------------|--------------------|-------------|--------------------|------------|--------------------|-------------|---------------------|------------|
| | Health Insurance | | | Accident insurance | | Maternity benefits | | Paternity Benefits | | Day Care Facilities | |
| | Total Number (A) | Number (B) | % (B/A) | Number (C) | % (C/A) | Number (D) | % (D/A) | Number (E) | % (E/A) | Number (F) | % (F/A) |
| PERMANENT WORKERS | | | | | | | | | | | |
| Male | 203 | 203 | 100% | 203 | 100% | NA | NA | 203 | 100% | Nil | Nil |
| Female | Nil | Nil | Nil | Nil | Nil | Nil | Nil | NA | NA | Nil | Nil |
| Total | 203 | 203 | 100% | 203 | 100% | Nil | Nil | 203 | 100% | Nil | Nil |
| OTHER THAN PERMANENT WORKERS | | | | | | | | | | | |
| Male | 2,840 | | | | | | | | | | |
| Female | 18 | | | | | | | | | | |
| Total | 2,858 | | | | | | | | | | |

* other than permanent workers insurance and benefits are covered by their respective facility provider

2. Details of retirement benefits, for Current FY and Previous Financial Year.

| Benefits | FY 2022-23 | | | FY 2021-22 | | |
|-----------|--|--|--|--|--|--|
| | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) |
| PF | 100% | 100% | Y | 100% | 100% | Y |
| Gratuity* | 100% | 100% | Y | 100% | 100% | Y |
| ESI** | 100% | 100% | Y | 100% | 100% | Y |

* The company is maintaining gratuity trust.

**The employees & workers who falls within the ESI limit are 100% covered, i.e wherever ESI is applicable (whose gross salary is less than ₹21,000/-) 100% employees & workers are covered under the ESI scheme. In addition where the employees & workers are above the ESI limit they are covered under WC (Workmen Compensation) Policy.

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard:

Yes

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy:

Yes, the Company has adopted equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016 and the rules framed thereunder. The equal opportunity policy is available on the website of the Company and can be accessed at <https://www.finolexpipes.com/sustainability/esg/>

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

| Gender | Permanent employees | | Permanent workers | |
|--------------|---------------------|----------------|---------------------|----------------|
| | Return to work rate | Retention rate | Return to work rate | Retention rate |
| Male | 100% | 100% | 100% | 100% |
| Female | 100% | 100% | Nil | Nil |
| Total | 100% | 100% | 100% | 100% |

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

| | Yes / No (If yes, then give details of the mechanism in brief) |
|---------------------------------------|--|
| Permanent Workers | <p>Yes</p> <p>The Company has a grievance redressal mechanism in line with the statutory framework under Industrial Dispute Act, 1947 for grievance redressal mechanism for the permanent workers where workers or their representatives can raise their grievances in areas like wages, discrimination, child labour, human rights related issues etc.</p> <ol style="list-style-type: none"> 1. Any workman desirous to redress the grievance arising out of employment or relating to unfair treatment or wrongful exaction on the part of a superior shall either himself or through a trade union of which he is a member, submit a complaint to the Manager or any Officer appointed by the Manager in this behalf. 2. The Manager or any such officer shall cause to be investigated the complaint at such times and places as <ol style="list-style-type: none"> i. The workman and any other workman of his choice, or ii. Where the complaint is made through a trade union of the workmen of the establishment, a member of such union shall have the right to be present at such investigation. Where the complaint alleges unfair treatment or wrongful exaction on the part of a superior, a copy of the order finally made by the Manager shall be shared to the complainant if he asks for. <p>In other cases the decision of the investigation officer and the action, if any, taken thereon by the Manager shall be intimated to the complainant. provided that complaints relating to assault or abuse by any person holding a supervisory position or refusal of an application for urgent leave shall be inquired into as early as possible by the Manager or such other officer or officers as workmen may appoint.</p> <p>The decision of the Manager upon any question arising out of, in connection with, or incidental to these Standing Orders shall be subject to an appeal to the Occupier/Managing Director of the Company.</p> |
| Other than Permanent Workers | |
| Permanent Employees | Yes. The Company has grievance redressal mechanism in place wherein employee can raise their grievances with respective HR department. The HR department shall take appropriate action and resolve the grievance within a reasonable time. |
| Other than Permanent Employees | |

7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:

| Category | FY 2022-23 | | | FY 2021-22 | | |
|----------------------------------|--|--|--------|--|--|--------|
| | Total employees / workers in respective category (A) | No. of employees / workers in respective category, who are part of association(s) or Union (B) | %(B/A) | Total employees / workers in respective category (C) | No. of employees / workers in respective category, who are part of association(s) or Union (D) | %(D/C) |
| TOTAL PERMANENT EMPLOYEES | | | | | | |
| - Male | Nil | Nil | - | Nil | Nil | - |
| - Female | Nil | Nil | - | Nil | Nil | - |
| TOTAL PERMANENT WORKERS | 203 | 203 | 100% | 205 | 205 | 100% |
| - Male | 203 | 203 | 100% | 205 | 205 | 100% |
| - Female | Nil | Nil | - | Nil | Nil | - |

8. Details of training given to employees and workers

| Category | FY 2022-23 | | | | | FY 2021-22 | | | | |
|------------------|--------------|-------------------------------|-------------|-----------------------|--------------|--------------|-------------------------------|-------------|-----------------------|--------------|
| | Total (A) | On Health and Safety measures | | On Skill up gradation | | Total (D) | On Health and Safety measures | | On Skill up gradation | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) | | No. (E) | % (E/D) | No. (F) | % (F/D) |
| EMPLOYEES | | | | | | | | | | |
| Male | 1,229 | 1,229 | 100% | 1,110 | 90.32% | 1,135 | 1,135 | 100% | 462 | 40.7% |
| Female | 41 | 41 | 100% | 35 | 85.4% | 36 | 36 | 100% | 12 | 33.33% |
| Total | 1,270 | 1,270 | 100% | 1,145 | 90.1% | 1,171 | 1,171 | 100% | 474 | 40.5% |
| WORKERS | | | | | | | | | | |
| Male | 203 | 203 | 100% | 203 | 100% | 205 | 205 | 100% | 205 | 100% |
| Female | Nil | Nil | - | Nil | - | Nil | Nil | - | Nil | - |
| Total | 203 | 203 | 100% | 203 | 100% | 205 | 205 | 100% | 205 | 100% |

9. Details of performance and career development reviews of employees and workers:

| Category | FY 2022-23 | | | FY 2021-22 | | |
|------------------|--------------|--------------|-------------|--------------|--------------|-------------|
| | Total (A) | No. (B) | % (B/A) | Total (C) | No. (D) | % (D/C) |
| EMPLOYEES | | | | | | |
| Male | 1,229 | 1,006 | 82% | 1,135 | 1,014 | 89% |
| Female | 41 | 29 | 71% | 36 | 30 | 83% |
| Total | 1,270 | 1,035 | 82% | 1,171 | 1,044 | 89% |
| WORKERS | | | | | | |
| Male | 203 | 203 | 100% | 205 | 205 | 100% |
| Female | Nil | Nil | 0% | Nil | Nil | 0% |
| Total | 203 | 203 | 100% | 205 | 205 | 100% |

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

Yes. The Company strives to ensure that it provides a safe and efficient workplace, well-being and safety by providing the highest safety standards. The Company has in place Safety Health and Environment (SHE) policy to ensure a safe and healthy working environment across all plants and offices with required safety protocols.

As part of Company's Integrated Management system, FIL is certified with ISO 9001 - Quality, ISO 14001 - Environment and ISO 45001 - Occupational Health and Safety. FIL is involved in different activities to ensure the safety of employees from hazards, work-related injuries, recordable work related injuries, and ill health. Several initiatives have been taken up like organizing national safety week, national fire services week, workplace inspections and audits, first aid training, and mock drills to improve the overall working and operation of the Company. All the employees and other non-executive staff actively participate.

The Company successfully implemented Process Safety management System (PSM). FIL's PSM system consists of 11 elements and 27 procedures. PSM elements guides on risk assessment and hazard control, standardized way of operation and maintenance (SOP/SMP), mechanical integrity and reliability of equipment and system. Safe work practices cover material handling, road transportation of material, lifting of equipment and standardization of PPE. All incidents including near misses are reported, investigated, and analysed for corrective actions.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

The Company has in place process such as Hazard Identification And Risk Assessment (HIRA) to identify all work related hazards and then for identified hazards, control measures are established to mitigate the potential risk.

For all routine and non-routine activities Permit To Work (PTW) system is followed to ensure all potential hazards are addressed prior to commencement of work. For non-routine activities, in addition to PTW, Job Safety Analysis (JSA) is followed to identify potential hazards and then PTW system is followed before the commencement of work.

For effective implementation of control measures Tool Box Talks (TBT) is conducted before commencement of work to communicate available control measures to the workforce which ensures that all safety protocols are followed.

After any shutdown or any major modifications Pre-start up Safety Review (PSSR) is followed prior to start up to ensure that all safety systems are in place.

Considering complexity of process and known hazards, the Company follows below methodologies to address the risks:

- 1 Hazard and Operability (HAZOP) Study** - Hazard & Operability study (HAZOP) is a systematic way to identify possible SHE hazards in the system and suggest recommendations. It is a process of examining Piping and Instrumentation Diagram (P&IDs) by applying guide words and parameters to all pipes and vessels in the process. This explicitly identifies the hazards, the potential failures, and the potential causes of failure and the recommended actions to address the issues.
- 2 Failure Modes and Effects Analysis (FMEA)** - FMEA study is conducted for critical equipment and processes. The Company uses it to design a process, review and improve a process which further acts as an efficient process control. Its' step-by-step approach identifies each failure mode, with the analysis, then estimating the effects of failure and devising ways of controlling the process so that failure can be prevented.
- 3 Fault Tree Analysis (FTA)** - This analysis method is mainly used in Safety engineering and reliability engineering to understand how systems can fail and to identify the best ways to reduce the risk or to determine event rates of an accident or a particular system failure. This helps the Company in highlighting the critical components related to system failure and to prioritize the action items in order to solve the problems.

- 4 **What-if method** - It is done for critical equipment where failure is possible by different modes and failure can cause a hazardous situation.
- 5 **Job Safety Analysis (JSA)/ Task Risk analysis** - JSA is conducted for any jobs involving high risk & critical job.
- 6 **Reporting of unsafe condition** - Any worker / employee from any department can report the unsafe condition from the work premises related to safe operation of the process.
- 7 Other Measures such as Safety Walk, Safety Audit and Safety Report are carried to identify work-related hazards and assess risks.

c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)

Yes. The Company ensures that it continuously reviews and improves health and safety performances. All activities relating to monitoring, emergency handling, and team review are supervised and directed by the Director-Technical cum Occupier. The safety committee consists of members from both executive and workers category addresses the safety concerns to ensure highest safety at office and plant locations. Self-spot audit reporting system has been developed to assess the work at plant & reporting unsafe act and conditions by workers. To further improve awareness on HSE, the Company had organized various programmes such as National Safety Week, Fire Service Week and World Environment Week. These programmes covered imparting training on work place safety, fire prevention and control, conducting quiz and poster competitions and safeguarding health of the workers by taking safety & environment oath.

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes. Employees and workers have access to non-occupational medical and healthcare services. Medical centers and first aid facilities are available for both employees and workers. They are covered under group mediclaim and group accident policy.

11. Details of safety related incidents, in the following format:

| Safety Incident / Number | Category | FY 2022-23 | FY 2021-22 |
|---|-----------|------------|------------|
| Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) [(No. of lost time injuries in FY * 1,000,000) /Total hours worked by all staff in same FY] | Employees | Nil | Nil |
| | Workers | Nil | 0.13 |
| Total recordable work-related injuries (Total number of employees / Workers affected by work-related injuries or ill health) | Employees | Nil | Nil |
| | Workers | Nil | 1 |
| No. of fatalities | Employees | Nil | Nil |
| | Workers | Nil | Nil |
| High consequence work-related injury or ill-health (excluding fatalities) | Employees | Nil | Nil |
| | Workers | Nil | Nil |

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

Health and safety are of prime importance to all FIL's operations and the Company is committed to achieving the comprehensive well-being of all the employee and their environment. FIL's aim and focus are to strive towards efficient workplace well-being and safety by providing the highest safety standards. Following are some of the measures and practices that are being followed by the Company in order to ensure a Safe and Healthy workplace for its employees & workers:

- 1. The Company is in alignment with Integrated Management system, and is certified with ISO 9001 - Quality, ISO 14001 - Environment and ISO 45001 - Occupational Health and Safety. Our management's goal is to prevent all SHE incidences, near miss event injuries and occupational illnesses within its operations and to ensure the reliability of plant and equipment.

2. Safety and health are the core value of our organisation and several initiatives have been taken up like organising National Safety week, National Fire Services week, Environment Week Workplace Inspections & Audits, First Aid training, and Mock Drills periodically to improve the overall working and operations of the Company.
3. Implementation of risk assessment measures by organising safety walks and evaluating existing and new process facilities of the operating plant having a potential of SHE hazards. This helps to identify and evaluate potential risk, unsafe conditions, and use of various techniques for risk assessment and recommendations like Hazard Operability Study (HAZOP), Job Safety Analysis (JSA), etc. .
4. To ensure that the SHE policies are implemented effectively, the company designed Standard Operating Procedure (SOP) to be followed for safe and efficient working conditions. This written SOP contains Standards Maintenance Procedure (SMP) which further helps to establish and obtain quality work and in turn enhances reliability. This will help to additionally train and develop employees and contractors for required competence.
5. The Company has implemented periodic evaluation of value chain partners – i.e. contractors and make them aware of the basic SHE requirements and compliances thereof. The Company conducts Pre-Start-up SHE Reviews (PSSR) before the initial start-up of new facilities or restart of modified facilities in order to know the risk associated.
6. Periodic inspection of mechanical, critical systems, devices and pressure vessels at plant locations is carried out along with a continuous review of its operation and maintenance.
7. The Company has established safe handling and storing unit in Company’s premises for the safe transport (inward and outward) of chemicals and materials.

13. Number of Complaints on the following made by employees and workers:

| Category | FY 2022-23 | | | FY 2021-22 | | |
|--------------------|-----------------------|---------------------------------------|---------|-----------------------|---------------------------------------|---------|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Working Conditions | Nil | Nil | Nil | Nil | Nil | Nil |
| Health & Safety | Nil | Nil | Nil | Nil | Nil | Nil |

The Company encourages its employees and workers to proactively submit safety observations and report unsafe acts and conditions at workplace as a preventive action.

14. Assessments for the year:

| % of your plants and offices that were assessed (by entity or statutory authorities or third parties) | |
|---|--|
| Health and safety practices | 100% (through Internal safety audit, external safety audit, insurance agencies). |
| Working Conditions | 100% (through Internal safety audit and external safety audit). |

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

All the risks or concerns identified in ISO 45001 through HIRA have been addressed. Corrective actions have been taken post participation and consultation of managerial and non-managerial employees and workers. Effectiveness of the corrective actions have also been monitored.

Leadership Indicator

1. Does the entity extend any life insurance or any compensatory package in the event of death of

(A) Employees (Y/N): Y

(B) Workers (Y/N): Y

Yes. The Company extends life insurance coverage for work related death of its employees and workers. Benefits are extended as per applicable labour laws such as Employee State Insurance Act, 1948, Employee Provident Funds and Miscellaneous Provisions Act, 1952, Workmen’s Compensation Act, 1923 and Group Personal Accident benefits (policies are in place).

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Company follows a detailed compliance procedure to ensure all statutory clearance and compliances are met by its value chain partners. Adherence to the applicable statutory provisions including payment and deduction of statutory dues is incorporated in the Purchase Order / contract agreement with the value chain partners. The Company ensures that all the relevant clauses dealing with statutory compliance are validated and honoured by both sides.

3. Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

| Category | Total no. of affected employees / workers | | No. of employees / workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment | |
|-----------|---|------------|---|------------|
| | FY 2022-23 | FY 2021-22 | FY 2022-23 | FY 2021-22 |
| Employees | Nil | Nil | Nil | Nil |
| Workers | Nil | Nil | Nil | Nil |

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No):

Yes (Critical talent is retained on consultancy or retainership model).

5. Details on assessment of value chain partners:

| | % of value chain partners (by value of business done with such partners) that were assessed |
|-----------------------------|---|
| Health and safety practices | 69% |
| Working conditions | 69% |

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

Not applicable. The value chain partners were assessed for health, safety practices and working conditions and no significant risks or concerns were identified based on receipt of their responses.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

1. Describe the process for identifying key stakeholder groups of the entity.

Our stakeholder identification and prioritization process are based on the principles of inclusivity, materiality, and responsiveness. The nature of our engagement with stakeholders depends on the stakeholder category, their expectations from us, and the criticality of the relationship. The key stakeholders inter-alia include customers, shareholders / investors, employees, suppliers, community, media and regulators. We continuously engage with them through various online and offline modes such as surveys, conferences, one to one meetings, email/telephonic communication, town halls, and others. Simultaneously, we ensure that their suggestions and comments are addressed and incorporated appropriately.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

| Stakeholder Group | Whether identified as Vulnerable & Marginalized Group (Yes / No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other | Frequency of engagement (Annual / Half yearly / Quarterly / others – please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagement |
|------------------------|--|--|---|---|
| Customers | No | <ul style="list-style-type: none"> • Emails • Digital & Physical meetings | Regularly on a need basis | <ul style="list-style-type: none"> • Easy Access to products and services • Reliable supply of best-in-class products and services |
| Investor/ Shareholders | No | <ul style="list-style-type: none"> • Investor Presentation/ Analyst meet • Annual General Meetings • Media releases • Financial results declaration (quarterly) • Annual Reports, Sustainability Reports, websites and others | Quarterly / Annually | <ul style="list-style-type: none"> • Information on Company's financial and non-financial performance • Transparent disclosures good governance practices |
| Community | Yes (Some of the Company's CSR Project / activities Beneficiaries) | <ul style="list-style-type: none"> • CSR partnership with Mukul Madhav Foundation • Contribution towards various causes like education, healthcare, rural development, environment initiatives | <ul style="list-style-type: none"> • Social Contribution / CSR activities • Community Impact assessment surveys • Compliant and grievance mechanism | <ul style="list-style-type: none"> • Proactive Involvement • Community Development |
| Employees | No | <ul style="list-style-type: none"> • Employee engagement programmes • Town halls • Internal publications and circulars • Feedback and surveys • Performance updates • Learning and development programmes. | <ul style="list-style-type: none"> • Daily (Department-wise internal interaction) • L&D programmes, Feedback, and survey conducted periodically • Half yearly / annually | <ul style="list-style-type: none"> • Health and Safety • Opportunities for personal and professional growth • Learning and development • Work-life balance and career progression • Transparency and involvement in Company's strategies |

| Stakeholder Group | Whether identified as Vulnerable & Marginalized Group (Yes / No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other | Frequency of engagement (Annual / Half yearly / Quarterly / others – please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagement |
|-------------------|--|--|--|---|
| Suppliers | No | <ul style="list-style-type: none"> Meetings Conferences and workshops Communication via telephone, email, etc. | <ul style="list-style-type: none"> Regularly on a need basis | <ul style="list-style-type: none"> Long term relationship Quick response to queries Services support and timely deliveries |
| Media | No | <ul style="list-style-type: none"> Written Communications Interviews and Forums Meetings Publications & Announcements | <ul style="list-style-type: none"> Quarterly/ Half yearly/ Annually Need basis for forums & meetings | <ul style="list-style-type: none"> Credible information on progress to stakeholders |
| Regulators | No | <ul style="list-style-type: none"> Meetings Representation through trade bodies Workshops Written communication | <ul style="list-style-type: none"> Quarterly / Half Yearly / Annually | <ul style="list-style-type: none"> Compliance with rules and regulations Timely reporting through various compliance- based forums |

Leadership Indicator

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The Company has set up various committees on economic, environmental and social topics. These committees are Risk Management Committee, Stakeholder’s Relationship Committee, Corporate Social Responsibility Committee and Safety Committee. Quarterly performance update and reviews were conducted by the respective committees on these topics and consolidated performance report and outcome were presented to the Board in their quarterly meetings. As per their respective terms of reference, the various Committees (statutory as well as internal) meet periodically to review the performance of the Company in various areas. The Company carries out frequent interactions with varied group of stakeholders. Individual functional team periodically interacts with our diverse stakeholders and the functional heads communicate their concerns and feedback on economic, environmental, and social topics to the Board members.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes. The Company’s Materiality Assessment was conducted in consultation with its key identified stakeholder groups. It regularly interacts with relevant stakeholders and incorporate their inputs while framing and designing its environment and social topics. For instance while determining the material topics for framing the Company’s overall ESG policy, the Company reached out to various stakeholders including investors community, value chain partners, customers, employees, financial institutions etc. and based on the inputs provided by these stakeholders, Company’s ESG policy was framed.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

The Company regularly engages with the marginalized stakeholder groups through its CSR partner Mukul Madhav Foundation. Detailed CSR activities are given in Corporate Social Responsibility Report forming part of Annual report.

PRINCIPLE 5 Businesses should respect and promote human rights

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

| Category | FY 2022-23 | | | FY 2021-22 | | |
|------------------------|--------------|--|---------------|--------------|--|---------------|
| | Total (A) | No. of employees / workers covered (B) | % (B/A) | Total (C) | No. of employees / workers covered (D) | % (D/C) |
| EMPLOYEES | | | | | | |
| Permanent | 1,270 | 358 | 28.18% | 1,171 | 364 | 31.08% |
| Other than permanent | Nil | Nil | 0% | Nil | Nil | 0% |
| Total Employees | 1,270 | 358 | 28.18% | 1,171 | 364 | 31.08% |
| WORKERS * | | | | | | |
| Permanent | 203 | | | 205 | | |
| Other than permanent | 2,858 | Refer note below* | | 2,651 | Refer note below* | |
| Total Workers | 3061 | | | 2,856 | | |

Note: * Awareness sessions were conducted for the workers to make them efficient and proficient in their work including human right related matters

2. Details of minimum wages paid to employees and workers, in the following format:

| Category | FY 2022-23 | | | | | FY 2021-22 | | | | |
|----------------------|------------|-----------------------|---------|------------------------|---------|------------|-----------------------|---------|------------------------|---------|
| | Total (A) | Equal to Minimum Wage | | More than Minimum Wage | | Total (D) | Equal to Minimum Wage | | More than Minimum Wage | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) | | No. (E) | % (E/D) | No. (F) | % (F/D) |
| EMPLOYEES | | | | | | | | | | |
| Permanent | | | | | | | | | | |
| Male | 1,229 | 144 | 11.71% | 1,085 | 88.28% | 1,135 | 152 | 13.39% | 983 | 86.61% |
| Female | 41 | 16 | 39.02% | 30 | 73.17% | 36 | 13 | 36.11% | 23 | 63.89% |
| Other than Permanent | | | | | | | | | | |
| Male | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Female | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| WORKERS | | | | | | | | | | |
| Permanent | | | | | | | | | | |
| Male | 203 | Nil | Nil | 203 | 100% | 205 | 202 | 98.53% | 3 | 1.46% |
| Female | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Other than Permanent | | | | | | | | | | |
| Male | 2,840 | 2,718 | 95.70% | 122 | 4.30% | 2,633 | 2,542 | 96.54% | 91 | 3.46% |
| Female | 18 | 16 | 88.89% | 2 | 11.11% | 18 | 16 | 88.89% | 2 | 11.11% |

3. Details of remuneration/salary/wages, in the following format:

(₹ in crore)

| | Male | | Female | |
|----------------------------------|--------|--|--------|--|
| | Number | Median remuneration/ salary/wages of respective category | Number | Median remuneration/ salary/wages of respective category |
| Board of Directors (BoD) | 7 | 1.95 | 3 | 0.33 |
| Key Managerial Personnel * | 3 | 1.13 | Nil | Nil |
| Employees other than BoD and KMP | 1,233 | 0.08 | 36 | 0.06 |
| Workers | 203 | 0.07 | Nil | Nil |

*(Excluding Key managerial Personnel already covered under Board of Directors)

Note: Median remuneration/ salary/ wages of respective category given on an annual basis

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No): Yes

Yes, Human Right & Whistle Blower Policy are in place. We have a focal point responsible for addressing any human rights issues that may arise from our operations. The HR head of the respective location / office/plant is responsible for addressing the same.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues:

The Company is committed in respecting the human rights of its workforce, communities and those affected by its operations, wherever it does its business, including its business partners and contractors. Appropriate systems and mechanisms with time bound process for redressal, such as Grievance Management System, Safety Committees, Internal Complaints Committee etc. are in place to allow for resolution of the issues raised under Human Rights policy.

6. Number of Complaints on the following made by employees and workers:

| | FY 2022-23 | | | FY 2021-22 | | |
|-----------------------------------|-----------------------|---------------------------------------|---------|-----------------------|---------------------------------------|---------|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Sexual Harassment | Nil | Nil | Nil | Nil | Nil | Nil |
| Discrimination at workplace | Nil | Nil | Nil | Nil | Nil | Nil |
| Child Labor | Nil | Nil | Nil | Nil | Nil | Nil |
| Forced Labour/Involuntary Labour | Nil | Nil | Nil | Nil | Nil | Nil |
| Wages | Nil | Nil | Nil | Nil | Nil | Nil |
| Other human rights related issues | Nil | Nil | Nil | Nil | Nil | Nil |

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The Company has equal opportunity policy statement in place. The Company has formed Committee at plant level for the protection of women at workplace to ensure their rights, receive grievances, conduct investigation and to take appropriate actions. Further the Company has Whistle Blower Policy wherein the employees report, without fear of retaliation, any wrong practices, unethical behaviour or non-compliance which may have a detrimental effect on the organisation, including financial damage and impact on brand image. Also, the employee's Code of Conduct requires employees to behave responsibly in their action and conduct.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes. The Company's suppliers are required to adhere to the Supplier Code of Conduct and the same is incorporated in the contracts (Purchase Order) which entails requirement to abide by various human rights practices.

9. Assessments of the year

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|-----------------------------|--|
| Child labour | 100% |
| Forced/involuntary labour | 100% |
| Sexual harassment | 100% |
| Discrimination at workplace | 100% |
| Wages | 100% |

Note: The Company undertook internal assessment through its EHS, HR and IR function.

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

There were no significant human rights related risks / concerns identified by Company during the FY 22-23

Leadership Indicator**1. Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.**

No complaint was received in FY22-23 for human rights violation.

2. Details of the scope and coverage of any Human rights due-diligence conducted.

Nil. The Company is committed to safeguard and respect human rights in every stage of the value chain. The goal is to identify any human rights violations occurring anywhere in the value chain as early as possible and to mitigate identified risks responsibly. Maintaining sustainable supply chain is one of FIL's guiding principles. The Company suppliers adheres to FIL's Code of Conduct which affirms the fundamental human rights of the suppliers' employees and human rights in the workplace. Further the Company undertook an Internal Self-Assessment Questionnaire (SAQ) of value chain partners (i.e. supplier, dealers / distributors etc.) covering confirmation on following of human rights principles in their respective offices/premises.

The Code of Conduct guidelines forms an integral element of all employment contracts. Every employee is responsible for respecting human rights. The Company does not tolerate discrimination, sexual harassment or any other form of personal attack on individuals or groups. In addition, the principles of equal opportunity and equal treatment apply without restriction.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes. Most of the Company's premises are accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016.

4. Details on assessment of value chain partners:

| | % of value chain partners (by value of business done with such partners) that were assessed |
|----------------------------------|--|
| Sexual harassment | |
| Discrimination at workplace | |
| Child Labour | |
| Forced Labour/Involuntary Labour | 69% |
| Wages | |
| Other - please specify | |

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

Not applicable since no significant risks were identified in the assessments.

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicator

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

| Parameter (*GJ , ** GJ / MT) | FY 2022-22 | FY 2021-22 |
|---|------------------|------------------|
| Total electricity consumption (A) * | 2,94,887 | 233,233 |
| Total fuel consumption (B) * | 4,180,503 | 3,771,955 |
| Energy consumption through other sources (C) * | Nil | Nil |
| Total energy consumption (A+B+C) | 4,475,390 | 4,005,188 |
| Revenue Energy Intensity(Total energy consumption-GJ/ turnover in rupees) | 0.00010 | 0.00009 |
| Energy intensity (optional) – the relevant metric may be selected by the entity** | 8.3763 | 8.9997 |

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency - No

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any

The Company is currently not identified as a designated consumer. However, FIL's Resin manufacturing plant at Ratnagiri has completed the initial assessment to be identified as a Designated Consumers (DC) and Targets are being set by Bureau of Energy Efficiency (BEE) for the same.

3. Provide details of the following disclosures related to water, in the following format:

| Parameter | FY 2022-23 | FY 2021-22 |
|--|------------------|------------------|
| Water withdrawal by source (in kilolitres) | | |
| (i) Surface water | 1,526,289 | 1,366,886 |
| (ii) Groundwater | 23,480 | 28,674 |
| (iii) Third party water | 107,140 | 83,150 |
| (iv) Seawater / desalinated water | 1,782,478 | 1,694,518 |
| (v) Others | 416,028 | 728,073 |
| Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v) | 3,855,415 | 3,901,301 |
| Total volume of water consumption (in kilolitres) | 2,170,913 | 2,429,672 |
| Water intensity per rupee of turnover (Water consumed / turnover) | 0.00005 | 0.00005 |
| Water intensity (optional) – the relevant metric may be selected by the entity (KL/MT) | 4.1 | 5.5 |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency - No

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation

The Company have full-fledged effluent treatment and we recycle 50% of treated effluent back to process or as cooling tower make up, while rest is used for watering the green belt.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

| Parameter | Please specify unit | FY 2022-23 | FY 2021-22 |
|-------------------------------------|---------------------|------------|------------|
| Nox | ppm | 17.4 | 20.8 |
| Sox | ppm | 31.1 | 28.5 |
| Particulate matter (PM) | mg/Nm ³ | 6 | 7 |
| Persistent organic pollutants (POP) | -- | Nil | Nil |
| Volatile organic compounds (VOC) | -- | Nil | Nil |
| Hazardous air pollutants (HAP) | -- | Nil | Nil |
| Others – Carbon Monoxide | -- | Nil | Nil |
| Others – (Hydrocarbon as NHMC) | - | Nil | Nil |

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

| Parameter | Unit | FY 2022-23 | FY 2021-22 |
|---|---|-------------|------------|
| Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | Metric tonnes of CO ₂ equivalent | 3,97,746 | 3,57,962 |
| Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | Metric tonnes of CO ₂ equivalent | 67,235 | 53,555 |
| Total Scope 1 and Scope 2 emissions per rupee of turnover | MT/Rs. | 0.000011 | 0.0000089 |
| Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity | MT/MT of products | 0.870272392 | 0.92468249 |

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency - No

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

Yes, the company has strong focus on energy conservation, through which GHG emissions are reduced. Below is the list of few such initiatives undertaken by your Company during the last year. Through such energy saving schemes more than 8,500 MT CO₂e was reduced.

The Company has implemented various measures at each stage to minimize air pollution at our plant sites. Some of these measures are as follows:

- 1) LPG optimization
- 2) Heat integration
- 3) Power saving by fin fan cooler stoppage during winter and replacing low efficiency pumps by higher efficiency pumps
- 4) Recycling jumbo bag to reduce consumption of new jumbo bag consumption
- 5) Auxiliary power reduction by optimising boiler operation
- 6) Replacement of conventional lights by LED lamps
- 7) Solar heater in guest house
- 8) Installation of solar roof top system at Masar plant
- 9) Installation of VFDs to optimize the cooling towers and chilling plants
- 10) Thermal insulation for chillers
- 11) Motion sensors and daylight capture etc
- 12) Tree plantation

8. Provide details related to waste management by the entity, in the following format:

| Parameter | FY 2022-23 | FY 2021-22 |
|--|-----------------|-----------------|
| Total Waste generated (in metric tonnes) | | |
| Plastic waste (A) | 1,092.87 | 456.76 |
| E-waste (B) | 5.58 | 4.87 |
| Bio-medical waste (C) | 0.013 | 0.026 |
| Construction and demolition waste (D) | Nil | Nil |
| Battery waste (E) | 2.3 | 3.81 |
| Radioactive waste (F) | Nil | Nil |
| Other Hazardous waste. Please specify, if any.(G) | 243.97 | 256.03 |
| Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector) | 7,579.75 | 6,812.88 |
| Total (A+B + C + D + E + F + G + H) | 8,924.49 | 7,534.38 |

For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)

| Category of waste | FY 2022-23 | FY 2021-22 |
|----------------------------------|--------------|--------------|
| (i) Recycled in-house generation | 1,135 | 492 |
| (ii) Re-used | 7,577 | 6,519 |
| (iii) Other recovery operations | - | - |
| Total | 8,712 | 7,011 |

For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)

| Category of waste: Example : Ash, Concentrated Spent Wash, Bio Gas, Sludge (Manure) | | |
|---|------------|------------|
| (i) Incineration | 13 | 12 |
| (ii) Landfilling | 97 | 97 |
| (iii) Other disposal operations | | |
| Total | 110 | 109 |

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

FIL believes in enhancing the circularity of its system. All our plants maintain emissions and waste within the permissible limits. The Company segregates various categories of waste and store them appropriately at designated waste storage areas across the plants. Canteen waste is converted into manure through an organic waste processor unit. Garden waste is crushed and used along with canteen waste or used for mulching.

The rest of the waste is disposed of through third-party vendors. Hazardous waste, used oil, lead acid batteries, and E-waste are disposed of through State Pollution Control Board authorized parties. Biomedical waste is disposed of through a common biomedical waste treatment and disposal facility.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals /clearances are required, please specify details in the following format:

| S. No. | Location of operations / offices | Type of operations | Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any. |
|----------------|----------------------------------|--------------------|---|
| Not Applicable | | | |

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

| Name and brief details of project | EIA Notification No. | Date | Whether conducted by independent external agency (Yes / No) | Results communicated in public domain (Yes/ No) | Relevant Web Link |
|-----------------------------------|----------------------|------|---|---|-------------------|
| Not Applicable | | | | | |

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, and Environment Protection Act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

| S. No. | Specify the law / regulation / guidelines which was not complied with | Provide details of the non-compliance | Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts | Corrective action taken, if any |
|---|---|---------------------------------------|---|---------------------------------|
| Not Applicable. FIL is in compliance with all the applicable environmental law/ regulations/ guidelines | | | | |

LEADERSHIP INDICATOR

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

In Gigajoule (GJ)

| Parameter | FY 2022-23 | FY 2021-22 |
|---|------------------|------------------|
| From renewable sources | | |
| Total electricity consumption (A) | 294,887 | 233,233 |
| Total fuel consumption (B) | 4,180,503 | 3,771,955 |
| Energy consumption through other sources (C) | 0 | 0 |
| Total energy consumed from renewable sources (A+B+C) | 4,475,390 | 4,005,188 |
| From non-renewable sources | | |
| Total electricity consumption (D) | 294,887 | 233,233 |
| Total fuel consumption (E) | 4,180,503 | 3,771,955 |
| Energy consumption through other sources (F) | 0 | 0 |
| Total energy consumed from non-renewable sources (D+E+F) | 4,475,390 | 4,005,188 |

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

2. Provide the following details related to water discharged:

| Parameter | FY 2022-23 | FY 2021-22 |
|--|------------------|------------------|
| Water discharge by destination and level of treatment (in kilolitres) | | |
| (i) To Surface water | | |
| - No treatment | Nil | Nil |
| - With treatment – please specify level of treatment | Nil | Nil |
| (ii) To Groundwater | | |
| - No treatment | Nil | Nil |
| - With treatment – please specify level of treatment | Nil | Nil |
| Parameter | | |
| (iii) To Seawater | | |
| - No treatment | 12,22,452 | 10,18,703 |
| - With treatment – please specify level of treatment | Nil | Nil |
| (iv) Sent to third-parties | | |
| - No treatment | Nil | Nil |
| - With treatment – please specify level of treatment | Nil | Nil |
| (v) Others | | |
| - No treatment | Nil | Nil |
| - With treatment – please specify level of treatment | 5,16,889 | 4,65,580 |
| Total water discharged (in kilolitres) | 17,39,341 | 14,84,283 |

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres)

Not applicable as FIL's plants are not located in water stressed areas as per CGWA (Central Ground Water Authority) list of water stressed area 2022.

| Parameter | FY 2022-23 | FY 2021-22 |
|--|------------|------------|
| Water withdrawal by source (in kilolitres) | | |
| (i) Surface water | Nil | Nil |
| (ii) Groundwater | Nil | Nil |
| (iii) Third party water | Nil | Nil |
| (iv) Seawater / desalinated water | Nil | Nil |
| (v) Others (Effluent Recycled) | Nil | Nil |
| Total volume of water withdrawal (in kilolitres) | Nil | Nil |
| Total volume of water consumption (in kilolitres) | Nil | Nil |
| Water intensity per rupee of turnover (Water consumed / turnover) | Nil | Nil |
| Water intensity (optional) – the relevant metric may be selected by the Entity | Nil | Nil |
| Water discharge by destination and level of treatment (in kilolitres) | Nil | Nil |
| (i) Into Surface water | | |
| - No treatment | Nil | Nil |
| - With treatment – please specify level of treatment | Nil | Nil |

| Parameter | FY 2022-23 | FY 2021-22 |
|--|------------|------------|
| (ii) Into Groundwater | Nil | Nil |
| - No treatment | Nil | Nil |
| - With treatment – please specify level of treatment | Nil | Nil |
| (iii) Into Seawater | Nil | Nil |
| - No treatment | Nil | Nil |
| - With treatment – please specify level of treatment | Nil | Nil |
| (iv) Sent to third-parties | Nil | Nil |
| - No treatment | Nil | Nil |
| - With treatment–please specify level of treatment | Nil | Nil |
| (v) Others (on land for irrigation) | Nil | Nil |
| - No treatment | Nil | Nil |
| - With treatment – please specify level of treatment | Nil | Nil |
| Total water discharged (in kilolitres) | Nil | Nil |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

| Parameter | Unit | FY 2022-23 | FY 2021-22 |
|---|---|------------|------------|
| Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | Metric tonnes of CO ₂ equivalent | Nil | Nil |
| Total Scope 3 emissions per rupee of turnover | | Nil | Nil |
| Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity | | Nil | Nil |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

The Company's plants / sites are not located in any of the ecologically sensitive areas.

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

| Sr. No. | Initiative undertaken | Details of the Initiative (Web link, if any may be provided along-with summary) | Outcome of the Initiative |
|---------|-----------------------|--|--|
| 1 | Fuel optimisation | LPG optimization in VCM (Vinyl Chloride Monomer) plant resulted in saving of 60 MT of LPG, equivalent to energy saving of 7,32,669 KWH. | Equivalent energy saving of 7,32,669 KWH/annum. |
| 2 | Heat integration | Heat integration in VCM and PVC plants to realize total energy savings of 4405 MT steam, equivalent to energy saving of 41,39,280 KWH. | Resulted in saving of 4405 MT steam equivalent to 41,39,280 KWH/annum. |
| 3 | Optimisation | Power savings by fin fan cooler stoppage during winter in VCM and PVC plants and by replacing low efficiency cooling water pumps with higher efficiency pumps in ETF/VCM plant, resulted in energy saving of 2,27,344 KWH. | Energy saving of 2,27,344 KWH/annum. |

| Sr. No. | Initiative undertaken | Details of the Initiative (Web link, if any may be provided along-with summary) | Outcome of the Initiative |
|---------|---|--|---|
| 4 | Auxiliary power reduction in CPP by optimizing boiler operation | Auxiliary power reduction in captive power plant by optimizing boiler operation which resulted in energy saving of 16,17,333 KWH. | Energy saving of 16,17,333 KWH/annum. |
| 5 | Use of natural light | Use of transparent sheets in air compressor shed and gravity flow in reverse osmosis plant resulted in power saving of 55,420 KWH. | Energy saving of 55,420 KWH/annum. |
| 6 | Replacement of conventional fixtures by LED | Replacement of conventional lights by LED lamps resulted in power saving of 1,05,556 KWH. | Energy saving of 1,05,556 KWH/annum. |
| 7 | Tree plantation | Green belt of 65,000 trees has resulted in reduction of 1,430 MT of CO ₂ per annum. | Carbon sequestration of 1,430 MT of CO ₂ e. |
| 8 | Solar heaters | Solar heaters were installed in the guest house which resulted in power saving of 39,222 KWH. | Energy saving of 39,222 KWH/annum. |
| 9 | Recycling of jumbo bags | Recycling of jumbo bag in PVC bagging, reduced consumption of new bags, and resulted in reduction of carbon footprint by 481 MT of CO ₂ emissions. | Reduction in carbon footprint by 481 MT CO ₂ e. |
| 10 | Use of electric forklift | Use of electric forklift in place of diesel forklift to reduce the carbon footprint by 5.4 MT of CO ₂ emissions. | Resulted in reduction of 5.4 MT CO ₂ e. |
| 11 | VFD installation | VFD (Variable-frequency Drive) of 22 KWH installed for the cooling tower pump resulting in energy saving of 1,04,040 KWH / annum and for 130 TR Chiller and 50 HP chilled water feed pump to save 2,24,640 KWH/ annum. | Energy saving of 1,04,040 and 2,24,640 KWH/annum. |
| 12 | Others | Cooling tower installed and piping modified in plant, which resulted in saving of 2,700 KWH / annum. | Energy saving of 2,700 KWH/annum. |
| 13 | Thermal insulation | Thermal jacket installed along with jacket in 5 extruder machines, to achieve the saving of 316.8 KWH / annum and 1,86,300 KWH/annum, respectively | Energy saving of 316.8 and 1,86,300 KWH/annum respectively. |
| 14 | Day light harvesting | Day light harvesting system installed to save 518.4 KWH / annum. | Energy saving of 518.4 KWH/annum. |
| 15 | Motion sensors | Motion sensor lights installed in washrooms to save 691.2KWH/Annum. | Energy saving of 691.2 KWH/annum. |
| 16 | Solar street lights | Solar streetlights were installed for the yard boundary and pipe bay area to save 4,680 KWH/annum. | Energy saving of 4,680 KWH/annum. |
| 17 | Solar rooftop system | Rooftop solar panels were installed to reduce energy consumption by 14,40,000 KWH/annum. | Energy saving of 14,40,000 KWH/annum. |
| 18 | Vacuum automation | Vacuum tank automation (Close loop system) installed for controlling the speed of the vacuum pump through VFD and digital vacuum pressure controller resulted in saving of 38,016 KWH/Annum | Energy saving of 38,016 KWH/Annum |
| 19 | Pulverizer | By installation of pulverizer in ratnagiri pipe plant, total 945 MT plastic was recycled and processed, resulted in reduction of 1,607 MT CO ₂ emission. | Reduction in 1607 MT CO ₂ e. |

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Yes. The Company has a robust business continuity and disaster management plan as a part of its risk management framework. The purpose of this plan is to ensure business continuity in the event of an emergency. All the properties of the Company are insured against natural risks, like fire, flood, earthquakes, etc.

Fire-fighting systems are installed at all the manufacturing locations. Other apparatus like extinguishers filled with chemical, Foam etc. have been placed at fire sensitive locations and regular fire safety drills are carried out. Training and awareness sessions are conducted for the employees and emergency handling teams to prepare them for actual emergency situations.

First aid training is provided to watch and ward staff and safety personnel. The risk assessment and mitigating actions plans are reviewed periodically to ensure necessary actions are in place to mitigate the risks. The Company has business continuity plan put in places in the critical part of its operations to ensure the operations runs smoothly. Professional consultants are engaged in risk assessment / periodic audit / review and suggest risks improvement measures from time to time.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?

In Company's internal assessment, there is no significant adverse impact to the environment arising from the Value chain.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

The Company's value chain comprises partners both upstream and downstream of our business. Our upstream value chain partners primarily consist of our suppliers, while our downstream value chain partners is dealers, distributors and customers.

The Company undertook an Internal Self-Assessment Questionnaire (SAQ) of value chain partners (i.e. suppliers, dealers / distributors etc.) covering various aspects such as environmental, social and governance.

The Company's majority suppliers are globally reputed suppliers who follows best ESG practices. These reputed suppliers are selected based on social, ethical and environment norms and hence Company consider their sustainability / ESG reports and practices followed. Further the remaining 22% suppliers were assessed through SAQ. For downstream value chain partners, the company undertook SAQ of approx. 80% dealers.

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

- 1. a. Number of affiliations with trade and industry chambers/ associations: 14**
b. List the top 14 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

| S. No. | Name of the trade and industry chambers / associations | Reach of trade and industry chambers/associations (State / National) |
|---------------|---|---|
| 1 | Chemical Petrochemical Mfg. Association (CPMA) | National |
| 2 | All India Plastic Mfg. Association (AIPMA) | National |
| 3 | Organization for Plastic of India (OPPI) | National |
| 4 | Confederation of Indian Industry (CII) | National |
| 5 | Indo-German Chamber of Commerce | National |
| 6 | Federation of Indian Chambers and Commerce & Industry (FICCI) | National |
| 7 | Centre for Chemical Process Safety (CCPs) | National |
| 8 | Indian Chemical Council (ICC) | National |
| 9 | Indian Vinyl Council (IVC) | National |
| 10 | Maharashtra Economic Development Council (MEDC) | State |

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities:

There is no action taken or underway against the Company on any issues related to anti-competitive conduct.

| Name of authority | Brief of the case | Corrective action taken |
|-------------------|-------------------|-------------------------|
| Not Applicable | | |

Leadership Indicator

1. Details of public policy positions advocated by the entity:

The Company is a member of various national and state industry confederations / chambers / associations where it actively participates through senior leadership. It provide their expertise and business acumen during public policy consultations. The Company is committed to engage in the public policy advocacy process in a responsible and ethical manner.

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

| Name and brief details of project | SIA Notification No. | Date of notification | Whether conducted by independent external agency (Yes / No) | Results communicated in public domain (Yes / No) | Relevant Web link |
|-----------------------------------|----------------------|----------------------|---|--|-------------------|
| Not applicable | | | | | |

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

| S. No. | Name of Project for which R&R is ongoing | State | District | No. of Project Affected Families (PAFs) | % of PAFs covered by R&R | Amounts paid to PAFs in the FY (In Crore) |
|----------------|--|-------|----------|---|--------------------------|---|
| Not applicable | | | | | | |

3. Describe the mechanisms to receive and redress grievances of the community.

The Company has a defined a process to ensure all the complaints and feedback from all stakeholders including communities are received and addressed. Further the Company has partnered with Mukul Madhav Foundation to fulfil its CSR commitment and who has been actively supporting the Company in its community development activities. Robust mechanisms are put in place to resolve the queries and redress grievances of the community and the CSR projects / programmes / activities by reaching dedicated contact page on the Company's website, email ID etc.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers

| Parameter | FY 2022-23 | FY 2021-22 |
|--|------------|------------|
| Directly sourced from MSMEs/ small producers | 11% | 7.7% |
| Sourced directly from within the district and neighbouring districts | 4.5% | 3.4% |

Leadership Indicator

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

| Details of negative social impact identified | Corrective action taken |
|--|-------------------------|
| No negative social impact identified | Not applicable |

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

| S. No. | State | Aspirational District | Amount spent (₹ in crore) |
|--------|-----------------|-----------------------|---------------------------|
| 1. | Maharashtra | Gadhchiroli | 1.42 |
| 2. | Maharashtra | Osmanabad | 0.14 |
| 3. | Rajasthan | Jaisalmer | 0.01 |
| 4. | Jammu & Kashmir | Kupwara | 0.04 |
| 5. | Bihar | Gaya | 0.12 |
| 6. | Bihar | Muzaffarpur | 0.28 |
| 7. | Uttar Pradesh | Vrindavan | 0.05 |

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No):

No such preferential procurement policy exists as of now.

- (a) From which marginalized /vulnerable groups do you procure?

Nil. Considering the nature of Company's business activity, the Company procures the raw material from best available sources.

- (b) What percentage of total procurement (by value) does it constitute?

Nil

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

The Company has not derived/shared any benefits from the intellectual properties owned or acquired, based on traditional knowledge.

| S. No. | Intellectual Property based on traditional knowledge | Owned/ Acquired (Yes/No) | Benefit shared (Yes / No) | Basis of calculating benefit share |
|--------|--|--------------------------|---------------------------|------------------------------------|
| | | | | Nil |

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

| Name of Authority | Brief of the Case | Corrective action taken |
|-------------------|-------------------|-------------------------|
| | | Nil |

6. Details of beneficiaries of CSR Projects:

| S. No. | CSR Project(s) | No. of persons benefitted from CSR Project | % of beneficiaries from vulnerable and marginal groups |
|----------|--|--|--|
| 1 | Agriculture and Rural Development | 16,656 | 100% |
| | <ul style="list-style-type: none"> i. Infrastructure support i.e. Solar Street light provided to Tribal people. ii. Conducted village adoption programme (Toilet Blocks, Water Projects, Skill Development opportunities, public benches and seat arrangement). iii. Seed support provided to widow farmers. iv. Provided farming training to women. v. Infrastructure support viz. building toilets for households | | |
| 2 | Promotion of Education | 11,600 | 100% |
| | <ul style="list-style-type: none"> i. Supported schools with water filter, IT equipments like projector & laptop. ii. Provided education scholarship to students. iii. Supported Leprosy community, Tribal girls students, with fees iv. Distributed uniform bags. v. Provided sanitation and other facilities at various schools. | | |
| 3 | Ensuring Environment Sustainability | 7,475 | 100% |
| | <ul style="list-style-type: none"> i. Tree plantation. ii. Desilting and water bed deepening initiatives undertook to resolve the drinking water issues. iii. Supported farmers with percolation of water tank. iv. Undertook beach & river cleaning initiatives etc. | | |
| 4 | Eradicating Extreme Hunger and Poverty | 6,964 | 100% |
| | <ul style="list-style-type: none"> i. Supported with monthly grocery to students and senior citizens. ii. Provided hot meals to Children & people living on streets. iii. Distributed food articles to poor, needy & street people. | | |
| 5 | Promoting Gender Equality and Empowering Women | 19,004 | 100% |
| | <ul style="list-style-type: none"> i. Supported with sports equipments, grocery kits, sponsoring cultural programme to orphanage girls, tribal families, devotees, women etc. ii. Setting up of the Small-Scale Dairy Product manufacturing unit for Women Micro Entrepreneurs and Dairy Farmers iii. Supported with stationary materials and fruit drinks for slum children | | |
| 6 | Promoting Preventive Healthcare | 24,092 | 100% |
| | <ul style="list-style-type: none"> i. Supported senior citizens with cataract surgery ii. Supported Palliative care for cancer patients iii. Supported Thalassaemia Patients with blood transfusion and tests iv. Supported mother and child with health and nutrition projects v. Conducted school health camp etc. | | |

| S. No. | CSR Project(s) | No. of persons benefitted from CSR Project | % of beneficiaries from vulnerable and marginal groups |
|---------------|---|---|---|
| 7 | Natural Calamities i. Supported with ration kits for Assam flood victims. ii. Supported affected people in Sri Lanka with medicines | 1,00,880 | 100% |
| 8 | Promoting Sports i. Supported sports person by providing training for formula 4 race ii. Supported badminton tournament and competition iii. Infrastructure support provided to college for Basket Ball court | 157 | 100% |
| 9 | Promotion of Vocational Skills and Livelihood i. Enabled sustainable livelihood towards building a general well-being of tribal communities. ii. Undertook skill development project, plumber training, women skills development and livelihood for women and youth. iii. Provided start-up books to students. | 3,727 | 100% |
| 10 | Support to Differently abled i. Provided vocational training and Entrepreneurship Development programme to visually impaired. ii. Provided financial support for CP Children's surgeries iii. Conducted assessment camps as a part of Cerebral Palsy Mission iv. Supported individuals with deaf blindness for their therapy v. Distribution of food to children on World Disabled Day. | 4,282 | 100% |
| 11 | Armed Forces/Veterans Celebration of Rakhi festival with Jawan | 600 | 100% |
| 12 | Safe Drinking Water & Sanitation i. Supplied water tankers in summer season ii. Provided infrastructure facilities viz. toilets to households & tribal iii. Built individual toilet blocks/smokeless chula/holiday homes iv. Built new toilet blocks for girl students | 15,321 | 100% |
| 13 | Technology Incubators Start up supported through science and technology park which provided with High-Temperature Multi Jet Updraft Gasifier Unit | - | - |
| 14 | Animal Welfare i. Supported cows with vaccination from Lumpy Diseases ii. Built Bird cage for rescuing birds iii. Supported Gaushala with Kadba Kutti Machines | - | - |

Note- The number of beneficiaries are part of the society and communities surrounded in the area in which the CSR activities were carried out. The number of beneficiaries includes direct beneficiaries like hospitals, colleges, schools, villages, institutions and also its end beneficiaries.

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

The Company has provided various channels for its consumers to raise complaints and feedback if any. All the customers including the end user customers can reach out to the Company via emails and toll free numbers provided on Company's website. Additionally our dealers have access to the Customer Relationship Management to raise and track any complaints.

Further the company annually obtains feedback from its customers with respect to quality of products, supplies, assessment of redressal procedure etc. The insights obtained from these feedback mechanism are given due consideration while showcasing our strategic business priorities.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

| | As a percentage to total turnover |
|---|-----------------------------------|
| Environmental and social parameters relevant to the product | 100% |
| Safe and responsible usage | 100% |
| Recycling and/or safe disposal | 100% |

3. Number of consumer complaints in respect of the following:

| | FY 2022-23 | | | FY 2021-22 | | |
|--------------------------------|--------------------------|-----------------------------------|---------|--------------------------|-----------------------------------|---------|
| | Received during the year | Pending resolution at end of year | Remarks | Received during the year | Pending resolution at end of year | Remarks |
| Data privacy | Nil | Nil | - | Nil | Nil | - |
| Advertising | Nil | Nil | - | Nil | Nil | - |
| Cyber-security | Nil | Nil | - | Nil | Nil | - |
| Delivery of essential services | Nil | Nil | - | Nil | Nil | - |
| Restrictive Trade Practices | Nil | Nil | - | Nil | Nil | - |
| Unfair Trade Practices | Nil | Nil | - | Nil | Nil | - |
| Other | Nil | Nil | - | Nil | Nil | - |

4. Details of instances of product recalls on account of safety issues:

During the financial year 2022-23, no such instances of product recalls on account of safety issues were reported. FIL constantly endeavours to deliver products and services of the highest quality to our customers while ensuring minimal harm to the environment and society. The Company is committed to creating a better today and growing with changing times to create a stronger tomorrow.

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

YES - <https://www.finolexpipes.com/tnc/>

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

Not applicable since no incident was reported in FY 2022-23.

Leadership Indicator

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

Information on products and services of the entity can be accessed at Company's website- <https://www.finolexpipes.com/product/>. Additionally the company circulates catalogues with its dealers/customers covering its products specification and usage.

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

The company took multiple steps to inform & educate the consumers about safe and responsible usage of products via product labelling, organizing awareness programmes & informative reminders, details of which are mentioned below:

The Company sent two informative reminders through email and registered post to the resin consumers with respect to prohibition on supply of plastic raw material ("Raw Material") for production of banned single use plastic (SUP) items and producer engaged in the manufacture of plastic packaging not having valid registration.

The Company demonstrated a proactive approach in upholding legal principles by conducting comprehensive awareness programmes. These initiatives have aimed to educate and engage all value chain partners on a wide range of our products, specifications, safe and responsible use of its products. This enables value chain partners to have a clear understanding of the products, their intended usage, and potential applications.

Further the Company while selling the product circulates catalogue with its dealers/customers covering its product specification and usage.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Not Applicable

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/ Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Yes, products of the Company adhere to all relevant laws and applicable regulations including product labelling. As per the legal requirements, It provides all the necessary information on its products labels, packaging and documentation. This includes details product specifications, usage instructions, safety precautions and any other information mandated by regulatory authorities.

All the products are focused primarily on customer delight. In this regard, FIL have identified customer relationship management among its high-priority material topics. FIL seeks annually/continuously seek input from its customers through a robust feedback mechanism. Knowing the pulse of the customers propels the Company's innovation, thus enabling it to retain its market pole positions. The insights obtained from these feedback mechanisms are given due consideration while showcasing our strategic business priorities, thus bridging the perceived gap. Our robust customer relationship management enables us to constantly provide customer delight by providing best quality products, thus making us Finolex synonymous with durable pipes and products, augmenting their user experience.

5. Provide the following information relating to data breaches:

a. Number of instances of data breaches along-with impact

No incident was reported in FY 22-23. The Company has adopted the "Privacy by Default" principles in its approach to data privacy i.e. privacy of data and information is upheld first by default. Further it has implemented robust data security measures and protocols to safeguard the confidentiality, integrity, and availability of sensitive information.

b. Percentage of data breaches involving personally identifiable information of customers

Nil

Annexure-5 to the Directors' Report

Annual Report on Corporate Social Responsibility ("CSR")

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

- 2 Composition of the CSR Committee

| Sr. No. | Name of Director | Designation/ Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---------|--------------------------|---|--|--|
| 1. | Mrs. Ritu P. Chhabria | Chairperson | 4 | 4 |
| 2. | Ms. Bhumika L. Batra | Member | 4 | 4 |
| 3. | Mr. Prakash P. Chhabria | Member | 4 | 4 |
| 4. | Mrs. Kanchan U. Chitale | Member | 4 | 4 |
| 5. | Mr. Saurabh S. Dhanorkar | Member | 4 | 4 |
| 6. | Mr. Sanjay S. Math # | Member | 4 | 1 |
| 7. | Dr. Deepak R. Parikh | Member | 4 | 4 |
| 8. | Mr. Pradeep R. Rathi | Member | 4 | 4 |
| 9. | Mr. Anami N. Roy | Member | 4 | 4 |
| 10. | Mr. Anil V. Whabi | Member | 4 | 3 |

Mr. Sanjay S. Math, Managing Director was superannuated from the Company on close of business hours of May 31, 2022

- 3 Web-link where the following are disclosed on the website of the Company:
- | | |
|------------------------------------|---|
| Composition of CSR committee | https://www.finolexpipes.com/investors/corporate-governance/ |
| CSR Policy | https://www.finolexpipes.com/site/assets/files/12926/corporate_responsibility_policy.pdf |
| CSR projects approved by the Board | https://www.finolexpipes.com/investors/compliance-report/ |
- 4 The executive summary along with web-link(s) of impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.
- Not Applicable
- 5(a) Average net profit of the Company as per section 135(5) ₹777 Crore
- (b) Two percent of average net profit of the company as per section 135(5) ₹15.55 Crore
- (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years Nil
- (d) Amount required to be set off for the financial year, if any Nil
- (e) Total CSR obligation for the financial year [(b)+(c)-(d)] ₹15.55 Crore

| | |
|--|--------------|
| 6 (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) | ₹21.22 Crore |
| (b) Amount spent in Administrative Overheads as per section 135(5) | ₹0.90 Crore |
| (c) Amount spent on Impact Assessment, if applicable | Nil |
| (d) Total amount spent for the financial year [(a)+(b)+(c)] | ₹22.12 Crore |
| (e) CSR amount spent or unspent for the financial year: | Nil |

| Total Amount Spent for the financial year (in ₹) | Amount Unspent (in ₹) | | | | |
|---|---|------------------|--|--------|------------------|
| | Total Amount transferred to Unspent CSR Account as per section 135(6) | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) | | |
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer |
| ₹22.12 Crore | - | - | - | - | - |

(f) Excess amount for set-off, if any

| Sr. No. | Particular | Amount |
|---------|--|--------------|
| i. | Two percent of average net profit of the company as per sub-section (5) of section 135 | ₹15.55 Crore |
| ii. | Total amount spent for the Financial Year | ₹22.12 Crore |
| iii. | Excess amount spent for the Financial Year [(ii)-(i)] | ₹6.57 Crore |
| iv. | Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any | Nil |
| v. | Amount available for set off in succeeding Financial Years [(iii)-(iv)] | ₹6.57 Crore |

7 Details of Unspent CSR amount for the preceding three financial years

| Sr. No. | Preceding financial year(s) | Amount transferred to Unspent CSR Account under section 135(6) (in ₹) | Balance amount in Unspent CSR Account under section 135(6) (in ₹) | Amount spent in the financial year (in ₹) | Amount transferred to any fund specified under Schedule VII second proviso to section 135(5), if any | | Amount remaining to be spent in succeeding financial years (in ₹) | Deficiency, (if any) |
|---------|-----------------------------|---|---|---|--|------------------|---|----------------------|
| | | | | | Amount (in ₹) | Date of transfer | | |
| 1 | FY-1 2021-22 | | | | Nil | | | |
| 2 | FY-2 2020-21 | | | | Nil | | | |
| 3 | FY-3 2019-20 | | | | Nil | | | |

8 Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the financial year:

If Yes, enter the number of Capital assets created/ acquired

Not Applicable

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

| Sr. No. | Short particulars of the property or asset(s) [including complete address and location of the property] | Pin code of the property or asset(s) | Date of creation | Amount of CSR amount spent | Details of entity/ Authority/ beneficiary of the registered owner | | |
|----------------|---|--------------------------------------|------------------|----------------------------|---|------|--------------------|
| | | | | | CSR Registration Number, if applicable | Name | Registered address |
| Not applicable | | | | | | | |

- 9 Specify the reason(s), if the company has failed to spend two percent of the average net profit as per sub-section (5) of section 135 NA

For and on behalf of the Board of Directors

Ritu P. Chhabria

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

Anil V. Whabi

Managing Director
DIN : 00142052
Member, CSR Committee

Date: May 22, 2023

Place: London

Date: May 22, 2023

Place: Pune

Corporate Governance

CERTIFICATE FROM PRACTICING COMPANY SECRETARY ON CORPORATE GOVERNANCE

To,
The Members,
Finolex Industries Limited

We have examined the compliance of conditions of Corporate Governance by Finolex Industries Limited, CIN L40108PN1981PLCO24153 (hereinafter referred "the Company"), for the year ended on March 31, 2023 as stipulated in relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015.

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

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

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

For **SVD & Associates**
Company Secretaries

Sridhar Mudaliar
Partner
FCS No: 6156
CP No: 2664

Peer Review No: P2013MH075200

UDIN: F006156E000341491

Place: Pune

Date: May 22, 2023

Note:

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

Compliance report for the year 2022-2023

1. Company's philosophy on code of governance:

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

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

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

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

Composition and category of directors

The Board of your Company is comprised of 10 directors. Three executive directors, two non-executive and non-independent directors and five non-executive independent directors. From ten directors, three are women directors, with two of them being non-executive independent director.

In the category of the executive directors, your Board consists of Mr. Prakash P. Chhabria, Executive Chairman, the promoter of the Company, Mr. Anil V. Whabi, Managing Director and Mr. Saumya Chakrabarti, Director – Technical.

Mrs. Kanchan U. Chitale & Ms. Bhumika L. Batra are non-executive and independent woman directors.

Mrs. Ritu P. Chhabria and Mr. Saurabh S. Dhanorkar are non-executive and non-independent directors. Mrs. Ritu P. Chhabria is a promoter of the Company.

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

The details of the directors' attendance at the meetings of the Board, other committees of the Board, annual general meeting held during the financial year 2022-2023, committee positions held in the various committees of the Company and directorships and committee positions held by the directors in other companies are provided hereinafter in **Table 1**.

Table - 1

| Name of Director | Mr. Prakash P. Chhabria | Ms. Bhumika L. Batra | Mrs. Ritu P. Chhabria | Mr. Saumya Chakrabarti | Mrs. Kanchan U. Chitale | Mr. Saurabh S. Dhanorkar | Mr. Sanjay S. Math ¹ | Dr. Deepak R. Parikh | Mr. Pradeep R. Rathi | Mr. Anami N. Roy | Mr. Anil V. Whabi |
|--|--|---------------------------|--|------------------------|---------------------------|--|---------------------------------|---------------------------|---------------------------|---------------------------|-------------------|
| Category | Executive Chairman (Whole-time Director) | Independent Director (ID) | Non-Independent Non-Executive Director | Director - Technical | Independent Director (ID) | Non-Independent Non-Executive Director | Managing Director | Independent Director (ID) | Independent Director (ID) | Independent Director (ID) | Managing Director |
| Attendance | 5 | 5 | 5 | 4 | 5 | 4 | 1 | 5 | 5 | 4 | 5 |
| ACM attended | Yes | Yes | Yes | Yes | Yes | Yes | NA | Yes | Yes | Yes | Yes |
| Board Meetings attendance during the year 2022-2023 | | | | | | | | | | | |
| Attendance at Forty-First Annual General Meeting held on August 30, 2022 | | | | | | | | | | | |
| Committee Positions held in Finolex Industries Limited and attendance during the financial year 2022-2023 | | | | | | | | | | | |
| Audit Committee | | | | | | | | | | | |
| Membership | Not Member | Member | Not Member | Not Member | Member | Member | Not Member | Member | Chairman | Member | Not Member |
| Attendance | NA | 5 | NA | NA | 5 | 4 | NA | 5 | 5 | 4 | NA |
| Stakeholders' Relationship Committee | | | | | | | | | | | |
| Membership | Member | Member | Not Member | Not Member | Not Member | Member | Not Member | Member | Member | Chairman | Not Member |
| Attendance | 4 | 4 | NA | NA | NA | 4 | NA | 4 | 4 | 4 | NA |
| Nomination and Remuneration Committee | | | | | | | | | | | |
| Membership | Not Member | Chairperson | Not Member | Not Member | Member | Member | Not Member | Member | Member | Member | Not Member |
| Attendance | NA | 3 | NA | NA | 3 | 3 | NA | 3 | 3 | 3 | NA |
| Corporate Social Responsibility Committee | | | | | | | | | | | |
| Membership | Member | Member | Chairperson | Not Member | Member | Member | Member | Member | Member | Member | Member |
| Attendance | 4 | 4 | 4 | NA | 4 | 4 | 1 | 4 | 4 | 4 | 3 |
| Risk Management Committee | | | | | | | | | | | |
| Membership | Member | Member | Not Member | Not Member | Chairperson | Member | Member | Member | Member | Member | Member |
| Attendance | 3 | 3 | NA | NA | 3 | 3 | 1 | 3 | 3 | 3 | 3 |
| Finance Committee | | | | | | | | | | | |
| Membership | Member | Member | Not Member | Not Member | Member | Member | Member | Member | Member | Member | Member |

Table - 1

| Name of Director | Mr. Prakash P. Chhabria | Ms. Bhumika L. Batra | Mrs. Ritu P. Chhabria | Mr. Saumya Chakrabarti | Mrs. Kanchan U. Chitale | Mr. Saurabh S. Dhanorkar | Mr. Sanjay S. Math ¹ | Dr. Deepak R. Parikh | Mr. Pradeep R. Rathi | Mr. Anami N. Roy | Mr. Anil V. Whabi |
|--|--|---|--|------------------------|---|--|--|--|---|---------------------------|-------------------|
| Category | Executive Chairman (Whole-time Director) | Independent Director (ID) | Non-Independent Non-Executive Director | Director - Technical | Independent Director (ID) | Non-Independent Non-Executive Director | Managing Director | Independent Director (ID) | Independent Director (ID) | Independent Director (ID) | Managing Director |
| Attendance | | | | | | | | | | | |
| No meeting was held during the financial year 2022-2023 | | | | | | | | | | | |
| Share Transfer Committee | | | | | | | | | | | |
| Membership | Member | Member | Not Member | Not Member | Chairperson | Member | Member | Member | Member | Member | Member |
| Attendance | - | - | NA | NA | 36 | 36 | 3 | - | - | - | 33 |
| Directorships in other companies² | | | | | | | | | | | |
| Chairman | 1 | - | - | - | - | - | - | - | 2 | - | - |
| Director | 6 | 11 | - | - | 10 | - | - | 2 | 10 | 9 | 2 |
| Directorships in other listed companies | - | <ul style="list-style-type: none"> Hinduja Global Solutions Limited (ID) Jyothy Labs Limited (ID) NXT digital Limited (ID) Repro India Limited (ID) Sharp India Limited (ID)³ | - | - | <ul style="list-style-type: none"> GOCL Corporation Limited (ID) | - | <ul style="list-style-type: none"> Sudarshan Chemical Industries Limited (ID) | <ul style="list-style-type: none"> Clean Science and Technology Limited (Chairman & NED) Sudarshan Chemical Industries Limited (Chairman & NED) Sanghvi Movers Limited (ID) | <ul style="list-style-type: none"> Bajaj Auto Limited (ID) Bajaj Finserv Limited (ID) Bajaj Finance Limited (ID) Bajaj Holdings & Investments Limited (ID) Glaxosmith-kline Pharmaceuticals Limited (ID) | - | - |
| Committee position in other companies | | | | | | | | | | | |
| Chairman | - | 3 | - | - | 5 | - | - | - | - | 3 | - |
| Member | 1 | 8 | - | - | 9 | - | - | - | 2 | 6 | - |
| No. of shares held in the Company | 8,53,745 | 500 | 22,250 | - | - | 28,105 | 15,000 | - | - | - | - |

Notes:

1. Mr. Sanjay Math, Managing director was superannuated on close of business hours of May 31, 2022
2. Directorship in other Companies include directorships in public and private limited companies. (excluding directorships in the foreign companies and Section 8 Companies)
3. Consequent to relaxations provided by MCA and SEBI, Meetings were held through Video Conference / Other Audio-Visual Means.
4. None of the Independent Directors on the Board are serving as an Independent Director in more than seven listed companies.
5. The necessary disclosures regarding Committee positions have been made by all the Directors. As required under Regulation 26 of the SEBI Listing Regulations, the disclosure includes membership/chairmanship of audit committee and stakeholder relationship committee (listed and unlisted public companies).
6. The composition of the Board of Directors is in accordance with the Regulation 17 of the SEBI Listing Regulations.

No. of Board Meetings held during the year

During 2022-2023, the Board of Directors met 5 (five) times viz. May 18, 2022, July 22, 2022; September 25, 2022; October 21, 2022 and February 4, 2023. The time gap between two Board meetings was less than one hundred and twenty days. All material information was circulated to the directors before the meeting or placed at the meeting, including minimum information required to be made available to the Board of Directors as prescribed under Part-A of Schedule II of sub-regulation 7 of Regulation 17 of the SEBI Listing Regulations.

Disclosure of relationships between directors inter-se

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

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

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

The Company does not have any convertible instruments.

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

The details of familiarization programmes imparted to independent directors can be accessed through https://www.finolexpipes.com/site/assets/files/21854/familiarization_programmes_for_independent_directors_fy_2022-23.pdf

Board Membership Criteria

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

The Board has mainly identified the following skills/expertise/competencies for the effective functioning of the Company:

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

The details of possession of expertise in each area by directors are given in below table (as on March 31, 2023). Tick mark indicates possession of expertise in particular area

| Board Member Details | | | | Committees (Chairman/Chairperson/Member) | | | | | | | Area of Expertise* | | | | | |
|--------------------------|----------------|----------------|--|--|-------------------------------------|-------------------------------------|---------------------------|---|-------------------|--------------------------|--------------------|---|---|---|---|---|
| Name | Director since | Director's Age | Designation | Audit Committee | Nomination & Remuneration Committee | Stakeholders Relationship Committee | Risk Management Committee | Corporate Social Responsibility Committee | Finance Committee | Share Transfer Committee | 1 | 2 | 3 | 4 | 5 | 6 |
| Mr. Prakash P. Chhabria | 13-03-1992 | 59 | Executive Chairman | - | - | Member | Member | Member | Chairman | Member | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Ms. Bhumika L. Batra | 20-09-2019 | 41 | Independent Director | Member | Chairperson | Member | Member | Member | Member | Member | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mrs. Ritu P. Chhabria | 21-03-2015 | 55 | Non-Executive & Non-Independent Director | - | - | - | - | Chairperson | - | - | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Saumya Chakrabarti # | 01.06.2022 | 61 | Director - Technical | - | - | - | - | - | - | - | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mrs. Kanchan U. Chitale | 01-04-2019 | 70 | Independent Director | Member | Member | - | Chairperson | Member | Member | Chairperson | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Saurabh S. Dhanorkar | 11-08-2017 | 67 | Non-Executive & Non-Independent Director | Member | Member | Member | Member | Member | Member | Member | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Sanjay S. Math \$ | 04-02-2012 | 67 | Managing Director | - | - | - | - | - | - | - | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Dr. Deepak R. Parikh | 20-09-2019 | 61 | Independent Director | Member | Member | Member | Member | Member | Member | Member | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Pradeep R. Rathi | 20-09-2019 | 69 | Independent Director | Chairman | Member | Member | Member | Member | Member | Member | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Anami N. Roy | 20-09-2019 | 72 | Independent Director | Member | Member | Chairman | Member | Member | Member | Member | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Anil V. Whabi % | 01-12-2021 | 63 | Managing Director | - | - | - | Member | Member | Member | Member | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

Mr. Saumya Chakrabarti appointed as Director – Technical w.e.f. June 1, 2022

\$ Mr. Sanjay S. Math, Managing Director was superannuated w.e.f. June 1, 2022;

% Mr. Anil V. Whabi appointed as Managing Director w.e.f. June 1, 2022;

*** Area of Expertise**

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

Succession Planning

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

Declaration by Independent Directors

The Company has received necessary declaration from each independent director under Section 149 (7) of the Act, and Regulation 16(b) & 25 of the SEBI Listing Regulations. The Board has taken on records the declaration and confirmation submitted by the independent directors after undertaking due assessment of the veracity of the same. All the independent directors fulfill the conditions of independence and are independent of the management.

Audit Committee:

Composition

- The Committee presently comprises 6 (six) directors, 5 (five) independent directors viz. Mr. Pradeep R. Rathi (Chairman of the Committee), Ms. Bhumika L. Batra, Mrs. Kanchan U. Chitale, Dr. Deepak R. Parikh, Mr. Anami N. Roy and 1 (one) non-independent and non-executive director viz. Mr. Saurabh S. Dhanorkar.
- All members of the Audit Committee are financially literate and have accounting or related financial management expertise.
- Required information for review was placed before the Audit Committee meetings held during the year.

Meetings and attendance during the year

During the year 2022-23, the Audit Committee met 5 (five) times viz. May 18, 2022; July 22, 2022; September 25, 2022; October 21, 2022 & February 4, 2023.

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

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

Brief description of terms of reference

The terms of reference of Audit Committee are comprised of all requirements pursuant to the

provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations.

Terms of reference of the Audit Committee are as follows:

- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Review and monitor the auditor's independence, performance and effectiveness of audit process.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- Monitoring the end use of funds raised through public offers and related matters.
- Investigate into any matter the Board has referred. For this purpose, it will have the power to obtain professional advice from external sources, and have full access to the information contained in the records of the Company.
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Reviewing, with the management, the quarterly and annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on exercise of judgement by the management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.

- e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Modified Opinion(s) in the draft audit report.
- Reviewing, with the management, the statement of uses / application of funds raised through a public issue, rights issue or preferential issue etc., reviewing the statement of funds utilized for the purposes other than those stated in the offer document/prospectus / notice, reviewing the report submitted by the monitoring agency and monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
 - Reviewing with the management, the performance of statutory and internal auditors, the adequacy of the internal control systems.
 - Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of the internal audit.
 - Discussion with internal auditors of any significant findings and follow up thereon.
 - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature, and reporting the matter to the board.
 - Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, members (in case of non-payment of declared dividend) and creditors.
 - To review the functioning of the Whistle Blower mechanism.
 - Approval of appointment of the Chief Financial Officer (the "CFO") (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate;
 - Reviewing the utilization of loans and/or advance from/investment by the Company in the subsidiary exceeding ₹100 Crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advance/investments;
 - Mandatorily review the following information:
 - a. management discussion and analysis of financial condition and results of operations;
 - b. statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - c. management letters / letters of internal control weaknesses issued by the statutory auditors;
 - d. internal audit reports relating to internal control weaknesses;
 - e. the appointment, removal and terms of remuneration of the chief internal auditor;
 - Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders; and
 - Review required information under SEBI (Prohibition of Insider Trading) Regulations, 2015 and take necessary action as required.

Nomination and Remuneration Committee

Composition

The Committee presently comprises 6 (six) directors, 5 (five) of them are independent, namely Ms. Bhumika L. Batra (Chairperson of the Committee), Mrs. Kanchan U. Chitale, Dr. Deepak R. Parikh, Mr. Pradeep R. Rathi, Mr. Anami N. Roy and 1 (one) non-independent and non-executive director namely Mr. Saurabh S. Dhanorkar.

The details of the Directors' attendance at the Nomination and Remuneration Committee meetings during the year are given in **Table 1**.

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

Brief description of terms of reference

The terms of reference of Nomination and Remuneration Committee cover all the areas mentioned in Section 178 of the Act, and Regulation 19 of the SEBI Listing Regulations.

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

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

- Considering the skill sets required by the Board, and to ensure that such people contribute to the decisions and policies that will eventually define the company. The Committee also considers qualifications, positive attributes, areas of expertise and the number of Directorships and Memberships held in various committees of other companies by such persons. The Board considers the Committee's recommendation and takes appropriate decision.
- Ensuring that the Board of Directors is comprised of individuals who are the best able to discharge the responsibilities of the Directors in consonance with the Companies Act, 2013 and the norms of corporate governance; and
- Ensuring that the nomination process and remuneration policies are equitable and transparent.
- The responsibilities of the Committee include:
 - formulating a criteria for determining qualifications, positive attributes and independence of a Director, and recommending to the Board a policy relating to the appointment and remuneration for the Directors, key managerial personnel and other employees;
 - formulating a criteria and manner for effective evaluation of performance of Independent Directors, Board and its committees and review its implementation and compliance;
 - devising a policy that ensures the Board consist of diverse individuals;
 - identifying persons who are qualified to become Directors and who may be appointed as part of the 'senior management' of the Company in accordance with the criteria laid down, and recommend to the Board the appointment and removal of such personnel;

- recommending extension or continuation of the term of appointment of the Independent Directors based on evaluation of their performance; and
- recommending to the Board, all remuneration, in whatever form, payable to senior management and functional heads.
- Review and approve the benefits to be granted to the employees and other things as required under (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended from time to time.

Meetings and attendance during the year

During the year, 3 (three) meetings of the Nomination and Remuneration Committee were held on May 18, 2022; July 22, 2022; & February 4, 2023. The attendance details are given in **Table 1**.

Nomination and Remuneration Policy

The nomination and remuneration policy of the Company on recommendation by the Nomination and Remuneration Committee was approved by the Board and the same is in place. The said policy is given on the Company's website https://www.finolexpipes.com/site/assets/files/18437/nomination_and_remuneration_policy.pdf. The remuneration of the Directors for the year 2022-23, is in terms of the said policy.

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

Remuneration of Directors

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

Criteria of making payment to non-executive directors

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

Details of remuneration to the executive directors for the financial year 2022-2023, are given below:

| Particulars | (₹ in Crores) | | | |
|-----------------------------|---|--|--|--|
| | Mr. Prakash P. Chhabria Executive Chairman ¹ | Mr. Sanjay S. Math Former Managing Director ² | Mr. Anil V. Whabi Managing Director ³ | Mr. Saumya Chakrabarti Director – Technical ⁴ |
| Salary and Allowance | 2.89 | 0.37 | 1.41 | 0.91 |
| Contribution of PF | 0.21 | 0.01 | 0.06 | 0.05 |
| Performance incentive/Bonus | 0.34 | 0.02 | 0.10 | 0.09 |
| Total | 3.44 | 0.40 | 1.57 | 1.04 |
| Commission | 8.00 | --- | 3.00 | 0.50 |
| Notice period | 6 months | 3 months | 3 months | 3 months |
| Service Contract | Five years | Six Months | One year | Five years |
| Severance Fees | Not Applicable | Not Applicable | Not Applicable | Not Applicable |

¹ Mr. Prakash P. Chhabria was re-appointed as Executive Chairman w.e.f. December 1, 2021.

² Mr. Sanjay S. Math superannuated as Managing Director of the Company w.e.f. June 1, 2022, and remuneration details are given for the period of 2 months, excluding retirement benefits;

³ Mr. Anil V. Whabi was appointed as Managing Director w.e.f. June 1, 2022;

⁴ Mr. Saumya Chakrabarti was appointed as Director – Technical w.e.f. June 1, 2022

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

Note:

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

The details of remuneration to the non-executive directors for the financial year 2022-23, are given below:

| Sr. No. | Name | (₹ in Crores) | |
|---------|--------------------------|---------------|--------------|
| | | Commission | Sitting fees |
| 1 | Ms. Bhumika L. Batra | 0.27 | 0.06 |
| 2 | Mrs. Ritu P. Chhabria | 0.27 | 0.03 |
| 3 | Mrs. Kanchan U. Chitale | 0.27 | 0.12 |
| 4 | Mr. Saurabh S. Dhanorkar | 0.27 | 0.12 |
| 5 | Dr. Deepak R. Parikh | 0.27 | 0.04 |
| 6 | Mr. Pradeep R. Rathi | 0.37 | 0.06 |
| 7 | Mr. Anami N. Roy | 0.27 | 0.05 |

The above aggregate commission paid to non-executive directors is 0.67% of the net profits of the Company calculated as per Section 198 of the Act.

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

No stock options were issued during the financial year 2022-2023.

Stakeholders' Relationship Committee Composition

The constitution of the Stakeholders' Relationship Committee in terms of the provisions of Section 178 of the Act, and Regulation 20 of the SEBI Listing Regulations, is as under:

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

Mr. Ashutosh Kulkarni, Company Secretary acts as secretary to the committee and is also a compliance officer of the Company.

Brief description of terms of reference

The terms of reference of Stakeholders' Relationship Committee are comprised of all requirements pursuant to the provisions of Section 178 of the Act, and Regulation 20 of the SEBI Listing Regulations.

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

- To resolve grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
- To review and note certificate received from Practicing Company Secretary in compliance of Regulation 40 (9) to (11) or any other applicable regulation(s) of the SEBI Listing Regulations;
- To review and note the status of Investor Complaints;

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

Meetings and attendance during the year

During 2022-23, four (4) meetings of the Stakeholders' Relationship Committee were held viz. May 18, 2022; July 22, 2022; October 21, 2022 and February 4, 2023. The attendance for the same is provided in **Table 1**.

Details of shareholders' complaints during financial year 2022-2023

| Pending Complaints as on 1 st April, 2022 | Complaints received during the year | Complaints disposed during the year | Complaints pending as on 31 st March, 2023 |
|--|-------------------------------------|-------------------------------------|---|
| Nil | 68 | 68 | Nil |

Risk Management Committee

Composition

The constitution of the Risk Management Committee in terms of Regulation 21 of the SEBI Listing Regulations, is as under:

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

Mr. Sanjay S. Math, Managing Director ceased to be member of the risk management committee w.e.f. June 1, 2022, consequent to his superannuation.

Mr. Anil V. Whabi was inducted as the member of the risk management committee w.e.f. June 1, 2022.

Mr. Niraj Kedia, was appointed as Chief Risk Officer of the Company. The Managing Director, Chief Financial

Officer, Chief Risk Officer and Risk Manager are the permanent invitees to the meetings of the Committee.

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

Brief description of terms of reference

The terms of reference of Risk Management Committee are in accordance with the Regulation 21 of the SEBI Listing Regulations, 2015.

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

- (1) To formulate a detailed risk management policy which shall include:
 - (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

- (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
- (c) Business continuity plan.
- (2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- (6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
- (7) To monitor and review the risk management plan, cyber security and such other functions as may be delegated by the Board to the RMC and/or the Chairman and/or Managing Director as may be necessary for effective implementation of the Risk Management Plan/Policy; and
- (8) To take necessary actions on the matters delegated by the Board from time to time.
- (9) To focus on the macro-level trends and developments in ESG measurement and reporting standards and frameworks, help in creating ESG goals for the Company and periodically reviews the ESG activities and related performance.
- (10) To assist and oversee the Company's ESG program, strategy, initiatives, policies, reporting and disclosures.
- (11) To review the implementation of targets, standards and metrics established to assess and track the Company's ESG performance to ensure that the Company's performance is consistent with the Company's long-term strategic objectives, good corporate citizenship and the Company's ESG strategy.
- (12) To review any statutory reporting relating to sustainability initiatives e.g., Business Responsibility and Sustainability Report (BRSR)

- (13) To review and evaluate the ESG risks identified by the Company and to collaborate with the Board and its Committees to monitor and establish the mitigation plan for such risks.
- (14) To undertake self-evaluation of its own functioning and identification of areas for improvement; and
- (15) To perform such other functions or duties as may be required under the relevant provisions of SEBI SEBI Listing Regulations and the Act read with rules made thereunder and as may be specifically delegated to the Committee by the Board from time to time

Meeting and Attendance

During the year 2022-23, three (3) meetings of the Risk Management Committee was held on May 18, 2022; October 21, 2022 and February 4, 2023. The attendance for the same is provided in **Table 1**.

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

Corporate Social Responsibility ("CSR") Committee

Composition

The Company has constituted the CSR Committee as required under Section 135 of the Act, read with rule made therein.

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

Mr. Sanjay S. Math, Managing Director ceased to be member of the Corporate Social Responsibility committee w.e.f. June 1, 2022, consequent to his superannuation.

Mr. Anil V. Whabi was inducted as the member of the corporate social responsibility committee w.e.f. June 1, 2022.

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

Meetings and attendance during the year

During the year 2022-23, 4 (four) meetings of CSR Committee were held i.e. on May 18, 2022; July 22, 2022; October 21, 2022 and February 2, 2023.

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

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

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

- (a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- (b) the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4;
- (c) the modalities of utilization of funds and implementation schedules for the projects or programmes;
- (d) monitoring and reporting mechanism for the projects or programmes; and
- (e) details of need and impact assessment, if any, for the projects undertaken by the company
- (f) the CSR Committee/Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year
- (g) monitor and ensure that the surplus arising out of the CSR projects or programs or activities shall not form part of the business profits of a Company.
- (i) identify need of impact assessment, if applicable, for the activities undertaken by the Company.
- (j) review and comply with the requirements of the provisions of the Act, CSR Rules and periodical disclosure requirements.

Share Transfer Committee

Composition

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

Mr. Sanjay S. Math, Managing Director ceased to be member of the Share Transfer committee w.e.f. June 1, 2022, consequent to his superannuation.

Mr. Anil V. Whabi was inducted as the member of the share transfer committee w.e.f. June 1, 2022.

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

Brief description of terms of reference

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

Meetings and attendance during the year

During the year 2022-23, 36 (thirty six) meetings of Share Transfer Committee were held i.e. on April 11, 2022; May 5, 2022; May 30, 2022; June 10, 2022; June 20, 2022; June 28, 2022; June 30, 2022; July 11, 2022; July 20, 2022; July 21, 2022; July 30, 2022; August 10, 2022; August 11, 2022; August 20, 2022; August 30, 2022; September 10, 2022; September 20, 2022; October 12, 2022; October 20, 2022; October 31, 2022; November 10, 2022; November 11, 2022; November 19, 2022; November 21, 2022; November 30, 2022; December 10, 2022; December 20, 2022; December 30, 2022; January 10, 2023; January 20, 2023; January 30, 2023; February 10, 2023; February 20, 2023; February 28, 2023; March 10, 2023; and March 20, 2023.

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

Finance Committee

Composition

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

Mr. Sanjay S. Math, Managing Director ceased to be member of the Finance Committee w.e.f. June 1, 2022, consequent to his superannuation

Mr. Anil V. Whabi was inducted as the member of the finance committee w.e.f. June 1, 2022.

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

Brief description of terms of reference

- To consider and review various financial proposals for the financial investments, borrowings and give recommendations to the Audit Committee/ Board; and
- To take necessary actions on matters delegated by the Board from time to time.

Meetings and Attendance

No meeting of the Finance Committee was held during the year 2022-2023.

Independent Directors' Meeting

The Independent Directors had a separate meeting on March 10, 2023 without the attendance of the Non-Independent Directors and the members from the Management. All the Independent Directors were present at the meeting.

During the said meeting Independent Directors:

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

General body meetings:

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

| Year | 2019-2020 | 2020-2021 | 2021-2022 |
|--------------|--|--|--|
| Date of AGM | September 19, 2020 | September 22, 2021 | August 30, 2022 |
| Time | 11.00 a.m. | 4.00 p.m. | 4.00 p.m. |
| Place of AGM | Through Video Conferencing (Deemed Venue Registered Office of the Company) | Through Video Conferencing (Deemed Venue Registered Office of the Company) | Through Video Conferencing (Deemed Venue Registered Office of the Company) |

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

| Date of AGM | Item of special resolution |
|-------------|---|
| 19.09.2020 | To give approval for issuing offer(s) or invitation(s) to subscribe to debt securities as defined under the SEBI (Issue and Listing of Debt Securities) Regulations, 2008, as amended from time to time, including Non-Convertible Debentures ("NCDs") for a sum not exceeding ₹2,50,00,00,000/- (Rupees Two Hundred Fifty crore only) on a private placement basis in one or more tranches during a period of one year from the date of passing of this resolution within the overall borrowing limits of the Company, as approved by the members, from time to time. |
| 22.09.2021 | <ol style="list-style-type: none"> a. To accord consent to the Board for payment of commission to the directors other than managing director or executive directors of the company not exceeding one percent of the net profit of the Company calculated under provisions of Section 198 of the Companies Act, 2013 with a cap of ₹4,00,00,000/- (Rupees Four Crore Only) for each financial year commencing from 1st April, 2020. b. To give approval for issuing offer(s) or invitation(s) to subscribe to debt securities as defined under the SEBI (Issue and Listing of Debt Securities) Regulations, 2008, as amended from time to time, including Non-Convertible Debentures ("NCDs") for a sum not exceeding ₹2,50,00,00,000/- (Rupees Two Hundred Fifty crore only) on a private placement basis in one or more tranches during a period of one year from the date of passing of this resolution within the overall borrowing limits of the Company, as approved by the members, from time to time. |

Date of AGM **Item of special resolution**

| | |
|------------|--|
| 30.08.2022 | To give approval for issuing offer(s) or invitation(s) to subscribe to debt securities as defined under the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended from time to time, including Non-Convertible Debentures (“NCDs”) for a sum not exceeding ₹ 2,50,00,00,000/- (Rupees Two Hundred Fifty crore only) on a private placement basis in one or more tranches during a period of one year from the date of passing of this resolution within the overall borrowing limits of the Company, as approved by the members, from time to time. |
|------------|--|

All resolutions were passed by requisite majority.

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

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

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

No postal ballot conducted during the year under review.

e) Whether any Special Resolution is proposed to be conducted through postal ballot:

No Special Resolution is proposed through postal ballot.

f) Procedure for postal ballot

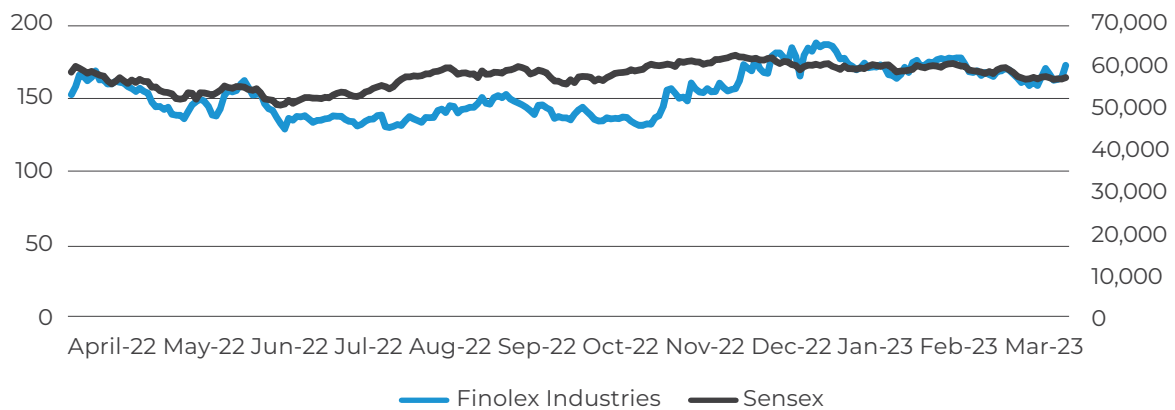
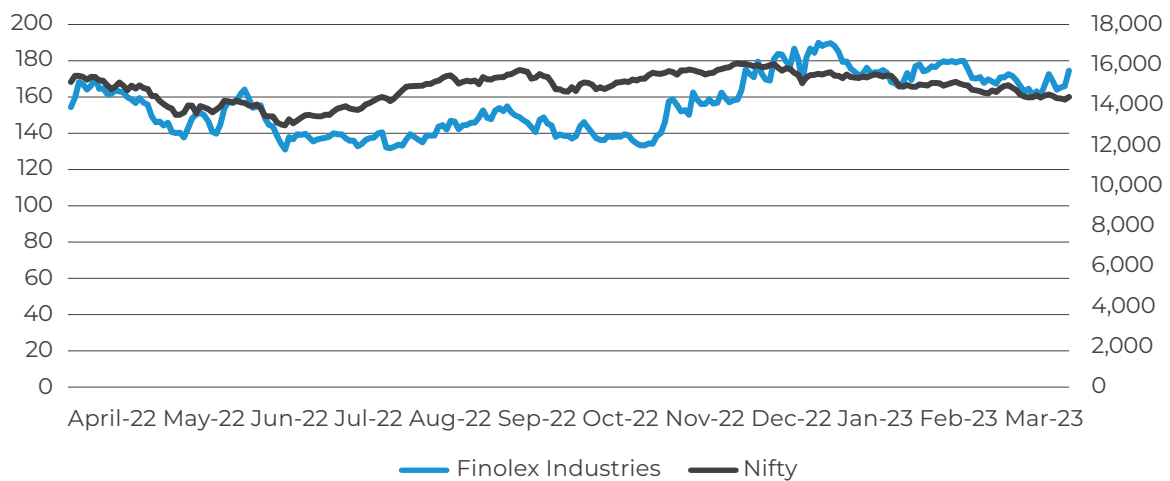
No Special Resolution is proposed through postal ballot.

Means of communication:

- The website of the Company www.finolexpipes.com acts as the primary source of information regarding the operations of the Company.
- The quarterly, half-yearly and annual results of the Company were published in leading newspapers in India viz. Financial Express and Loksatta.
- The results are displayed on the Company's website www.finolexpipes.com. The presentations if any made to the institutional investors / analysts are also displayed on the website. A Fact sheet providing a gist of the quarterly, half yearly and annual results of the Company is displayed on the Company's website. Further, the Financial Results and various compliance reports / information in accordance with the provisions of the SEBI Listing Regulations as amended from time to time are made available on the websites of the Stock Exchanges i.e. BSE Limited (www.bseindia.com) and the National Stock Exchange of India Limited (www.nseindia.com).

General shareholder information:

| | | | | | |
|---|---|---|----------------|-----------------|----------------|
| A Annual general meeting date, time and venue | Date: August 28, 2023 Time: 04.00 p.m(IST) Venue: In view of relaxation provide by the regulators the Company is conducting meeting through VC/OAVM pursuant to the MCA General Circular No.10/2022 dated 28 th December, 2022 and SEBI Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023. The deemed venue of the ensuing annual general meeting is address of Registered Office of the Company. For details of registered office address please refer to the Notice of this AGM. | | | | |
| B Financial year | April 1, to March 31 (tentative) | | | | |
| | Quarter ending June 30, 2023 | Second fortnight of July 2023 | | | |
| | Half year ending September 30, 2023 | Second fortnight of October, 2023 | | | |
| | Quarter ending December 31, 2023 | Second fortnight of January 2024 | | | |
| | Year ending March 31, 2024 | Second fortnight of May 2024 | | | |
| | Annual General Meeting for the year ending March 31, 2024 | Annual General Meeting by end of September, 2024. | | | |
| C Dividend Payment date | September 11, 2023 | | | | |
| D Book closure period | August 22, 2023 to August 28, 2023 | | | | |
| E The name and address of each stock exchange(s) at which the Company's securities are listed and a confirmation about payment of the listing fees | Equity Shares | | | | |
| | National Stock Exchange of India Limited 5, Exchange Plaza Bandra-Kurla Complex Bandra (East), Mumbai 400051 | BSE Limited Registered Office: Floor 25 P. J. Towers Dalal Street Mumbai 400 001 | | | |
| | The Company has paid all due annual listing fees to all Stock Exchanges where shares are listed. | | | | |
| F Stock Code: | NSE : Equity- FINPIPE BSE: Equity- 500940/FINOLEXIND ISIN : INE183A01024 | | | | |
| G Market Price data of Equity Shares- High, Low during each month in last financial year 2022-2023 | Month | NSE | | BSE | |
| | | High (₹) | Low (₹) | High (₹) | Low (₹) |
| | Apr-22 | 171.40 | 153.10 | 171.40 | 153.00 |
| | May-22 | 158.25 | 125.00 | 159.00 | 128.00 |
| | Jun-22 | 168.90 | 129.20 | 164.60 | 129.20 |
| | Jul-22 | 141.45 | 129.70 | 142.70 | 129.10 |
| | Aug-22 | 152.50 | 132.00 | 152.65 | 133.35 |
| | Sep-22 | 155.10 | 121.50 | 154.95 | 135.70 |
| | Oct-22 | 146.75 | 130.00 | 146.75 | 131.00 |
| | Nov-22 | 165.00 | 133.15 | 165.30 | 133.15 |
| | Dec-22 | 195.00 | 156.75 | 194.95 | 156.90 |
| | Jan-23 | 192.00 | 162.50 | 192.10 | 162.75 |
| | Feb-23 | 183.90 | 165.15 | 183.90 | 165.35 |
| | Mar-23 | 176.95 | 158.00 | 177.10 | 158.00 |

H Performance in comparison with broad based indices such as BSE Sensex, CRISIL Index, Nifty etc.**Finolex share price movement v/s BSE Sensex****Finolex share price movement v/s NSE Nifty**

| | | |
|----------|---|--|
| I | In case the securities are suspended from trading, the Directors Report shall explain the reasons thereof. | No securities are suspended from trading |
| J | Registrar to an issue and share transfer agent | KFin Technologies Limited (RTA) Registered with SEBI Registration no. INR000000221 Selenium Building, Tower-B, Plot No 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi, Telangana India - 500 032 |
| K | Share transfer system | In terms of Regulation 40(1) of Listing Regulations, as amended, securities can be transferred only in dematerialized form w.e.f. April 1, 2019, Further w.e.f. 24 th January, 2022 transmission or transposition of securities held in physical shall be effected only in dematerialised form. |

| | | | | | | |
|---|---|--|------------------------|--------------------------|---------------------|---------------------|
| L | Distribution of shareholding as on 31st March, 2023 | Category | Total Investors | % of total B | Total Shares | % of total D |
| | | A | B | C | D | E |
| | | Below 5000 | 2,40,347 | 99.15 | 8,38,25,606 | 13.51 |
| | | Between 5001 and 10000 | 1,215 | 0.50 | 86,62,358 | 1.40 |
| | | Between 10001 and 20000 | 416 | 0.17 | 58,42,577 | 0.94 |
| | | Between 20001 and 30000 | 124 | 0.05 | 31,15,951 | 0.50 |
| | | Between 30001 and 40000 | 50 | 0.02 | 17,92,486 | 0.29 |
| | | Between 40001 and 50000 | 41 | 0.02 | 18,95,318 | 0.31 |
| | | Between 50001 and 100000 | 65 | 0.03 | 46,56,292 | 0.75 |
| | | Above 100001 | 153 | 0.06 | 51,06,86,317 | 82.31 |
| Total | 2,42,411 | 100 | 62,04,76,905 | 100 | | |
| M | Dematerialization of shares and liquidity as on 31st March, 2023 | Depository/ Physical | No. of shares | % of total shares | | |
| | | NSDL | 33,97,12,511 | 54.75 | | |
| | | CDSL | 26,15,34,099 | 42.15 | | |
| | | Physical | 1,92,30,295 | 3.10 | | |
| | | Total | 62,04,76,905 | 100 | | |
| Shares are regularly traded on BSE and NSE. | | | | | | |
| N | Outstanding GDR, ADR or warrants or convertible instruments, conversion date and likely impact on equity | No such issue made by the Company. | | | | |
| O | Commodity price risk or foreign exchange risk and hedging activities | The details are included in this report under point no. 6 under the heading 'Other Disclosure' | | | | |
| P | Plant locations | <ul style="list-style-type: none"> • <u>PVC & PVC Pipes Plant:</u> Ranpar – Pawas Road District Ratnagiri 415 616 Maharashtra • <u>PVC Pipes and Fittings Plants:</u> <ol style="list-style-type: none"> 1. Gat No.399, Urse, Taluka Maval, District – Pune 410 506, Maharashtra 2. D 1/10 MIDC, Chinchwad, Pune 411019 Maharashtra • <u>PVC Pipes Plant:</u> Village Masar, Taluka Padra, District Vadodara 391 421, Gujarat • <u>Fittings Plant:</u> Gat no. 464, village Badhalwadi, Taluka Maval – 410507, near Talegaon, district Pune, Maharashtra | | | | |
| Q | Address for investor correspondence | KFIN Technologies Limited Unit: Finolex Industries Limited Selenium Building, Tower-B, Plot No 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddy, Telangana India - 500 032 WhatsApp: +91-910 009 4099 Toll Free: 1-800-309-4001 Email ID: einward.ris@kfintech.com Website: https://www.kfintech.com Corporate Registry (RIS) Website Link: https://ris.kfintech.com Investor Support Centre Link: https://ris.kfintech.com/clientservices/isc | | | | |
| R | List of all credit ratings obtained by the Company | <ul style="list-style-type: none"> • Short term - CRISIL / INDIA Ratings CRISIL A1+ / IND A1+ • Long term - CRISIL / INDIA Ratings CRISIL AA+/Stable / IND AA+/ Stable During the year under review, the long term - CRISIL / India Ratings was upgraded from AA to AA+ (Stable) | | | | |

Other disclosures:

| | Disclosure required | |
|---|---|---|
| A | Disclosures on materially significant related party transactions that may have potential conflict with the interests of the listed entity at large | No such transactions |
| B | Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years | No such cases |
| C | Details of establishment of vigil mechanism/whistle blower policy, and affirmation that no personnel has been denied access to the audit committee | Vigil mechanism/whistle blower policy is in place. None of the employees are restricted from the access to the Audit Committee. |
| D | Details of compliance with mandatory requirements and adoption of the non-mandatory requirements | <p>The Company has complied with the applicable mandatory requirements of the SEBI Listing Regulations.</p> <p>The Company has adopted following non-mandatory requirements as specified in Part E of Schedule II of the SEBI Listing Regulations.</p> <p>a. The Company has an Executive Chairman.</p> <p>b. During 2022-23, there was no audit qualification in the Auditors' Report on the Company's Financial Statement.</p> <p>c. The Chairman and Managing Director of the Company are different persons.</p> <p>d. The internal auditor is a permanent invitee to the audit committee and regularly attends the meetings of the Audit Committee.</p> |
| E | Web link where policy for determining 'material' subsidiaries is disclosed | https://www.finolexpipes.com/site/assets/files/12929/policy_for_determining_materiality_of_disclosure.pdf |
| F | Web link where policy on dealing with related party transactions is disclosed | https://www.finolexpipes.com/site/assets/files/12932/related_party_transactions_policy.pdf |
| G | Disclosure of commodity price risks and commodity hedging activities | The details are included in this report under point no. 6 under the heading 'Other Disclosure'. |
| H | Details of utilization of funds raised through preferential allotment or qualified institutions placement. | The Company has not raised any funds through preferential allotment or qualified institutions placement during 2022-23. |
| I | Certificate from a company secretary in practice that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority. | A certificate from a Company Secretary in Practice vide dated May 22, 2023 is enclosed with this report. |
| J | Where the Board had not accepted any recommendation of any committee of the Board which is mandatory required, in the relevant financial year. | There are no such instances where the Board had not accepted any recommendation of any committee of the Board during the financial year 2022-23. |

| | Disclosure required | | | | | | | | | |
|--|---|--|-------------|----------------------|--|-----|--|-----|--|-----|
| K | Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part. | The Company does not have any subsidiary company. Total fees for all services paid to the statutory auditors are given in note no. 32 of notes to accounts under heading Auditors' Remuneration. | | | | | | | | |
| L | Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. | Details of complaints during the year 2022-23: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;">Particulars</th> <th style="width: 20%;">Number of Complaints</th> </tr> </thead> <tbody> <tr> <td>Number of complaints filed during the financial year</td> <td style="text-align: center;">Nil</td> </tr> <tr> <td>Number of complaints disposed of during the financial year</td> <td style="text-align: center;">Nil</td> </tr> <tr> <td>Number of complaints pending as on end of the financial year</td> <td style="text-align: center;">Nil</td> </tr> </tbody> </table> | Particulars | Number of Complaints | Number of complaints filed during the financial year | Nil | Number of complaints disposed of during the financial year | Nil | Number of complaints pending as on end of the financial year | Nil |
| Particulars | Number of Complaints | | | | | | | | | |
| Number of complaints filed during the financial year | Nil | | | | | | | | | |
| Number of complaints disposed of during the financial year | Nil | | | | | | | | | |
| Number of complaints pending as on end of the financial year | Nil | | | | | | | | | |
| M | Disclosure by Company and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount'. | The Company has not provided any loans and advances in the nature of loans to firms/companies in which directors are interested. | | | | | | | | |

Equity Shares lying in the Suspense Account

In compliance with Para F of Schedule V to the SEBI Listing Regulations, we confirm that no shares of the Company are lying in the Suspense Account, during the period under review.

Related Party Disclosures

In terms of Para A of Schedule V to the SEBI Listing Regulations, the Related Party Disclosure is given in note no. 37 of notes to accounts.

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

The Board of Directors of the Company has, on the recommendation of the Audit Committee, adopted a policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act, 2013, and the Rules framed thereunder including the SEBI Listing Regulations. The Related Party Transactions policy has been placed on the Company's website https://www.finolexpipes.com/site/assets/files/12932/related_party_transactions_policy.pdf

Dividend Distribution Policy

As per Regulation 43A of the Listing Regulations, the Company has formulated a Dividend Distribution Policy which has been uploaded on the Company's website https://www.finolexpipes.com/site/assets/files/12927/dividend_distribution_policy.pdf

Other Disclosures:

1) Accounting Treatment

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

2) Compliance with Regulations of capital market

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

3) Whistle Blower Policy

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

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

The Whistle-blower Policy has been displayed on the Company's notice board and is also uploaded on the Company's website https://www.finolexpipes.com/site/assets/files/12934/whistle_blower_policy-1.pdf

4) Managing Director, Chief Executive Officer and Chief Financial Officer's certificate

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

5) Policy for determining 'material' subsidiaries

Pursuant to Regulation 16(1)(c) of the Listing Regulations, the Company has formulated a policy on material subsidiaries. The policy is available on the Company's website https://www.finolexpipes.com/site/assets/files/12930/policy_on_material_subsidary-1.pdf

6) Disclosure of commodity price risks and commodity hedging activities

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

- i. Same underlying commodity (crude oil) and
- ii. Demand supply for each component in the value chain.

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

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

- a. Total exposure of the Company to commodities and intermediates ₹3,815 Crore
- b. Exposure of the Company to major commodities and intermediates:

| Commodity Name / Intermediate Name | Exposure towards the particular commodity (₹ in Crores) | Exposure towards the particular commodity (Quantity in MTs) | % of such exposure hedged through commodity derivatives | | | | Total |
|---|---|---|---|----------|----------------------|----------|-------|
| | | | Domestic market | | International market | | |
| | | | OTC | Exchange | OTC | Exchange | |
| EDC | 475.39 | 1,19,958 | Nil | Nil | Nil | Nil | Nil |
| Ethylene | 343.14 | 37,634 | Nil | Nil | Nil | Nil | Nil |
| VCM | 504.03 | 69,028 | Nil | Nil | Nil | Nil | Nil |
| PVC * | 2,271.02 | 2,39,638 | Nil | Nil | Nil | Nil | Nil |
| Coal | 152.98 | 1,66,406 | Nil | Nil | Nil | Nil | Nil |
| Naphtha | 65.92 | 10,851 | Nil | Nil | Nil | Nil | Nil |
| LPG | 2.49 | 335 | Nil | Nil | Nil | Nil | Nil |
| Total exposure of the Company to commodities and intermediates | 3814.97 | 6,43,850 | | | | | |

*includes inter-divisional Transfer - 2,12,740 MT

- c. Commodity risks faced by the Company during the year and how they have been managed.

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

Foreign exchange risk and hedging:

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

Compliance or otherwise of any requirement of the Corporate Governance Report

The Company has complied with the requirements of Corporate Governance and has made disclosures to the extent required and applicable to it, as stipulated in the SEBI Listing Regulations, the same are listed below:

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

Practicing Company Secretary's Corporate Governance Certificate

The Company has obtained a certificate from M/s. SVD & Associates, Practicing Company Secretaries confirming compliance of the conditions of Corporate Governance as stipulated in Para E of Schedule V to the SEBI Listing Regulations is annexed to this report.

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

There is no non-compliance of any requirement of Corporate Governance Report of sub-paras (2) to (10) of Part C of Schedule V of SEBI

Code of Conduct and Ethics

The Company's Code of Conduct provides guidelines to be followed by all members of the Board of Directors and Senior Management to ensure the highest standards of professional conduct. Members of the Board of Directors and Senior Management have affirmed compliance with the Code of Conduct and Ethics for the year ended 31st March, 2023 on behalf of themselves and to the best of their knowledge and also on behalf of all the employees reporting to them. The said Code can be viewed on the Company's website <https://www.finolexpipes.com/investors/policies-code-of-conduct/>

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

Declaration signed by the Managing Director & Chief Executive Officer stating that the members of board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management

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

I further declare that the Company has in respect of the financial year ended March 31, 2023, received from all the Board Members and Senior Management Personnel of the Company, an affirmation of compliance with the Code, as applicable to them.

For **Finolex Industries Limited**

Anil V. Whabi
Managing Director
(DIN: 00142052)

Ajit Venkataraman
Chief Executive Officer

Date: May 22, 2023

PRACTICING COMPANY SECRETARY'S CERTIFICATE

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Finolex Industries Limited (hereinafter referred to as 'the Company'), having CIN- L40108PN1981PLCO24153 and having registered office at Gat No.399, Village Urse, Taluka Maval, District Pune - 410506, produced before us by the Company on the e-mail for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **March 31, 2023** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India and Ministry of Corporate Affairs or any such other Statutory Authority.

| Sr. No. | Name of Director | DIN | Original date of appointment |
|---------|---------------------------------|----------|------------------------------|
| 1. | Mr. Prakash Pralhad Chhabria | 00016017 | March 13, 1992 |
| 2. | Ms. Bhumika Batra | 03502004 | September 20, 2019 |
| 3. | Mrs. Ritu Prakash Chhabria | 00062144 | March 21, 2015 |
| 4. | Mrs. Kanchan Uday Chitale | 00007267 | April 1, 2019 |
| 5. | Mr. Saumya Chakrabarti % | 09594036 | June 1, 2022 |
| 6. | Mr. Saurabh Sarvottam Dhanorkar | 00011322 | August 11, 2017 |
| 7. | Mr. Sanjay Shankar Math # | 01874086 | February 4, 2012 |
| 8. | Dr. Deepak Rasiklal Parikh | 06504537 | September 20, 2019 |
| 9. | Mr. Pradeep Ramwilas Rathi | 00018577 | September 20, 2019 |
| 10. | Mr. Anami Narayan Prema Roy | 01361110 | September 20, 2019 |
| 11. | Mr. Anil Vithaldas Whabi * | 00142052 | December 1, 2021 |

Note:

% Mr. Saumya Chakrabarti was appointed as Director - Technical w.e.f. June 01, 2022

Mr. Sanjay Shankar Math ceased as Managing Director w.e.f. June 01, 2022.

*Mr. Anil Vithaldas Whabi was appointed as Managing Director w.e.f. June 01, 2022.

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

For **SVD & Associates**

Company Secretaries

Sridhar Mudaliar

Partner

FCS No: 6156

CP No: 2664

Peer Review No: P2013MH075200

UDIN: F006156E000341447

Place: Pune

Date: May 22, 2023

Independent Auditor's Report

To the Members of

Finolex Industries Limited

Report on the Audit of the Standalone Financial Statements

Opinion

- 1) We have audited the accompanying standalone financial statements of Finolex Industries Limited ('the Company'), which comprise the Standalone Balance Sheet as at March 31, 2023, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Cash Flow and the Standalone Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.
- 2) In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the audit report of the auditor of Finolex Industries Limited Employees' Welfare Trust ('Welfare Trust') as referred to in paragraph 15 below, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.
- 5) We have determined the matter described below to be the key audit matter to be communicated in our report.

Basis for Opinion

- 3) We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('the ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the auditors of the Welfare Trust, in terms of their audit report referred to in paragraph 15 of the Other Matters section below is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

- 4) Key audit matters are those matters that, in our professional judgment, and based on the consideration of the audit report of the auditors of Welfare Trust as referred to in paragraph 15 below, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Valuation of inventory

At the balance sheet date 31 March 2023, the Company held inventories comprising of raw materials and components, finished goods, work-in-progress aggregating to ₹ 673.15 crores as disclosed in note 8 to the accompanying standalone financial statements of the Company. Such inventories are carried at cost or net realisable value whichever is lower, as per the accounting policy disclosed in note 2.7 to the aforesaid standalone financial statements.

Cost of inventory comprise of cost of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

How our audit addressed the key audit matter

Our audit procedures related to valuation of inventory included, but were not limited, to the following:

- Assessed the appropriateness of the Company's accounting policy and valuation method of inventory in accordance with Ind AS 2.
- Evaluated the design and tested the operating effectiveness of key controls (including IT automated controls) around purchase of inventory, valuation of inventory, computation of overhead, and determination of net realizable value of inventory items.

| Key audit matter | How our audit addressed the key audit matter |
|---|--|
| <p>Determination of cost of conversion includes costs directly related to production of units and also includes a systematic allocation of various fixed and variable production overheads to convert raw material into finished goods. Fixed production overheads are allocated to the costs of conversion based on the normal capacity of the production facilities and variable production overheads are allocated to each unit of production based on the actual use of the production facilities, in accordance with the principles of Ind AS 2, Inventories ('Ind AS 2'), which involves management judgement and estimation.</p> <p>Further, at the end of each reporting period, the management of the Company also assesses whether the carrying value of inventory is in excess of amounts expected to be realised from their sale or use and in such cases inventories are written down to their net realisable value in accordance with Ind AS 2.</p> <p>Considering the abovementioned complexities and materiality of amounts and management judgement involved, valuation of inventory matter is considered to be a key audit matter for the current year audit.</p> | <ul style="list-style-type: none"> • Discussed with management the rationale supporting assumptions and estimates used in carrying out the inventory valuation and corroborated the same to our understanding of the business. • Understood and assessed the management process of determining overhead absorption rates applied by verifying the appropriateness of underlying variables used such as cost data, normal production capacity, actual production data, bill of materials and stage of production. • Verified the expenses considered as cost of conversion including estimates for apportionment of such conversion cost to different classes of finished goods and work in progress, and ensured arithmetical accuracy of such workings. • Performed substantive testing for samples of raw materials purchase transactions recorded during the year, and purchase transactions recorded before and after year end, to ensure such purchases are booked accurately and in the correct period, by verifying the underlying documents for such selected samples, which included contracts, purchase orders, invoices, shipping documents such as lorry receipts, etc. • Obtained understanding of management process for identification of slow moving, non-moving or obsolete inventories and ensured that the same is consistently applied. Tested ageing of inventory items obtained through system reports, as applicable. • Recomputed the net realisable value of the finished goods on a sample basis and ensured the inventory is carried at lower of cost or net realizable value as per Ind AS 2. • Performed analytical procedures on current year cost of goods sold based on product-wise gross profit margin analysis, and where appropriate, conducted further enquiries and testing. • Assessed that the disclosures made in the accompanying standalone financial statements is in accordance with the applicable accounting standards. |

Information other than the Financial Statements and Auditor's Report thereon

6) The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is

materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

- 7) The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
- 8) In preparing the financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
- 9) Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

- 10) Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
- 11) As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's

- ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
 - Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its Welfare Trust or the business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of the Company of which we are the independent auditors. For the Welfare Trust included in the financial statements, which have been audited by the other auditor, such other auditor remain responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion.
- 12) We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- 13) We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- 14) From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.
- ### Other Matters
- 15) We did not audit the financial statements of the Welfare Trust included in the standalone financial statements of the Company whose financial statements reflects total assets and net assets of ₹ 43.69 crore and ₹ 43.21 crores respectively as at 31 March 2023, and the total revenues of ₹ Nil crores, total net profit after tax of ₹ 3.94 crores, total comprehensive income of ₹ 3.94 crores, and cash flows (net) of ₹ 0.02 crores respectively for the year ended on that date, as considered in the standalone financial statements. These financial statements have been audited by the another auditor whose reports have been furnished to us by the management and our opinion on the standalone financial statements in so far as it relates to the amounts and disclosures included in respect of the Welfare Trust and our report in terms of sub section 3 of section 143 of the Act in so far as it relates to aforesaid Welfare Trust, is based solely on the report of such other auditor. The aforementioned financial statements of this trust have been prepared in conformity with the Accounting Standards specified under section 133 of the Act, read with the Companies (Accounting Standards) Rules, 2021. The Company's management has converted these financial statements of the Welfare Trust to accounting principles enunciated under the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as applicable to the Company. We have audited these conversion adjustments made by the Company's management. Our opinion on the standalone financial statements, in so far as it relates to the amounts and disclosures included in respect of such Welfare Trust is based solely on the report of such other auditor and the conversion adjustments prepared by the management of the Company and audited by us.
- Our opinion on the above standalone financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the report of the Welfare Trust auditor.

- 16) The standalone financial statements of the Company for the year ended 31 March 2022 were audited by the predecessor auditor, P G Bhagwat LLP, who have expressed an unmodified opinion on those standalone financial statements vide their audit report dated 18 May 2022.

Report on Other Legal and Regulatory Requirements

- 17) As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
- 18) As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 19) Further to our comments in Annexure A, as required by section 143(3) of the Act based on our audit and on consideration of the report of the Welfare Trust referred to in paragraph 15 above, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The standalone financial statements dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
 - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of section 164(2) of the Act;
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2023 and the operating effectiveness of such controls, refer to our separate Report in Annexure B wherein we have expressed an unmodified opinion; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and on consideration of the report of the Welfare Trust referred to in paragraph 15 above:
 - i. The Company, as detailed in note 38.2 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2023;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2023;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2023;
 - iv.
 - a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 45 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
 - b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 45 to the standalone financial

- statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The final dividend paid by the Company during the year ended 31 March 2023 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.
- vi. As stated in note 15 to the accompanying standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year ended 31 March 2023 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.
- vii. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Rajni Mundra

Partner

Membership No.: 058644

UDIN: 23058644BGXZOJ7796

Place: Pune

Date: 22 May 2023

Annexure A to the Independent Auditors' Report

referred to in Paragraph 18 of the Independent Auditor's Report of even date to the members of Finolex Industries Limited on the standalone financial statements for the year ended 31 March 2023

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and on consideration of the report of the Welfare Trust and to the best of our knowledge and belief, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment, and right-of-use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The property, plant and equipment and right of use assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification programme adopted by the Company, is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in note 3.1 to the standalone financial statements are held in the name of the Company.
- (d) The Company has not revalued its property, plant and equipment (including Right of Use assets) or intangible assets during the year.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for inventory lying with third parties. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed as compared to book records. In respect of inventory lying with third parties, these have substantially been confirmed by the third parties.
- (b) The Company has not been sanctioned working capital limits by banks or financial institutions on the basis of security of current assets at any point of time during the year. Accordingly, reporting under clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) (a) The Company has made investments in and provided loans to others during the year as per details given below:

(Amount in ₹ crores)

| Particulars | Loans |
|--|-------|
| Aggregate amount provided/ granted during the year: - Others | 2.23 |
| Balance outstanding as at balance sheet date in respect of above cases: - Others | 22.34 |

- (b) The Company has not provided any guarantee or given any security or granted any advances in the nature of loans during the year. However, the Company has made investment in one entity amounting to ₹ 0.02 crore (year-end balance ₹ 12.38 crore), and granted loans during the year and in our opinion, and according to the information and explanations given to us, such investments made and terms and conditions of the grant of loans are, prima facie, not prejudicial to the interest of the Company.
- (c) In respect of loans granted by the Company, the schedule of repayment of principal and the payment of the interest has not been stipulated and accordingly, we are unable to comment as to whether the repayments/receipts of principal interest are regular.
- (d) In the absence of stipulated schedule of repayment of principal and payment of interest in respect of loans, we are unable to comment as to whether there is any amount which is overdue for more than 90 days. Reasonable steps have been taken by the Company for recovery of such principal amounts and interest.
- (e) (e) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interests have not been stipulated. According to the information and explanation given to us, such loans have not been demanded for repayment as on date.

- (f) The Company has granted loans which are repayable on demand, as per details below:

(Amount in ₹ crores)

| Particulars | All parties |
|--|-------------|
| Aggregate of loans repayable on demand | 22.34 |
| Percentage of loans to the total loans | 100% |

- (iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act in respect of investments made, as applicable. Further, the Company has not entered into any transaction covered under section 185 and section 186 of the Act in respect of loans granted, guarantees and security provided by it.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has specified maintenance of cost records under sub-section (1) of section 148 of the Act in respect of the

products of the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- (vii) (a) In our opinion, and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

(Amount in ₹ Crore)

| Name of the statute | Nature of dues | Amount | Amount paid under protest | Period to which the amount relates | Forum where dispute is pending |
|--|----------------------------------|--------|---------------------------|---|---|
| Finance Act, 1994 | Service tax | 4.99 | 0.15 | Financial year (FY) 2012-13 to FY 2017-18 | The Customs Excise and Service Tax Appellate Tribunal |
| Customs Act, 1962 | Custom duty | 21.73 | 0.04 | FY 2012-13 to FY 2019-20 | The Customs Excise and Service Tax Appellate Tribunal |
| Central Excise Act, 1944 | Disallowance of CENVAT credit | 23.21 | 2.91 | FY 2008-09 to FY 2016-17 | The Customs Excise and Service Tax Appellate Tribunal |
| Central Excise Act, 1944 | Disallowance of CENVAT credit | 0.09 | - | FY 2001-02 | High Court |
| Central Excise Act, 1944 | Disallowance of CENVAT credit | 9.82 | - | FY 2002-03 | Commissioner |
| Sales tax – MVAT Act, 2002 and CST Act, 1956 | Disallowance of Credit | 2.11 | 0.06 | FY 2006-07, FY 2014-15 and FY 2015-16 | Commissioner |
| The Central Goods and Services Tax Act, 2017 | Disallowance of input tax credit | 4.51 | - | FY 2017-18 and FY 2020-21 | Commissioner |

| Name of the statute | Nature of dues | Amount | Amount paid under protest | Period to which the amount relates | Forum where dispute is pending |
|----------------------|---|--------|---------------------------|------------------------------------|-------------------------------------|
| Income-tax Act, 1961 | Disallowance of deduction u/s 35 | 0.10 | - | Assessment year (AY) 1984-85 | High Court |
| Income-tax Act, 1961 | Business loss and other matters relating to penalty | 2.58 | - | AY 1999-00 | Income Tax Appellate Tribunal |
| Income-tax Act, 1961 | 14A disallowance and other disallowance matters | 10.34 | - | AY 2016-17 to AY 2021-22 | Commissioner of Income Tax (Appeal) |

- (viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.
- (ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us including confirmations received from banks/ financial institution, representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of term loans during the year and did not have any term loans outstanding at the beginning of the current year. Accordingly, reporting under clause 3(ix)(c) of the Order is not applicable to the Company.
- (d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have, prima facie, not been utilised for long term purposes.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its associates.
- (f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its associate companies.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) 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 not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company has been noticed or reported during the period covered by our audit.
- (b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.

- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.
- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as per the provisions of section 138 of the Act which is commensurate with the size and nature of its business.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi)(a),(b) and (c) of the Order are not applicable to the Company.
- (b) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.
- (xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumption, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) According to the information and explanations given to us, the Company does not have any unspent amounts towards Corporate Social Responsibility in respect of any ongoing or other than ongoing project as at the end of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.
- (xxi) The reporting under clause 3(xxii) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Rajni Mundra
Partner
Membership No.: 058644
UDIN: 23058644BGXZOJ7796

Place: Pune
Date: 22 May 2023

Annexure B to the Independent Auditors' Report

Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Finolex Industries Limited ('the Company') as at and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

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

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance note issued by the ICAI. Those Standards and the Guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls,

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria

established by the Company considering the essential components of internal control stated in the Guidance note issued by the ICAI.

For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Rajni Mundra

Partner

Membership No.: 058644

UDIN: 23058644BGXZOJ7796

Place: Pune

Date: 22 May 2023

Standalone balance sheet

as at March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

| Particulars | Note no | March 31, 2023 | March 31, 2022 |
|--|---------|-----------------|-----------------|
| A ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Property, plant and equipment | 3.1 | 1,037.57 | 992.33 |
| (b) Capital work-in-progress | 3.2 | 43.82 | 9.46 |
| (c) Right-of-use assets | 3.4 | 16.81 | - |
| (d) Other intangible assets | 3.3 | 0.79 | 0.90 |
| (e) Financial assets | | | |
| i) Investments | 4 | 2,076.98 | 1,080.77 |
| ii) Loans | 5 | 0.03 | 13.48 |
| iii) Other financial assets | 6 | 41.83 | 38.16 |
| (f) Income-tax assets (net) | 24 | 24.52 | 25.60 |
| (g) Other non-current assets | 7 | 47.57 | 54.34 |
| Total non-current assets | | 3,289.92 | 2,215.04 |
| 2 Current assets | | | |
| (a) Inventories | 8 | 673.15 | 1,015.47 |
| (b) Financial assets | | | |
| i) Investments | 9 | 1,767.07 | 1,552.52 |
| ii) Trade receivables | 10 | 297.54 | 334.46 |
| iii) Cash and cash equivalents | 11.1 | 8.56 | 23.55 |
| iv) Bank balances other than (iii) above | 11.2 | 52.04 | 57.49 |
| v) Loans | 12 | 22.79 | 8.70 |
| vi) Other financial assets | 13 | 9.31 | 13.00 |
| (c) Other current assets | 14 | 61.91 | 40.77 |
| Total current assets | | 2,892.37 | 3,045.96 |
| Total assets | | 6,182.29 | 5,261.00 |
| B EQUITY AND LIABILITIES | | | |
| 1 Equity | | | |
| (a) Equity share capital | 15 | 123.67 | 124.10 |
| (b) Other equity | 16 | 4,701.23 | 3,739.66 |
| Total equity | | 4,824.90 | 3,863.76 |
| Liabilities | | | |
| 2 Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| i) Lease liabilities | 17.1 | 12.21 | - |
| ii) Other financial liabilities | 17.2 | 0.20 | 0.14 |
| (b) Provisions | 18.1 | 18.12 | 15.50 |
| (c) Deferred tax liabilities (net) | 24 | 124.66 | 115.70 |
| (d) Government grants | 19 | 66.21 | 67.05 |
| Total non-current liabilities | | 221.40 | 198.39 |
| 3 Current liabilities | | | |
| (a) Financial liabilities | | | |
| i) Borrowings | 20 | 526.41 | 278.03 |
| ii) Lease liabilities | 22.1 | 2.10 | - |
| iii) Trade payables | 21 | | |
| - total outstanding dues of micro enterprises and small enterprises | | 12.27 | 8.05 |
| - total outstanding dues of creditors other than micro enterprises and small enterprises | | 277.03 | 455.03 |
| iv) Other financial liabilities | 22.2 | 249.46 | 275.22 |
| (b) Other current liabilities | 23 | 51.33 | 150.08 |
| (c) Provisions | 18.2 | 4.46 | 4.21 |
| (d) Current tax liabilities (net) | | 0.31 | 17.50 |
| (e) Government grants | 19 | 12.62 | 10.73 |
| Total current liabilities | | 1,135.99 | 1,198.85 |
| Total liabilities | | 1,357.39 | 1,397.24 |
| Total equity and liabilities | | 6,182.29 | 5,261.00 |

The accompanying notes to the standalone financial statements including a summary of significant accounting policies and explanatory information form an integral part of these standalone financial statements.

As per our report of even date

For Walker Chandiook & Co LLP

Chartered Accountants

Firm Registration No. 001076N/N500013

**For and on behalf of the Board of Directors of
Finolex Industries Limited**

Prakash P. Chhabria

Executive Chairman
DIN: 00016017
London

Bhumika L. Batra

Director
DIN: 03502004
Mumbai

Ritu P. Chhabria

Director
DIN: 00062144
London

Rajni Mundra

Partner
Membership No.: 058644
Pune
May 22, 2023

Saumya Chakrabarti

Director
DIN: 09594036
Ratnagiri

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Director
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Managing Director
DIN: 00142052
Pune

Ajit Venkataraman

Chief Executive Officer
Pune

Niraj Kedia

Chief Financial Officer
Pune

Ashutosh Kulkarni

Company Secretary
M. No.: A18549
Pune
May 22, 2023

Standalone statement of profit and loss

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

| Particulars | Note no. | March 31, 2023 | March 31, 2022 |
|---|----------|-----------------|-----------------|
| INCOME | | | |
| I Revenue from operations | 25 | 4,397.05 | 4,647.32 |
| II Other income | 26 | 121.38 | 83.16 |
| III Total income (I+II) | | 4,518.43 | 4,730.48 |
| EXPENSES | | | |
| IV Cost of materials consumed | 27 | 2,903.15 | 2,801.75 |
| Purchases of stock-in-trade | | 19.36 | 14.71 |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 28 | 149.56 | 32.60 |
| Employee benefits expense | 29 | 189.67 | 190.84 |
| Finance costs | 30 | 27.23 | 14.09 |
| Depreciation and amortisation expense | 31 | 89.20 | 83.40 |
| Other expenses | 32 | 842.77 | 583.68 |
| Total expenses (IV) | | 4,220.94 | 3,721.07 |
| V Profit before exceptional items and tax (III-IV) | | 297.49 | 1,009.41 |
| VI Exceptional items gain | 33 | - | 376.06 |
| VII Profit before tax (V+VI) | | 297.49 | 1,385.47 |
| Tax expense | | | |
| VIII Current tax | 24 | 69.19 | 321.00 |
| Tax pertaining to earlier year(s) | | (17.37) | 13.63 |
| Deferred tax | 24 | 9.08 | (2.63) |
| Total tax expense | | 60.90 | 332.00 |
| IX Profit for the year (VII-VIII) | | 236.59 | 1,053.47 |
| X Other comprehensive income (OCI) | | | |
| A Items that will not be reclassified to profit or loss | | | |
| Re-measurement loss of defined benefit plans | | (0.37) | (0.32) |
| Income-tax effect on above | 24 | 0.11 | 0.08 |
| A(i) Re-measurement of defined benefit plans, net of income-tax | | (0.26) | (0.24) |
| Gain/(loss) on equity instruments through OCI | | 966.31 | (14.27) |
| Income-tax effect on above | 24 | - | 0.11 |
| A(ii) Equity instruments through OCI, net of income-tax | | 966.31 | (14.16) |
| Total other comprehensive income [A(i)+A(ii)] | | 966.05 | (14.40) |
| XI Total Comprehensive Income for the year (IX+X) | | 1,202.64 | 1,039.07 |
| XII Earnings per equity share having nominal value per share of ₹ 2 | | | |
| Basic (₹) | | 3.82 | 16.98 |
| Diluted (₹) | | 3.82 | 16.98 |

The accompanying notes to the standalone financial statements including a summary of significant accounting policies and explanatory information form an integral part of these standalone financial statements.

As per our report of even date
For Walker Chandiook & Co LLP
 Chartered Accountants
 Firm Registration No. 001076N/N500013

**For and on behalf of the Board of Directors of
 Finolex Industries Limited**

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 London

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 Chief Executive Officer
 Pune

Niraj Kedia
 Chief Financial Officer
 Pune

Ashutosh Kulkarni
 Company Secretary
 M. No.: A18549
 Pune
 May 22, 2023

Standalone statement of cash flow

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|-----------------|-----------------|
| I Cash flows from operating activities | | |
| Profit before tax | 297.49 | 1,385.47 |
| Adjustments for: | | |
| Depreciation and amortisation expense | 89.20 | 83.40 |
| Balances written off | - | 1.37 |
| Profit on sale of investments (net) | (33.29) | (8.15) |
| Gain on fair valuation of investment | (37.05) | (8.90) |
| (Profit)/loss on sale of assets (net) | (0.02) | 0.87 |
| Dividend income | (13.78) | (13.14) |
| Exceptional item | - | (376.06) |
| Unwinding of government grant income | (12.62) | (10.73) |
| Interest income | (28.56) | (36.57) |
| Unrealised exchange fluctuation (gain)/ loss (net) | 0.59 | 1.50 |
| Finance costs | 27.23 | 14.09 |
| Operating profit before working capital changes | 289.19 | 1,033.15 |
| Change in operating assets and liabilities | | |
| Inventories | 342.32 | (96.66) |
| Trade receivables | 36.92 | (186.48) |
| Loans | (0.64) | (21.79) |
| Other financial assets | (2.69) | (10.37) |
| Other current assets | (13.03) | 33.15 |
| Government grants (net) | 16.82 | 11.89 |
| Trade payables | (173.73) | 27.21 |
| Provisions | 2.50 | 2.13 |
| Other financial liabilities | (29.28) | 65.49 |
| Other current liabilities | (98.75) | 99.85 |
| Cash generated from working capital changes | 80.44 | (75.58) |
| Less - Income-tax paid | (67.94) | (335.58) |
| Net cash generated from operating activities | 301.69 | 621.99 |
| II Cash flow from investing activities | | |
| Payment for purchase of property, plant and equipment (including capital work in progress and capital advances) | (168.74) | (84.41) |
| Proceeds from sale of property, plant and equipment (net) | 1.06 | 380.63 |
| Net proceeds from purchase/sale of investments | (167.41) | (1,038.33) |
| Dividend income received | 13.78 | 13.14 |
| Investments in fixed deposits | 5.45 | 247.37 |
| Interest income received | 28.12 | 41.26 |
| Net cash used in investing activities | (287.74) | (440.34) |
| III Cash flow from financing activities | | |
| Finance costs paid | (25.20) | (14.08) |
| Proceeds paid for short-term borrowings (net) | 247.73 | 72.77 |

Standalone statement of cash flow (Contd.)

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|-----------------|
| Payment of lease liabilities | (3.28) | - |
| Dividend paid | (248.19) | (248.19) |
| Net cash used in financing activities | (28.94) | (189.50) |
| IV Net increase / (decrease) in cash and cash equivalents at the end of the year (I+II+III) | (14.99) | (7.85) |
| V Cash and cash equivalents at the beginning of the financial year | 23.55 | 31.40 |
| VI Cash and cash equivalents at the end of the financial year (IV+V) | 8.56 | 23.55 |

Components of cash and cash equivalents

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Balances with banks (current accounts) | 8.45 | 23.42 |
| Cash on hand | 0.11 | 0.13 |
| Total cash and cash equivalents | 8.56 | 23.55 |

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

The accompanying notes to the standalone financial statements including a summary of significant accounting policies and explanatory information form an integral part of these standalone financial statements.

As per our report of even date

For Walker Chandio & Co LLP

Chartered Accountants

Firm Registration No. 001076N/N500013

**For and on behalf of the Board of Directors of
Finolex Industries Limited**

Rajni Mundra

Partner

Membership No.: 058644

Pune

May 22, 2023

Prakash P. Chhabria

Executive Chairman

DIN: 00016017

London

Saumya Chakrabarti

Director

DIN: 09594036

Ratnagiri

Deepak R. Parikh

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Anami N. Roy

Director

DIN: 01361110

Mumbai

Niraj Kedia

Chief Financial Officer

Pune

Standalone statement of changes in equity

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

A. Equity share capital (refer note No 15)

March 31, 2023

| Particulars | Opening balance as at April 1, 2022 | Change during the year* | Closing balance as at March 31, 2023 |
|---|-------------------------------------|-------------------------|--------------------------------------|
| Issued, subscribed and fully paid equity shares of ₹ 2 each | 124.10 | (0.43) | 123.67 |
| | 124.10 | (0.43) | 123.67 |

*Investment cost adjustment pursuant to consolidation of the Finolex Industries Limited Employee's Welfare Trust ('Welfare Trust')

March 31, 2022

| Particulars | Opening balance as at April 1, 2021 | Change during the year | Closing balance as at March 31, 2022 |
|---|-------------------------------------|------------------------|--------------------------------------|
| Issued, subscribed and fully paid equity shares of ₹ 2 each | 124.10 | - | 124.10 |
| | 124.10 | - | 124.10 |

B. Other equity (refer note No 16)

| Particulars | Reserves and Surplus | | | | | Total |
|---|----------------------|--------------------|----------------------------|-------------------|--|-----------------|
| | General reserve | Securities premium | Capital redemption reserve | Retained earnings | Equity instruments fair value through other comprehensive income | |
| Balance as at April 1, 2021 | 394.50 | 151.27 | 25.18 | 2,160.17 | 217.66 | 2,948.78 |
| Profit for the period | - | - | - | 1,053.47 | - | 1,053.47 |
| Other comprehensive income (net of tax) | - | - | - | (0.24) | (14.16) | (14.40) |
| Total comprehensive income for the year | - | - | - | 1,053.23 | (14.16) | 1,039.07 |
| Final dividend | - | - | - | (248.19) | - | (248.19) |
| Balance as at March 31, 2022 | 394.50 | 151.27 | 25.18 | 2,965.21 | 203.50 | 3,739.66 |
| Adjustment pursuant to consolidation of Welfare Trust | - | - | - | 7.12 | - | 7.12 |
| Profit for the period | - | - | - | 236.59 | - | 236.59 |
| Other comprehensive income (net of tax) | - | - | - | (0.26) | 966.31 | 966.05 |
| Total comprehensive income for the year | - | - | - | 236.33 | 966.31 | 1,202.64 |
| Final dividend | - | - | - | (248.19) | - | (248.19) |
| Balance as at March 31, 2023 | 394.50 | 151.27 | 25.18 | 2,960.47 | 1,169.81 | 4,701.23 |

The accompanying notes to the standalone financial statements including a summary of significant accounting policies and explanatory information form an integral part of these standalone financial statements.

As per our report of even date

For Walker Chandiook & Co LLP

Chartered Accountants

Firm Registration No. 001076N/N500013

For and on behalf of the Board of Directors of Finolex Industries Limited

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Niraj Kedia

Chief Financial Officer
Pune

Ashutosh Kulkarni

Company Secretary
M. No.: A18549
Pune
May 22, 2023

Notes forming part of the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

1. Corporate information

Finolex Industries Limited ('FIL' or 'the Company') is a company domiciled in India and incorporated under the provisions of Companies Act 1956. The equity shares of the company are listed on BSE Limited and National Stock Exchange of India Limited. Its registered office is situated at Gat No. 399, Village Urse, Taluka Maval, District Pune, India.

The Company is engaged in the business of manufacturing PVC pipes & fittings and PVC resin. The Company has manufacturing facilities in the states of Maharashtra and Gujarat.

2. Summary of significant accounting policies

2.1 Basis of preparation

The Standalone Financial Statements comprise of the Standalone Balance Sheet as at March 31, 2023, Standalone Statement of Profit and Loss (including other comprehensive income), Standalone Statement of Cash Flows and Standalone Changes in Equity for year ended March 31, 2023 and summary statement of significant accounting policies and other explanatory information (hereinafter collectively referred to as 'Standalone Financial Statement'). The Standalone Financial Statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the 'Act') read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (the ICAI) and the guidelines issued by the Securities and Exchange Board of India are also applied. All amounts included in the Standalone Financial Statements are reported in Indian Rupees ('₹') in crores, unless otherwise stated.

The financial statements were approved and were authorized for issue in accordance with a resolution of the Board of Directors on May 22, 2023.

2.2 Basis of measurement

The standalone financial statements have been prepared on going concern basis using accrual method of accounting and historical cost convention, except for:

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

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle of twelve months and other criteria set out in Schedule III of the Act.

2.3 Functional and presentation currency

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

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

2.4 Current or non-current classification

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

An asset is classified as current when it is:

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

A liability is classified as current when it is:

- a. Expected to be settled in normal operating cycle
- b. Held primarily for the purpose of trading
- c. Due to be settled within twelve months after the reporting period, or
- d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non - current.

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

Notes forming part of the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

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

2.5 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, current assets, non-current assets, current liabilities, non-current liabilities and disclosure of the contingent liabilities at the end of each reporting period. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying value of assets or liabilities in future periods. These estimates are reviewed regularly and any change in estimates are adjusted prospectively.

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

Judgements

Government grant/ subsidy

The company was entitled to receive Industrial Promotion Subsidy under the Package Scheme of Incentives, for the period from April, 2011 to March 31, 2023. The aforesaid subsidy is in relation to investments in property, plant and equipment at Ratnagiri plant. Accordingly, the same has been classified as grant related to assets and the company is recognising revenue from grant over the life of the property, plant and equipment.

Estimates

Defined benefit plan

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

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

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

Property, plant and equipment and intangible assets:

The determination of depreciation and amortization charge depends on the useful lives for which judgements and estimations are required. The residual values, useful lives, and method of depreciation of property, plant and equipment and intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

Claims, provisions and contingent liabilities:

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

Fair value measurement of financial instruments:

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

Notes forming part of the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

Impairment of financial assets:

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

Deferred tax

Deferred tax assets are recognised for all deductible temporary differences including the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

2.6 Fair value measurement

The Company measures financial instruments, such as non-current and current investments, at fair value, at each balance sheet date.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Quoted market prices, when available, are used as the measure of fair value. In cases where quoted market prices are not available, fair values are determined using present value estimates or other valuation techniques which maximize the use of relevant observable inputs and minimize the use of unobservable inputs, for example, the present value of estimated expected future cash flows using discount rates commensurate with the risks involved. Fair value estimation techniques normally incorporate assumptions that market participants would use in their estimates of values, future revenues, and future expenses, including assumptions about interest rates, default, prepayment and volatility. Because assumptions are inherently subjective in nature, the estimated fair values cannot be substantiated by comparison to independent market quotes and, in many cases, the estimated fair values would not necessarily be realised in an immediate sale or settlement of the instrument.

For cash and other liquid assets, the fair value is assumed to approximate to book value, given the short-term nature of these instruments. For those items with a stated maturity exceeding twelve months, fair value is calculated using a discounted cash flow methodology.

The financial instruments carried at fair value are categorized under the three levels of the Ind AS fair value hierarchy as follows:

Level 1: Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. This level of the fair value hierarchy provides the most reliable evidence of fair value and is used to measure fair value whenever available.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). These inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available in the circumstances, which include the Company's own data. The Company's own data used to develop unobservable inputs is adjusted if information indicates that market participants would use different assumptions

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

Notes forming part of the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

2.7 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

| | |
|---------------------------------------|--|
| • Raw materials and traded goods | Purchase cost on a moving weighted average basis and inward transportation. Refundable indirect taxes and discounts are excluded from cost. |
| • Finished goods and work in progress | Cost of direct raw materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs |

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sell.

2.8 Property, plant and equipment (PPE)

Items of property, plant and equipment are measured at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of property, plant and equipment comprises its purchase price, including import duties, and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

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

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

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit and loss as incurred.

Disposal

An item of property, plant and equipment is derecognized upon disposal or when no future benefits are expected from its use. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income/expenses in the statement of profit and loss.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment as prescribed in Schedule II of the Act or technical evaluation, which are as follows:

| Asset | Useful life (in years) |
|---|------------------------|
| Plant and machinery (including moulds and dies) | 3 to 25 |
| Building (including roads) | 5 to 60 |
| Factory building | 30 |
| Furniture and fixtures | 10 |
| Office equipment | 5 |
| Vehicles (including patrol boat) | 8 to 13 |
| Other intangible assets | 6 |

In the case of Captive Power Plant the management, based on a technical evaluation, has estimated the life of asset to be 25 years which is lower than the life prescribed in Schedule – II. Also, in case of moulds and water works, management has estimated a lower life than prescribed in Schedule – II based on technical evaluation.

The management undertakes a review of the residual values, useful lives and methods of depreciation of property, plant and equipment at the end of each reporting period and adjustments are made whenever necessary.

2.9 Intangible assets and amortization

Recognition and measurement

Intangible assets are recognised when the asset is identifiable, is within the control of the Company, it is probable that the future economic benefits that are attributable to the asset will flow to the Company and cost of the asset can be reliably measured.

Notes forming part of the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

Intangible assets acquired by the Company that have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Research and development expenditure on new products:

Expenditure on research is expensed under respective heads of account in the period in which it is incurred. Development expenditure on new products is capitalised as intangible asset, if all of the following can be demonstrated:

- a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- b) the Company has intention to complete the intangible asset and use or sell it;
- c) the Company has ability to use or sell the intangible asset;
- d) the manner in which the probable future economic benefits will be generated including the existence of a market for output of the intangible asset or intangible asset itself or if it is to be used internally, the usefulness of intangible assets;
- e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- f) the Company has ability to reliably measure the expenditure attributable to the intangible asset during its development.

Development expenditure that does not meet the above criteria is expensed in the period in which it is incurred. Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as Intangible assets under development.

Subsequent measurement

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in statement of profit and loss on a straight-line basis over a period of 6 years from the date that they are available for use, since this most closely reflects

the expected pattern of consumption of the future economic benefits embodied in the asset.

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

Intangible assets developed or acquired with finite useful life are amortized on straight line basis over the useful life as specified below:

| Asset | Useful life (in years) |
|--------------------------------|---------------------------|
| Computer software and licenses | 3 to 6 |

2.10 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer based on delivery terms i.e. when the customer is able to direct the use of the transferred goods or rendering of services and obtains substantially all of the remaining benefits at an amount that reflects the consideration entitled in exchange for those goods or services. Revenue is measured at transaction price net of rebates, discounts, sales return provision and taxes. The Company is generally the principal as it typically controls the goods or services before transferring them to the customer.

A receivable is recognised by the Company when the control is transferred as this is the case of point in time recognition where consideration is unconditional because only the passage of time is required. No significant element of financing is deemed present as the sales are either made with a nil credit term or with a credit period of 0-60 days.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue from sale of goods is recognised when the significant control of the goods have passed to the buyer, usually when goods are dispatched or on delivery, as per the terms of sale. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Notes forming part of the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss.

The Company presents interest income on financial assets at Fair Value through Profit & Loss separately from fair value changes on financials assets.

Dividends

Revenue is recognised when the Company's right to receive the payment is established, which is in the year when shareholders approve the dividend.

2.11 Borrowing costs

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds. It also includes exchange differences in relation to the foreign currency borrowings to the extent those are regarded as an adjustment to the borrowing costs.

Borrowing costs such as interest expenses and foreign exchange loss to the extent considered as part of borrowing costs (if any) directly attributable to the construction of a qualifying asset (asset that takes substantial period of time to get ready for use usually 12 months) are capitalised as part of the cost.

Parts of an item of property, plant and equipment having different useful lives, (if any) are accounted for as separate items (major components) of property, plant and equipment.

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

2.12 Foreign currency transactions:

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (functional currency). The financial statements are presented in ₹, which is also the company's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies are recorded at functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.13 Government grant

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant.

2.14 Taxes

Income tax comprises current and deferred tax. Income tax expense is recognised in the statement of profit and loss except to the extent it relates to items directly recognised in equity or in OCI. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate under the Income-tax Act, 1961 adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. In which case, the tax is also recognised in Other Comprehensive Income or Equity

Notes forming part of the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

Current income tax

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities; on the basis of the taxable profits computed for the current accounting period in accordance with Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.15 Leases

Lease is a contract that provides to the customer (lessee) the right to use an asset for a period of time in exchange for consideration.

A lessee is required to recognize assets and liabilities for all leases with a term that is greater than 12 months, unless the underlying asset is of low value, and to recognize depreciation of leased assets separately from interest on lease liabilities in the statement of Profit and Loss.

Initial measurement

Right-of-use asset (ROU)

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Lease liability

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate.

Notes forming part of the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

Lease payments included in the measurement of the lease liability comprise the following payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent measurement

Right-of-use asset (ROU)

Subsequently the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses.

Lease liability

Subsequently the Company measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability at the interest rate implicit in the lease, if that rate can be readily determined or the Company's incremental borrowing rate.
- reducing the carrying amount to reflect the lease payments made; and
- re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

2.16 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.16.1 Financial assets

Initial recognition and measurement

Financial assets are recognised initially at fair value plus, in the case of financial assets not classified as fair value through profit or loss ('FVTPL'), transaction costs that are attributable to the acquisition of the financial asset.

Financial assets are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets shall be recognised using trade date or settlement date accounting.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- At amortised cost
- At fair value through Other Comprehensive Income ('FVTOCI')
- At fair value through profit or loss ('FVTPL')

(a) Financial assets classified as measured at amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ('EIR') method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance expense/ (other income) in the profit and loss statement. The losses arising from impairment are recognised in the statement of profit and loss.

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(All amounts in ₹ Crores, unless other wise stated)

This category generally applies to trade receivables, security and other deposits receivable by the company.

(b) Financial assets classified as measured at FVOCI

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

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

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

On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit and loss.

(c) Financial assets classified as measured at FVTPL

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

De-recognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retain substantially all of the risks and rewards of ownership and it does not retain control of the financial asset

Impairment of financial assets

The Company applies expected credit loss ('ECL') model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets measured at amortised cost
- Financial assets measured at FVOCI, except investments in equity instruments designated as such by the Company.
- Trade receivables

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. . However, if credit risk has increased significantly, lifetime ECL is used.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which

Notes forming part of the standalone financial statements

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is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

2.16.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised initially at fair value net of, in the case of financial liabilities not classified as fair value through profit or loss ('FVTPL'), transaction costs that are attributable to the issue of the financial liability. Financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

(a) Financial liabilities at FVTPL

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

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

Financial liabilities designated as such upon initial recognition at the initial date of recognition, if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognized in OCI. These gains/ loss are not subsequently transferred to the statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

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

(b) Financial liabilities at amortised cost

This is the most relevant category to the Company. The Company generally classifies interest bearing borrowings as financial

liabilities carried at amortised cost. After initial recognition, these instruments are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.17 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.18 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, balances with banks and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

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Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

2.19 Provisions and contingent liabilities

A Provision is recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources is expected to settle the obligation, in respect of which a reliable estimate can be made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in case of

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
- present obligation arising from past events, when no reliable estimate is possible
- a possible obligation arising from past events where the probability of outflow of resources is not remote.

Provisions and contingent liabilities are reviewed at each Balance Sheet date.

2.20 Provision for employment benefits

Defined contribution plans

Under defined contribution plan, the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. The Company has the following defined contribution plans: state governed provident fund scheme and employee state insurance scheme. The contributions paid and payable under the scheme are recognised in the period when the employee renders the related service.

Defined benefit plans

The employees' gratuity fund scheme managed by the Life Insurance Corporation of India (LIC) is the Company's defined benefit plans. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to

additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

In case of funded plans, the fair value of the plan's assets is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Past service cost is recognized as expenses on a straight-line basis over the average period until the benefits become vested. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

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

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

Provision for compensated absences

Provision for short term compensated absences is recognised for accumulated leaves that are expected to be utilized within a period of twelve months from the balance sheet date. Long term compensated absences are provided for on the basis of an actuarial valuation, using projected unit credit method, as at each reporting date.

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(All amounts in ₹ Crores, unless other wise stated)

2.21 Earnings per equity share

Basic earnings per equity share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period as reduced by number of shares bought back, if any. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

2.22 Dividend to equity holders of the Company

Dividends paid (including income tax thereon) is recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decision.

Segment accounting policies are in line with the accounting policies of the Company.

2.24 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its standalone financial statements.

Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its standalone financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its standalone financial statements.

Ind As 109 - Financial instruments

The Ministry of Corporate Affairs ("MCA") vide notification dated 23 March 2022, has issued an amendment to Ind AS 109 which clarifies the fees an entity should include when it applies the '10%' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The Company is evaluating the requirement of the said amendment and its impact on these standalone financial statements.

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

Note 3.1 : Property, plant and equipment

| Particulars | Freehold land | Leasehold land | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Office equipment | Total |
|--|---------------|----------------|---------------|---------------------|------------------------|--------------|------------------|-----------------|
| Gross carrying value | | | | | | | | |
| Balance as at April 1, 2021 | 108.20 | 1.01 | 285.05 | 1,969.88 | 6.23 | 10.47 | 3.94 | 2,384.78 |
| Additions during the year | 0.85 | | 2.54 | 71.26 | 0.18 | 3.19 | 1.21 | 79.23 |
| Deletions/ adjustment during the year | - | (0.43) | (6.20) | (11.16) | (0.01) | (1.13) | (0.11) | (19.04) |
| Balance as at March 31, 2022 | 109.05 | 0.58 | 281.39 | 2,029.98 | 6.40 | 12.54 | 5.04 | 2,444.98 |
| Additions during the year | 3.38 | - | 5.66 | 122.71 | 0.20 | 1.73 | 1.26 | 134.93 |
| Deletions/ adjustment during the year | - | (0.58) | - | (0.08) | (0.14) | (2.88) | (0.05) | (3.74) |
| Balance as at March 31, 2023 | 112.43 | - | 287.05 | 2,152.60 | 6.47 | 11.38 | 6.25 | 2,576.18 |
| Accumulated depreciation / amortisation | | | | | | | | |
| Balance as at April 1, 2021 | - | 0.36 | 100.86 | 1,270.17 | 4.62 | 5.48 | 2.01 | 1,383.50 |
| Depreciation/ amortisation for the year | - | 0.01 | 9.07 | 71.18 | 0.31 | 1.09 | 1.10 | 82.76 |
| Deletions during the year | | (0.17) | (2.48) | (10.24) | (0.01) | (0.60) | (0.10) | (13.60) |
| Balance as at March 31, 2022 | - | 0.20 | 107.45 | 1,331.11 | 4.92 | 5.97 | 3.01 | 1,452.65 |
| Depreciation/ amortisation for the year | - | - | 9.11 | 76.57 | 0.29 | 0.98 | 1.23 | 88.18 |
| Deletions during the year | - | (0.20) | - | (0.06) | (0.09) | (1.83) | (0.04) | (2.22) |
| Balance as at March 31, 2023 | - | - | 116.56 | 1,407.61 | 5.12 | 5.12 | 4.20 | 1,538.61 |
| Net block as at March 31, 2023 | 112.43 | - | 170.49 | 744.99 | 1.35 | 6.27 | 2.05 | 1,037.57 |
| Net block as at March 31, 2022 | 109.05 | 0.38 | 173.94 | 698.87 | 1.48 | 6.56 | 2.04 | 992.33 |

Notes:

1. Property ,plant and equipment pledged as security :

There is no charge on property, plant and equipment as at March 31, 2023 and as at March 31, 2022.

Note 3.2 : Capital work-in-progress

| Particulars | Capital Work-in-progress |
|---------------------------------------|--------------------------|
| Gross carrying value | |
| Balance as at April 1, 2021 | 8.15 |
| Additions during the year | 3.50 |
| Deletions/ adjustment during the year | (2.19) |
| Balance as at March 31, 2022 | 9.46 |
| Additions during the year | 124.51 |
| Deletions/ transfer during the year | (90.15) |
| Balance as at March 31, 2023 | 43.82 |

Notes:

1. Capital work-in-progress:

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

The Company does not have any projects which are overdue or exceeded their respective cost compare to its original plan.

Notes to the standalone financial statements

for the year ended March 31, 2023

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CWIP ageing schedule as at March 31, 2023

| Particulars | Amount in CWIP for a period of | | | | Total |
|--------------------------|--------------------------------|-------------|-------------|-------------------|--------------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Capital work-in-progress | 38.09 | 0.15 | 5.58 | - | 43.82 |
| | 38.09 | 0.15 | 5.58 | - | 43.82 |

CWIP ageing schedule as at March 31, 2022

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

Note 3.3 : Other intangible assets

| Particulars | Other intangible assets |
|---------------------------------------|-------------------------|
| Gross carrying value | |
| Balance as at April 1, 2021 | 5.94 |
| Additions during the year | 0.48 |
| Balance as at March 31, 2022 | 6.42 |
| Additions during the year | 0.34 |
| Deletions/ adjustment during the year | (0.45) |
| Balance as at March 31, 2023 | 6.31 |
| Accumulated amortisation | |
| Balance as at April 1, 2021 | 4.88 |
| Amortisation for the year | 0.64 |
| Balance as at March 31, 2022 | 5.52 |
| Amortisation for the year | 0.43 |
| Deletions/ adjustment during the year | (0.43) |
| Balance as at March 31, 2023 | 5.52 |
| Net block as at March 31, 2023 | 0.79 |
| Net block as at March 31, 2022 | 0.90 |

Notes:

- There are no intangible assets under development as at March 31, 2023 or as at March 31, 2022.

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

Note 3.4 : Right-of-use asset

| Particulars | Right-of-use asset |
|---------------------------------------|--------------------|
| Gross carrying value | |
| Balance as at April 1, 2021 | - |
| Additions during the year | - |
| Balance as at March 31, 2022 | - |
| Additions during the year | 17.02 |
| Deletions/ transfer during the year | 0.58 |
| Balance as at March 31, 2023 | 17.60 |
| Accumulated depreciation | |
| Balance as at April 1, 2021 | - |
| Depreciation during the year | - |
| Deletions/ transfer during the year | - |
| Balance as at March 31, 2022 | - |
| Depreciation during the year | 0.59 |
| Deletions/ transfer during the year | 0.20 |
| Balance as at March 31, 2023 | 0.79 |
| Net block as at March 31, 2023 | 16.81 |
| Net block as at March 31, 2022 | - |

Notes:

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

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

2. Benami properties:

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

3. Capital commitments:

Refer note 38.1 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

4 Investments : Non-current

| Particulars | Face value* ₹ | No of shares as at * | | Balances as at | |
|--|------------------|----------------------|----------------|----------------|----------------|
| | | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Quoted | | | | | |
| Investments in equity shares | | | | | |
| Investments designated at fair value through other comprehensive income (FVOCI) | | | | | |
| Finolex Cables Limited | 2 | 2,21,87,075 | 2,21,87,075 | 1,802.92 | 836.61 |
| Investments designated at fair value through profit and loss (FVTPL) | | | | | |
| GOCL Corporation Limited | 2 | 4,950 | 4,950 | 0.15 | 0.14 |
| Gulf Oil Lubricants India Limited | 2 | 4,950 | 4,950 | 0.20 | 0.21 |
| Gold Crest Corporation Limited | 10 | 12,400 | 12,400 | 0.25 | 0.22 |
| Unquoted | | | | | |
| Investments designated at fair value through other comprehensive income (FVOCI) | | | | | |
| Finolex Infrastructure Private Limited | 10 | 53,84,686 | 53,73,938 | 12.38 | 12.36 |
| Investments designated at fair value through profit and loss (FVTPL) | | | | | |
| The Saraswat Co-op Bank Limited | 10 | 1,000 | 1,000 | - # | - # |
| Investments measured at cost | | | | | |
| Associate companies | | | | | |
| a) Finolex Plasson Industries Private Limited | 10 | 46,35,000 | 46,35,000 | 7.50 | 7.50 |
| b) Pawas Port Limited | 10 | 49,994 | 49,994 | 0.05 | 0.05 |
| Investments in bonds measured at amortised cost (Quoted) | | | | | |
| Perpetual bonds | | | | | |
| 8.50% SBI Perpetual Bond | 10,00,000 | 250 | 250 | 26.04 | 26.21 |
| 7.74% SBI Perpetual Bond | 10,00,000 | 200 | 200 | 21.06 | 21.11 |
| 8.75% SBI Perpetual Bond | 10,00,000 | 100 | 100 | 10.70 | 10.82 |
| 8.99% Bank of Baroda Perpetual Bond | 10,00,000 | 250 | 250 | 25.77 | 25.84 |
| 8.25% Bank of Baroda Perpetual Bond | 10,00,000 | 200 | 200 | 21.18 | 21.20 |
| 9.56% SBI Perpetual Bond | 10,00,000 | 500 | 350 | 52.32 | 37.18 |
| 8.85% HDFC Bank Limited | 10,00,000 | - | 300 | - | 32.38 |
| 9.37% SBI Perpetual Bond | 10,00,000 | 69 | - | 7.22 | - |
| 9.15% ICICI Bank Perpetual Bond | 10,00,000 | 200 | - | 21.50 | - |
| 9.90% ICICI Bank Perpetual Bond | 10,00,000 | 70 | - | 7.24 | - |
| Secured non convertible debentures | | | | | |
| 8.05% HDB Financial Services Ltd. - Perpetual Bond | 10,00,000 | 200 | - | 21.01 | - |
| Tax free bonds | | | | | |
| 7.07% Indian Railway Finance Corporation | 1,000 | 60,000 | 60,000 | 6.61 | 6.76 |
| 7.19% Indian Railway Finance Corporation | 10,00,000 | 50 | 50 | 5.54 | 5.80 |
| 7.17% Rural Electrification Corporation Limited | 10,00,000 | 100 | 100 | 5.67 | 11.13 |
| 8.01% Rural Electrification Corporation Limited | 1,000 | - | 75,000 | - | 8.14 |

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

4 Investments : Non-current (Contd.)

| Particulars | Face value* ₹ | No of shares as at * | | Balances as at | |
|--|------------------|----------------------|----------------|-----------------|-----------------|
| | | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| 8.23% Indian Railway Finance Corporation | 1,000 | | 100,000 | - | 11.44 |
| 7.15% National Thermal Power Corporation Limited | 1,000,000 | 50 | 50 | 10.87 | 5.67 |
| 7.07% Housing and Urban Development Corporation | 1,000,000 | 100 | - | 10.80 | - |
| Total | | | | 2,076.98 | 1,080.77 |

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

The value of shares in full figures is ₹ 10,000/- and hence rounded off to NIL.

The company has complied with the number of layers prescribed under section 2 (87) of the act

All the investments are fully paid

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

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Aggregate cost of quoted investments | 335.81 | 335.81 |
| Aggregate value of unquoted investments | 19.93 | 19.91 |
| Aggregate market value of quoted investments | 2,057.05 | 1,060.86 |
| Aggregate amount of impairment | - | - |

Fair value disclosures

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

Risk management strategy

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

5 Non-current loans

| Particulars | March 31, 2023 | March 31, 2022 |
|----------------------------|----------------|----------------|
| Unsecured, considered good | | |
| Loans to employees | 0.03 | 0.04 |
| Loans to vendors | - | 13.44 |
| | 0.03 | 13.48 |
| Less: Loss allowance | - | - |
| Total | 0.03 | 13.48 |

There are no loans having significant increase in credit risk or which are credit impaired or doubtful as at March 31, 2023 (₹ Nil as at March 31, 2022)

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

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

- repayable on demand; or
- without specifying any terms or period of repayment

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

6 Other non-current financial assets

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Unsecured, considered good | | |
| Claims receivable (under mega incentive schemes) (refer note 19) | 28.82 | 31.97 |
| Security deposits | 13.01 | 6.19 |
| Total | 41.83 | 38.16 |

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

7 Other non-current assets

| Particulars | March 31, 2023 | March 31, 2022 |
|--------------------------------------|----------------|----------------|
| Unsecured, considered good | | |
| Capital advances | 12.91 | 11.57 |
| Prepaid expenses | 1.54 | 0.55 |
| Balances with government authorities | 33.12 | 42.22 |
| Total | 47.57 | 54.34 |

8 Inventories

| Particulars | March 31, 2023 | March 31, 2022 |
|-------------------|----------------|-----------------|
| Raw materials | 294.68 | 489.71 |
| Work-in-progress | 79.93 | 80.83 |
| Finished goods | 215.43 | 364.08 |
| Stock-in-trade | 1.41 | 1.42 |
| Stores and spares | 74.85 | 72.62 |
| Packing material | 6.85 | 6.81 |
| Total | 673.15 | 1,015.47 |

- Raw materials include goods-in-transit amounting to ₹ 32.84 crores (March 31, 2022: ₹ 21.63 crores)
- Write-down of inventories to net realisable value amounts to ₹ 3.55 crores during the year (March 31, 2022: ₹ 12.68 crores).
- There is no hypothecation on inventories.
- Refer note 2.7 for basis of valuation of inventories.

9 Investments: Current

| Particulars | Face value* ₹ | No. of units as at* | | Balance as at | |
|---|------------------|---------------------|----------------|----------------|----------------|
| | | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Investment in mutual funds classified as fair value through profit and loss (FVTPL) (Quoted) | | | | | |
| Axis Treasury Advantage Fund Direct Growth | 1,000 | 297,631 | 190,415 | 81.26 | 49.32 |
| Axis Ultra Short Term Fund Direct Growth | 10 | 48,010,122 | - | 63.34 | - |
| Axis Corporate Debt Fund Direct Growth | 10 | 47,591,648 | - | 71.26 | - |
| ICICI Prudential Savings Fund Direct Plan Growth | 100 | 1,411,975 | - | 65.32 | - |
| ICICI Prudential Corporate Bond Fund Direct Plan Growth | 10 | 12,944,962 | - | 33.69 | - |

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

9 Investments: Current (Contd.)

| Particulars | Face value* ₹ | No. of units as at* | | Balance as at | |
|--|------------------|---------------------|----------------|----------------|----------------|
| | | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| ICICI Prudential Nifty Pse Bond Plus SDL - Sep 2027 Maturity 60: 40 Index Fund Direct Growth | 10 | 99,460,957 | - | 104.15 | - |
| ICICI Prudential Equity Arbitrage Fund Direct Plan Growth | 10 | - | 12,697,386 | - | 37.19 |
| ICICI Prudential Money Market Fund Direct Plan Growth | 100 | - | 3,884,168 | - | 119.20 |
| ICICI Prudential Overnight Fund Dir Growth | 100 | - | 7,520,554 | - | 86.19 |
| Nippon India Floating Rate Fund Growth | 10 | 14,355,726 | 14,355,726 | 56.73 | 54.18 |
| Nippon India Arbitrage Fund Direct Growth | 10 | 20,180,283 | 14,493,853 | 48.71 | 33.09 |
| Nippon India Low Duration Fund Direct Growth | 1,000 | 129,998 | 120,428 | 43.42 | 38.16 |
| Nippon India Nifty AAA CPSE Bond Plus SDL - Apr 2027 Maturity 60: 40 Index Fund Growth | 10 | 57,020,207 | - | 58.75 | - |
| Nippon India Corporate Bond Fund Direct Growth | 10 | 6,389,702 | - | 33.30 | - |
| Nippon India Money Market Fund Direct Growth | 1,000 | - | 268,702 | - | 90.03 |
| Nippon India Overnight Fund Direct Growth | 100 | - | 1,437,957 | - | 16.41 |
| SBI Saving Fund Direct - Growth | 10 | 14,940,990 | - | 56.14 | - |
| SBI CPSE Bond Plus SDL Sep 2026 50:50 Index Fund - Growth | 10 | 88,058,640 | - | 91.72 | - |
| SBI Arbitrage Opportunities Fund Direct - Growth | 10 | - | 10,703,733 | - | 30.54 |
| SBI Magnum Low Duration Fund - Growth | 1,000 | - | 138,032 | - | 40.16 |
| SBI Overnight Fund Direct - Growth | 1,000 | - | 245,803 | - | 85.08 |
| Kotak Money Market Growth Direct Plan | 1,000 | 1,364,932 | 276,261 | 52.25 | 100.03 |
| Kotak Savings Fund Growth Direct Plan | - | - | 35,860,590 | - | 129.21 |
| Kotak Low Duration Fund Direct Growth | 1,000 | 1,556,832 | - | 47.65 | - |
| Kotak Nifty SDL Apr 2027 Top 12 Equal Weight Index Fund Direct Plan Growth | 10 | 65,527,599 | - | 67.94 | - |
| Kotak Bond Fund Direct Plan Growth | 1,000 | 89,838 | - | 29.43 | - |
| Tata Money Market Fund Dir Growth | 1,000 | 164,186 | 39,210 | 80.46 | 15.00 |
| Tata Treasury Advantage Fund Direct Plan Growth | 1,000 | 197,343 | - | 67.41 | - |
| Tata Ultra Short Term Fund Direct Plan Growth | 10 | 46,382,545 | - | 58.36 | - |
| Tata Liquid Fund Direct Growth | 1,000 | - | 283,363 | - | 95.22 |
| Aditya Birla Sun Life Money Manager Direct Plan Growth | 100 | 1,875,196 | 3,346,689 | 59.29 | 100.04 |
| Aditya Birla Sun Life Saving Fund Growth | 100 | 904,078 | - | 42.52 | - |
| Aditya Birla Sun Life Low Duration Fund Growth Direct | 100 | 542,635 | - | 33.18 | - |
| Aditya Birla Sun Life Corporate Bond Fund Growth Direct | 10 | 1,624,820 | - | 15.53 | - |
| Aditya Birla Sun Life Nifty SDL Plus Psu Bond Sep 2026 60:40 Index Direct Fund Growth | 10 | 50,853,684 | - | 53.34 | - |
| HDFC Low Duration Fund Direct Growth | 10 | 5,125,144 | - | 26.92 | - |
| HDFC Liquid Fund Direct Growth | 1,000 | 24,159 | - | 10.69 | - |
| HDFC Ultra Short Term Fund Direct Growth | 10 | 28,684,367 | - | 37.59 | - |
| HDFC Money Market Fund Direct Growth | 1,000 | 22,417 | - | 11.03 | - |

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

9 Investments: Current (Contd.)

| Particulars | Face value* ₹ | No. of units as at* | | Balance as at | |
|--|------------------|---------------------|----------------|-----------------|-----------------|
| | | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| HSBC CRISIL IBX 50.50 Gilt Plus SDL Apr 2028 Index Fund Growth | 10 | 74,855,836 | - | 78.15 | - |
| DSP Ultra Short Term Fund | 1,000 | - | 362,677 | - | 107.44 |
| IDFC Ultra Short Term Fund | 10 | - | 79,360,600 | - | 98.49 |
| UTI Liquid Cash Plan - Direct Plan Growth | | 4,324 | - | 1.60 | - |
| UTI Banking & PSU Debt Fund - Direct Plan - Growth | | 2,758,619.75 | - | 5.17 | - |
| Investment in deposits classified at cost (Unquoted) | | | | | |
| LIC Housing Finance Limited | | | | 40.00 | 217.00 |
| Bajaj Finance Limited | | | | 82.00 | - |
| Investment in Commercial Papers classified at cost (Quoted) | | | | | |
| Aditya Birla Finance Limited | 500,000 | 400 | - | 19.25 | - |
| Investments measured at amortised cost - Bonds (Quoted) | | | | | |
| 5.75% India Infradebt Ltd 15.09.2023 | 1,000,000 | 200 | - | 20.59 | - |
| 8.01% Rural Electrification Corporation Limited 24 Sep 2023 | 1,000 | 75,000 | 75,000 | 7.84 | - |
| 8.23% Indian Railway Finance Corporation 18 Feb 2024 | 1,000 | 100,000 | 100,000 | 11.10 | - |
| 7.18% Indian Railway Finance Corporation 19 Feb 2023 (FV ₹1,000) | | | 100,000 | | 10.55 |
| | | | | 1,767.07 | 1,552.52 |

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Aggregate cost of quoted investments | 1,611.77 | 1,326.64 |
| Aggregate market value of quoted investments | 1,645.07 | 1,335.52 |
| Aggregate value of unquoted investments | 122.00 | 217.00 |
| Aggregate amount of impairment | - | - |

* Number of units and face value are in full figures

Fair value disclosures

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

Risk management strategy

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

10 Trade receivables

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Secured, considered good | 1.40 | 1.40 |
| Unsecured, considered good | 296.14 | 333.06 |
| Less: Allowance for expected credit loss | - | - |
| Total | 297.54 | 334.46 |

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

Trade receivables ageing schedule as at March 31, 2023

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|-----------------------------|--|--------------------|--------------------|-----------|-----------|-------------------|---------------|
| | Not Due | Less than 6 months | 6 months to 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed, considered good | 280.34 | 15.80 | - | - | - | - | 296.14 |
| Disputed, considered good | - | - | - | - | - | 1.40 | 1.40 |
| | 280.34 | 15.80 | - | - | - | 1.40 | 297.54 |

Trade receivables ageing schedule as at March 31, 2022

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

There are no trade receivables having significant increase in credit risk or which are credit impaired or doubtful as at March 31, 2023 (March 31, 2022: ₹ Nil)

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

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

Refer note 40 for credit risk of trade receivables.

The Company's trade receivables consist of receivables from dealers and customers against sales of pipes and fittings and PVC resin. Trade receivables are mostly on terms of advance payment and in certain cases credit period is generally upto 60 days. The Company also charges interest @ 18% p.a. in case of delay in collection of trade receivables.

The trade receivables are free from hypothecation.

11.1 Cash and cash equivalents

| Particulars | March 31, 2023 | March 31, 2022 |
|----------------------|----------------|----------------|
| Balances with banks: | | |
| In current accounts | 8.45 | 23.42 |
| Cash on hand | 0.11 | 0.13 |
| Total | 8.56 | 23.55 |

11.2 Other bank balances

| Particulars | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Unpaid dividend accounts | 33.95 | 30.19 |
| Deposits with original maturity of more than 3 months but less than 12 months | 18.09 | 27.30 |
| Total | 52.04 | 57.49 |

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

12 Current loans

| Particulars | March 31, 2023 | March 31, 2022 |
|-----------------------------------|----------------|----------------|
| Unsecured, considered good | | |
| Loans to employees | 0.45 | 0.31 |
| Loans to vendors | 22.34 | 8.39 |
| Total | 22.79 | 8.70 |

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

There are no loans having significant increase in credit risk or which are credit impaired or doubtful as at March 31, 2023 (₹ Nil as at March 31, 2022)

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

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

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

13 Other current financial assets

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Unsecured, considered good | | |
| Interest receivable- deposits and others | 6.59 | 6.15 |
| Security deposits | 0.49 | 2.80 |
| Other receivables | 2.23 | 4.05 |
| Total | 9.31 | 13.00 |

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

14 Other current assets

| Particulars | March 31, 2023 | March 31, 2022 |
|-------------------------------------|----------------|----------------|
| Unsecured, considered good | | |
| Advances to vendors | 51.21 | 25.76 |
| Prepaid expenses | 7.20 | 8.83 |
| Balance with government authorities | 3.50 | 6.18 |
| Total | 61.91 | 40.77 |

15 Equity share capital

| Particulars | March 31, 2023 | | March 31, 2022 | |
|--|--------------------|---------------|--------------------|---------------|
| | No. of shares | Amount | No. of shares | Amount |
| Authorised equity share capital of ₹ 2 each | | | | |
| Reconciliation of number of Equity shares authorised | | | | |
| Shares outstanding at the beginning of the year | 7,500,00,000 | 150.00 | 750,000,000 | 150.00 |
| Shares outstanding at the end of the year | 750,000,000 | 150.00 | 750,000,000 | 150.00 |
| Unclassified share capital (shares of ₹ 10 each) | 85,000,000 | 85.00 | 85,000,000 | 85.00 |
| Total authorised share capital | 835,000,000 | 235.00 | 835,000,000 | 235.00 |
| Issued, subscribed and fully paid up equity share capital of ₹ 2 each | 618,313,905 | 123.67 | 620,476,905 | 124.10 |

Excluding 2,163,000 shares which are held by the Welfare Trust.

Reconciliation of number of equity shares and amount outstanding:

| Particulars | March 31, 2023 | | March 31, 2022 | |
|---|--------------------|---------------|--------------------|---------------|
| | No. of shares | Amount | No. of shares | Amount |
| Shares outstanding at the beginning of the year | 620,476,905 | 124.10 | 620,476,905 | 124.10 |
| Restated balance at the beginning of the period | 620,476,905 | 124.10 | 620,476,905 | 124.10 |
| Investment cost adjustment pursuant to consolidation of the Welfare Trust | (2,163,000) | (0.43) | - | - |
| Shares outstanding at the end of the year | 618,313,905 | 123.67 | 620,476,905 | 124.10 |

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

15 Equity share capital (Contd.)

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

| Name of shareholder | As at March 31, 2023 | | As at March 31, 2022 | |
|-----------------------------------|----------------------|--------------|----------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Finolex Cables Limited | 200,962,985 | 32.39% | 200,962,985 | 32.39% |
| Orbit Electricals Private Limited | 116,654,505 | 18.80% | 116,654,505 | 18.80% |

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

| Name of the promoter | As at March 31, 2023 | | As at March 31, 2022 | | % change during the year |
|-----------------------------------|----------------------|--------------|----------------------|--------------|--------------------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding | |
| Finolex Cables Limited | 200,962,985 | 32.39% | 200,962,985 | 32.39% | 0.00% |
| Orbit Electricals Private Limited | 116,654,505 | 18.80% | 116,654,505 | 18.80% | 0.00% |
| Vijay Kishandas Chhabria | 2,151,420 | 0.35% | 2,151,420 | 0.35% | 0.00% |
| Katara Aruna Mukesh | 1,288,895 | 0.21% | 1,288,895 | 0.21% | 0.00% |
| Katara Dental Private Limited | 1,069,750 | 0.17% | 1,069,750 | 0.17% | 0.00% |
| Prakash Pralhad Chhabria | 853,745 | 0.14% | 853,745 | 0.14% | 0.00% |
| Kavita Sanjay Raheja | 464,395 | 0.07% | 464,395 | 0.07% | 0.00% |
| Deepak Kishan Chhabria | 404,605 | 0.07% | 404,605 | 0.07% | 0.00% |
| Gayatri Prakash Chhabria | 374,125 | 0.06% | 374,125 | 0.06% | 0.00% |
| Hansika Hiya Prakash Chhabria | 334,875 | 0.05% | 334,875 | 0.05% | 0.00% |
| Priya Vijay Chhabria | 301,000 | 0.05% | 301,000 | 0.05% | 0.00% |
| Katara Amrita Mukesh | 210,375 | 0.03% | 210,375 | 0.03% | 0.00% |
| Katara Amit Mukesh | 203,160 | 0.03% | 203,160 | 0.03% | 0.00% |
| Vini Deepak Chhabria | 132,000 | 0.02% | 132,000 | 0.02% | 0.00% |
| Katara Mukesh Dolumal | 115,150 | 0.02% | 115,150 | 0.02% | 0.00% |
| Ritu Prakash Chhabria | 22,250 | # 0.00% | 22,250 | # 0.00% | 0.00% |
| Katara Mukesh Dolumal HUF | 17,500 | # 0.00% | 17,500 | # 0.00% | 0.00% |
| Rishi Vijay Chhabria | 6,750 | # 0.00% | 6,750 | # 0.00% | 0.00% |
| Kishandas Parashram Chhabria | 1,000 | # 0.00% | 1,000 | # 0.00% | 0.00% |

Rounded off to 0.00%

- i) The Company has not made any bonus issue or issue of equity shares pursuant to contracts without payment received in cash or bought back any shares for the period of five years immediately preceding the balance sheet date.
- ii) The Company has only one class of equity shares having a par value of ₹ 2/- each. Each equity shareholder is entitled to one vote per share and has a right to receive dividend as recommended by Board of Directors subject to the necessary approval from the shareholders.

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

- iii) The Board of Directors have proposed on May 22, 2023, a final dividend of ₹ 1.50/- (75%) per equity share for financial year 2022-23. The same is subject to approval of the shareholders of the Company at the annual general meeting for the year ended March 31, 2023.

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

16 Other equity

| Particulars | March 31, 2023 | March 31, 2022 |
|---|-----------------|-----------------|
| Securities premium | 151.27 | 151.27 |
| Capital redemption reserve | 25.18 | 25.18 |
| General reserve | 394.50 | 394.50 |
| Retained earnings | 2,960.47 | 2,965.21 |
| Equity instruments through other comprehensive income | 1,169.81 | 203.50 |
| Total | 4,701.23 | 3,739.66 |

Nature and purpose of reserves

1. Capital redemption reserve

Capital redemption reserve is being created by transfer from Retained earnings at the time of buy back of equity shares in accordance with the Act. The reserve will be utilised in accordance with the provisions of the Act.

2. General reserve

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

3. Securities premium

Amount received (on issue of shares) in excess of the par value has been classified as securities premium. The reserve is utilised in accordance with the provisions of the Companies Act.

4. Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

5. Equity instruments through other comprehensive income

Equity instruments through other comprehensive income represents unrealised fair value gain(or) loss in investments valued at FVOCI.

17.1 Non-current lease liability

| Particulars | March 31, 2023 | March 31, 2022 |
|-----------------|----------------|----------------|
| Lease liability | 12.21 | - |
| Total | 12.21 | - |

17.2 Other Non-current lease liability

| Particulars | March 31, 2023 | March 31, 2022 |
|-------------------|----------------|----------------|
| Security deposits | 0.13 | 0.07 |
| Dealer deposits | 0.07 | 0.07 |
| Total | 0.20 | 0.14 |

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

18.1 Non-current provisions

| Particulars | March 31, 2023 | March 31, 2022 |
|--------------------------------------|----------------|----------------|
| Provision for employee benefits | | |
| Gratuity (refer note 36) | 4.53 | 2.28 |
| Compensated absences (refer note 36) | 13.59 | 13.22 |
| Total | 18.12 | 15.50 |

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

18.2 Current provisions

| Particulars | March 31, 2023 | March 31, 2022 |
|--------------------------------------|----------------|----------------|
| Provision for employee benefits | | |
| Gratuity (refer note 36) | 2.00 | 2.21 |
| Compensated absences (refer note 36) | 2.46 | 2.00 |
| Total | 4.46 | 4.21 |

19 Government grants

| Particulars | March 31, 2023 | March 31, 2022 |
|---------------------|----------------|----------------|
| Non-current portion | 66.21 | 67.05 |
| Current portion | 12.62 | 10.73 |
| Total | 78.83 | 77.78 |

- a) The Company was entitled to receive Industrial Promotion Subsidy under the Package Scheme of Incentives in relation to investments in property, plant and equipment at Ratnagiri plant. Accordingly, the same has been classified as grant related to assets and the Company is recognising revenue from grant over the life of the property, plant and equipment.

Liability movement

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| As at the beginning of the year | 77.78 | 74.83 |
| Recognised during the year | 13.67 | 13.68 |
| Released to the statement of profit and loss | (12.62) | (10.73) |
| As at the end of the year | 78.83 | 77.78 |

- b) The Company has received the eligibility certificate for the industrial promotion subsidy under the package incentive scheme as mentioned above. The government grant accrued during the current year aggregating ₹ 13.67 Crore (March 31, 2022: ₹ 13.68 Crore)

Asset movement

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| As at the beginning of the year | 31.97 | 30.17 |
| Add: Grant accrued during the year | 13.67 | 13.68 |
| Less: Claims received during the year | (16.82) | (11.88) |
| As at the end of the year | 28.82 | 31.97 |

Refer note 6

20 Current borrowings

| Particulars | March 31, 2023 | March 31, 2022 |
|------------------|----------------|----------------|
| Unsecured | | |
| From banks | | |
| Buyer's credit | 526.31 | 276.22 |
| Cash credit | 0.10 | 1.81 |
| Total | 526.41 | 278.03 |

Details of terms of borrowings and security for the borrowings

Buyer's credits are part of working capital facilities. These are repayable based on the terms of each buyer's credit which is upto 90 days. The interest rate ranging from 0.60% to 5.21%.

Cash credits facilities have interest rate ranging from 6.60% to 9.60%.

The Company has aggregate limits of working capital borrowings of ₹ 1,916.25 crores (March 31, 2022: ₹ 1,606 crores) from various banks.

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

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

20 Current borrowings (Contd.)

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

Refer note 40 for the Company's financial risk management policies and procedures.

Reconciliation of debt in accordance with Ind AS 7 - Statement of Cash Flows

| Particulars | Short-term borrowings | Lease liabilities | Interest accrued | Total |
|--------------------------------------|-----------------------|-------------------|------------------|---------------|
| Net debt as at April 1, 2021 | 203.85 | - | 0.14 | 203.99 |
| Proceeds from borrowings (net) | 72.77 | - | - | 72.77 |
| Foreign exchange fluctuation | 1.41 | - | (0.02) | 1.39 |
| Finance costs | - | - | 14.09 | 14.09 |
| Interest paid | - | - | (14.08) | (14.08) |
| Net debt as at March 31, 2022 | 278.03 | - | 0.13 | 278.16 |
| Proceeds from borrowings (net) | 247.73 | - | - | 247.73 |
| Additions (leases) | - | 17.60 | - | 17.60 |
| Foreign exchange fluctuation | 0.65 | - | - | 0.65 |
| Finance costs | - | - | 27.23 | 27.23 |
| Interest paid | - | - | (25.20) | (25.20) |
| Payment of lease liabilities | - | (3.28) | - | (3.28) |
| Net debt as at March 31, 2023 | 526.41 | 14.31 | 2.16 | 542.88 |

21 Trade payables

| Particulars | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Trade payables | | |
| a) total outstanding dues of micro enterprises and small enterprises (refer note 42) | 12.27 | 8.05 |
| b) total outstanding dues of creditors other than micro enterprises and small enterprises | 277.03 | 455.03 |
| Total | 289.30 | 463.08 |

Trade payables ageing schedule as at March 31, 2023

| Particulars | Outstanding for following periods from due date of payment | | | | | Total |
|---|--|------------------|-------------|-------------|-------------------|---------------|
| | Not due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Micro enterprises and small enterprises | 5.51 | 5.90 | 0.48 | 0.25 | 0.13 | 12.27 |
| Others | 117.23 | 32.56 | 0.15 | 0.57 | 1.77 | 152.28 |
| Unbilled dues | 124.75 | - | - | - | - | 124.75 |
| | 247.49 | 38.46 | 0.63 | 0.82 | 1.90 | 289.30 |

Trade payables ageing schedule as at March 31, 2022

| Particulars | Outstanding for following periods from due date of payment | | | | | Total |
|---|--|------------------|-------------|-------------|-------------------|---------------|
| | Not due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Micro enterprises and small enterprises | 4.20 | 3.09 | 0.74 | 0.01 | 0.00 | 8.05 |
| Others | 335.58 | 20.86 | 0.67 | 0.79 | 1.08 | 358.98 |
| Unbilled dues | 96.05 | - | - | - | - | 96.05 |
| | 435.84 | 23.95 | 1.41 | 0.80 | 1.08 | 463.08 |

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

Refer note 40 for the Company's financial risk management policies and procedures.

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

22.1 Current lease liability

| Particulars | March 31, 2023 | March 31, 2022 |
|-----------------|----------------|----------------|
| Lease liability | 2.10 | - |
| Total | 2.10 | - |

22.2 Other current financial liabilities

| Particulars | March 31, 2023 | March 31, 2022 |
|-------------------------------|----------------|----------------|
| Interest accrued but not due | 2.16 | 0.13 |
| Employee benefits payable | 32.14 | 50.13 |
| Payables for expenses | 172.12 | 187.24 |
| Payable for capital purchases | 9.08 | 7.53 |
| Unpaid dividend * | 33.96 | 30.19 |
| Total | 249.46 | 275.22 |

Refer note 40 for the Company's financial risk management policies and procedures.

* Not due for deposit to investor education and protection fund.

23 Other current liabilities

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Advances from customers | 19.90 | 10.03 |
| Statutory dues (includes indirect and withholding taxes) | 31.43 | 140.05 |
| Total | 51.33 | 150.08 |

24 Income-taxes

The note below details the major components of income-tax expenses for the year ended March 31, 2023 and March 31, 2022. The note further describes the significant estimates made in relation to Company's income tax position, and also explains how the income tax expense is impacted by non-assessable and non-deductible items.

A Composition of income tax expense is as follows:

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Statement of profit and loss | | |
| Current tax | | |
| Current income tax charge | 69.19 | 321.00 |
| Adjustments for tax of prior periods | (17.37) | 13.63 |
| Deferred tax | | |
| Relating to temporary differences | 9.08 | (2.63) |
| Income tax expense reported in the statement of profit and loss | 60.90 | 332.00 |
| Other Comprehensive Income | | |
| Deferred tax related to items recognised in OCI during the year | | |
| Remeasurement gains/ (losses) on defined benefit plans | 0.11 | 0.08 |
| Fair value changes of financial assets | - | 0.11 |
| Income tax charged to OCI | 0.11 | 0.19 |

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

24 Income-taxes (Contd.)

B Reconciliation between tax expense and accounting profit multiplied by tax rate

Current taxes are measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

| Particulars | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Accounting profit before tax expense | 297.49 | 1,385.47 |
| At applicable tax rate @ 25.168% | 74.87 | 348.70 |
| Adjustments for: | | |
| Donation expenses | 0.01 | 0.04 |
| Corporate Social Responsibility expenses | 5.57 | 4.78 |
| Other non-deductible expenses | 0.11 | 2.68 |
| Agricultural income U/S.10(1) | (0.01) | - |
| Deductions allowed under income tax | (3.52) | (3.40) |
| Other income credited to statement of profit and loss, either exempt or considered separately | (0.73) | (0.72) |
| Prior period tax adjustments | (17.37) | 13.63 |
| Other expenses | 1.66 | |
| Income chargeable at differential tax rate | 0.30 | |
| Permanent allowance against capital gain on sale of land including difference in tax rates | - | (33.71) |
| Tax expense as per statement of Profit and loss | 60.90 | 332.00 |

The Company's effective tax rate for the year ended March 31, 2023 and March 31, 2022 are 20.47% and 23.96% respectively

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

| Particulars | Balance Sheet | | Other comprehensive income | | Statement of Profit and Loss | |
|---|-----------------|-----------------|----------------------------|----------------|------------------------------|----------------|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Deferred tax liabilities | | | | | | |
| Depreciation | (137.01) | (138.10) | - | - | 1.09 | 2.75 |
| Fair valuation of FVOCI investment | (13.58) | (0.89) | - | 0.11 | (12.69) | - |
| Fair valuation of FVTPL investment | - | (2.25) | - | - | 2.25 | (1.40) |
| Right-of-use assets | (0.06) | | - | - | (0.06) | |
| Deferred tax assets | | | | | | |
| Government grant- Deferred | 19.84 | 19.58 | - | - | 0.26 | 0.74 |
| Disallowance on account of non-deduction of TDS | 0.25 | 1.01 | - | - | (0.76) | - |
| Leave encashment | 4.02 | 3.83 | - | - | 0.19 | 0.38 |
| Defined benefit obligation and others | 1.87 | 1.13 | 0.11 | 0.08 | 0.63 | 0.16 |
| Deferred tax (expense)/income | | | 0.11 | 0.19 | (9.08) | 2.63 |
| Net deferred tax assets/(liabilities) | (124.66) | (115.70) | | | | |

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

24 Income-taxes (Contd.)

D Composition of deferred tax assets and deferred tax liabilities

Deferred taxes are measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period. The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Reconciliation of deferred tax liabilities (net)

| Particulars | March 31, 2023 | March 31, 2022 |
|--|-----------------|-----------------|
| As at the beginning of the year | (115.70) | (118.51) |
| Tax (expense)/ income recognised in the statement of profit and loss | (9.08) | 2.63 |
| Tax (expense)/ income recognised in the OCI | 0.11 | 0.19 |
| As at the end of the year | (124.67) | (115.70) |

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

| Particulars | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Deferred tax expense | (13.50) | (1.40) |
| Deferred tax income | 4.42 | 4.03 |
| Net deferred tax (expense)/ income | (9.08) | 2.63 |

25 Revenue from operations

| Particulars | March 31, 2023 | March 31, 2022 |
|--|-----------------|-----------------|
| Revenue from sale of products | | |
| Sale of products | 4,361.26 | 4,610.87 |
| Other operating revenue | | |
| a) Sale of scrap | 21.30 | 24.01 |
| b) Recovery of port charges | 1.87 | 1.71 |
| c) Government grant/ Subsidy (refer note 19) | 12.62 | 10.73 |
| Total | 4,397.05 | 4,647.32 |

Disclosures pursuant to Ind AS 115 - Revenue from contract with customers, are as follows:

(a) Revenue streams

The Company derives revenue from sale of Pipes and fittings and PVC resin, which is disclosed in note no. 34 as segment revenue. Hence, no disaggregation of revenue is provided separately.

(b) Disaggregation of revenue from contracts with customers

The Company has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by product lines, timing of revenue recognition and geography:

A. Revenue by product lines and others:

| Particulars | March 31, 2023 | March 31, 2022 |
|----------------------|-----------------|-----------------|
| PVC | 283.77 | 794.65 |
| PVC pipes & fittings | 4,113.28 | 3,852.67 |
| Total | 4,397.05 | 4,647.32 |

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

25 Revenue from operations (Contd.)

B. Revenue by timing of revenue recognition:

| Particulars | March 31, 2023 | March 31, 2022 |
|---|-----------------|-----------------|
| Goods transferred at a point in time when performance obligation is satisfied | 4,397.05 | 4,647.32 |
| Revenue as per operating segment (refer note 34) | 4,397.05 | 4,647.32 |

C. Revenue by geography:

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

D. Contract balance

The following table provides information about trade receivables, contract assets and contract liabilities from contracts with customers:

| Particulars | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Receivables, which are included in 'trade receivables' (net of provision) | 297.54 | 334.46 |
| Contract liabilities (includes Advance from customers) | 19.90 | 10.03 |

26 Other income

| Particulars | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| I) Interest income on: | | |
| a) Deposits with bank and financial institution | 10.93 | 22.58 |
| b) Investment in bonds | 17.40 | 13.99 |
| c) Advance given to vendor | 0.94 | 0.80 |
| d) Income tax refund | 3.48 | 8.34 |
| e) Overdue receivables from customers | 0.02 | 0.05 |
| f) Others | 0.23 | - |
| II) Dividend from non-current investments | | |
| a) Classified as fair value through FVTPL | 0.01 | 0.01 |
| b) Classified as fair value through FVOCI | 13.31 | 12.20 |
| c) Classified as cost - associate | 0.46 | 0.93 |
| III) Other non-operating income | | |
| a) Insurance claims received | 1.39 | 6.26 |
| b) Net gains/(losses) on fair value changes on investment classified as FVTPL | 37.05 | 8.90 |
| c) Net gain on sale of current investments (mutual funds) classified as FVTPL | 33.29 | 8.15 |
| d) Profit on sale of property, plant and equipment | 0.02 | - |
| e) Others | 2.85 | 0.95 |
| Total | 121.38 | 83.16 |

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

27 Cost of materials consumed

| Particulars | March 31, 2023 | March 31, 2022 |
|--------------------------------|-----------------|-----------------|
| Cost of raw materials consumed | 2,864.78 | 2,763.72 |
| Packing material consumed | 38.37 | 38.03 |
| Total | 2,903.15 | 2,801.75 |

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

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Inventories at the end of the year | | |
| Finished goods | 215.43 | 364.08 |
| Work-in-progress | 79.93 | 80.83 |
| Stock-in-trade | 1.41 | 1.42 |
| Sub total (A) | 296.77 | 446.33 |
| Inventories at the beginning of the year | | |
| Finished goods | 364.08 | 398.28 |
| Work-in-progress | 80.83 | 79.52 |
| Stock-in-trade | 1.42 | 1.13 |
| Sub total (B) | 446.33 | 478.93 |
| Changes in inventories of finished goods, work-in-progress and stock in trade (B-A) | 149.56 | 32.60 |

29 Employee benefits expense

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Salaries, wages and bonus | 165.93 | 170.53 |
| Gratuity fund expenses (refer note 36) | 2.61 | 2.31 |
| Contribution to provident fund and other funds (refer note 36) | 6.87 | 6.11 |
| Staff welfare expenses | 14.26 | 11.89 |
| Total | 189.67 | 190.84 |

30 Finance costs

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Interest expense: | | |
| on borrowings | 11.27 | 1.38 |
| on lease liabilities | 0.19 | - |
| on others | 0.06 | 0.31 |
| Other borrowing costs | 1.62 | 1.87 |
| Exchange differences regarded as an adjustment to borrowing cost | 14.09 | 10.53 |
| Total | 27.23 | 14.09 |

31 Depreciation and amortisation expense

| Particulars | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Depreciation on property, plant and equipment | 88.18 | 82.76 |
| Depreciation of right-of-use assets | 0.59 | - |
| Amortisation of other intangible assets | 0.43 | 0.64 |
| Total | 89.20 | 83.40 |

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

32 Other expenses

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Power and fuel | 305.18 | 181.83 |
| Stores and spares consumed | 75.16 | 65.25 |
| Other manufacturing expenses | 151.02 | 115.64 |
| Rent on short-term or low value leases | 1.35 | 1.48 |
| Rates and taxes | 8.58 | 9.14 |
| Insurance | 15.85 | 17.55 |
| Repairs and maintenance (buildings) | 18.25 | 12.20 |
| Repairs and maintenance (plant and machinery) | 24.05 | 26.49 |
| Repairs and maintenance (others) | 20.65 | 10.52 |
| Communication expenses | 1.68 | 1.40 |
| Travelling and conveyance | 18.16 | 6.59 |
| Directors' sitting fees | 0.48 | 0.62 |
| Commission to non-executive directors | 2.00 | 4.00 |
| Auditor's remuneration : | | |
| - As auditors * | 0.36 | 0.40 |
| - Certification | 0.01 | 0.01 |
| - Reimbursement of expenses | 0.03 | 0.01 |
| Advertisement, publicity and sales promotion | 97.63 | 71.26 |
| Freight outward expenses | 1.38 | 0.70 |
| Loss on sale/discard of property, plant and equipment | - | 0.87 |
| Legal and professional fees | 16.84 | 9.57 |
| Donations | 0.05 | 0.17 |
| Corporate social responsibility (CSR)(refer note below) | 22.12 | 19.00 |
| Security expenses | 8.83 | 8.19 |
| Information technology maintenance | 9.83 | 7.74 |
| Net loss on foreign currency transactions and translations (other than considered as finance cost) | 33.21 | 2.98 |
| Miscellaneous expenses | 10.07 | 10.07 |
| Total | 842.77 | 583.68 |

* Including payment made to predecessor auditors

As per section 135 of the Act and rules therein, the Company is required to spend at least 2% of its average net profits for the three immediately preceding years towards CSR activities. The Company has formulated a CSR committee as per the Act. The funds are utilised for the activities which are specified in Schedule VI of the Act.

Details of CRS expenditure are as follows:

| Corporate social responsibility (CSR) | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Contribution to Mukul Madhav Foundation Trust (related party) | 20.95 | 13.60 |
| Expenses incurred by the Company on behalf of Mukul Madhav Foundation | - | 5.40 |
| Contribution to others | 1.17 | - |
| Total | 22.12 | 19.00 |
| a) Amount required to be spent during the period | 15.55 | 12.38 |
| b) Amount spent during the year on: | 22.12 | 19.00 |
| i) Construction/acquisition of any asset | - | - |
| ii) On purposes other than (i) above | 22.12 | 19.00 |
| c) Shortfall at the end of the year | - | - |
| d) Total of previous years' shortfall | - | - |
| e) Reason of shortfall | NA | NA |
| f) Details of related party transactions (refer note 37) | 20.95 | 13.60 |
| g) Provision made with respect to any liability incurred by entering into contractual obligation, the movement of provision | - | - |

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

32 Other expenses (Contd.)

Nature of CSR activities:

Agriculture and rural development, eradicating hunger and poverty, promoting education, vocational skills, and livelihood, gender equality and women empowerment, preventive healthcare, heritage art and culture, environmental sustainability, promoting sports, sanitation, hygiene and safe drinking water, animal welfare, support to differently abled, technology incubators, armed forces/veterans, contribution to Swachh Bharat Kosh Clean Ganga Fund.

33 Exceptional item

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Profit on transfer of leasehold rights of land | - | 376.06 |

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

34 Segment information

The Company is in the business of manufacturing PVC resin and PVC pipes & fittings and based on the management approach as defined in Ind AS 108, the Chief operating Decision Maker (CODM) monitors and review the operating results of the Company in these two segments.. Therefore as per Ind AS 108 "Operating Segments", the Company has disclosed two segments i.e. PVC resin and PVC pipes & fittings.

The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss that is measured consistently with profit or loss in the financial statements. The Company's financing (including finance costs and finance income) and income taxes are not allocated to operating segments.

Year ended March 31, 2023

| Particulars | PVC | PVC pipes & fittings | Total | Adjustments and eliminations | Net |
|-------------------------------|-----------------|----------------------|-----------------|------------------------------|-----------------|
| Revenue | | | | | |
| External customers | 283.77 | 4,113.28 | 4,397.05 | - | 4,397.05 |
| Inter-segment | 1,987.25 | - | 1,987.25 | (1,987.25) | - |
| Total revenue | 2,271.02 | 4,113.28 | 6,384.30 | (1,987.25) | 4,397.05 |
| Income/(expenses) | | | | | |
| Depreciation and amortisation | (11.63) | (60.36) | (71.99) | - | (71.99) |
| Segment profit | 91.90 | 154.18 | 246.08 | - | 246.08 |
| Total assets | 682.06 | 1,450.26 | 2,132.32 | - | 2,132.32 |
| Total liabilities | 96.09 | 340.75 | 436.84 | - | 436.84 |
| Other disclosures | | | | | |
| Capital expenditure | 21.34 | 183.26 | 204.60 | - | 204.60 |

Year ended March 31, 2022

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

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

34 Segment information (Contd.)

| Particulars | PVC | PVC pipes & fittings | Total | Adjustments and eliminations | Net |
|--------------------------|---------------|----------------------|---------------|------------------------------|---------------|
| Total liabilities | 276.58 | 139.00 | 415.58 | - | 415.58 |
| Other disclosures | | | | | |
| Capital expenditure | 10.88 | 82.29 | 93.17 | - | 93.17 |

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below.

Adjustments and eliminations

Finance income/costs and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed for the entity as a whole.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to these segments as they are managed for the entity as a whole.

Capital expenditure consists of additions of property, plant and equipment and intangible assets and additions to capital work-in-progress.

Inter-segment revenues are eliminated on consolidation.

Reconciliation of profit

| Particulars | March 31, 2023 | March 31, 2022 |
|--------------------------|----------------|-----------------|
| Segment profit | 246.08 | 973.02 |
| Unallocable income * | 120.18 | 459.04 |
| Finance costs | (27.23) | (14.09) |
| Unallocable expense | (41.54) | (32.50) |
| Profit before tax | 297.49 | 1,385.47 |

*Previous year includes gain on exceptional item. refer note 33

Reconciliation of assets

| Particulars | March 31, 2023 | March 31, 2022 |
|---|-----------------|-----------------|
| Segment operating assets | 2,132.32 | 2,389.00 |
| Current tax assets | 24.52 | 25.60 |
| Financial assets carried at FVTPL | 0.60 | 0.57 |
| Financial assets carried at FVTOCI | 1,815.30 | 848.97 |
| Financial assets carried at cost | 7.55 | 7.55 |
| Financial assets carried at amortised cost | 253.53 | 223.68 |
| Current investments | 1,767.07 | 1,552.52 |
| Cash and cash equivalents (including other bank balances) | 60.60 | 81.04 |
| Other unallocable assets | 120.81 | 132.07 |
| Total assets | 6,182.29 | 5,261.00 |

Reconciliation of liabilities

| Particulars | March 31, 2023 | March 31, 2022 |
|--------------------------------------|----------------|----------------|
| Segment operating liabilities | 436.84 | 415.58 |
| Deferred tax liabilities | 124.66 | 115.70 |
| Trade payables | 20.44 | 65.06 |
| Current Tax Liability | 0.31 | 17.50 |
| Short term borrowings | 526.41 | 278.03 |
| Financial liabilities at cost | 79.77 | 237.51 |
| Interest accrued | 2.16 | 0.13 |
| Unpaid dividend | 33.96 | 30.19 |
| Statutory dues | 31.43 | 140.05 |

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

34 Segment information (Contd.)

| Particulars | March 31, 2023 | March 31, 2022 |
|--------------------------|-----------------|-----------------|
| Provisions | 22.58 | 19.71 |
| Government grant | 78.83 | 77.78 |
| Total liabilities | 1,357.39 | 1,397.24 |

Capital employed : segment assets (-) segment liabilities

| Particulars | March 31, 2023 | March 31, 2022 |
|----------------------------------|-----------------|-----------------|
| PVC | 682.06 | 1,019.16 |
| PVC Pipes & Fittings | 1,450.26 | 1,369.84 |
| Unallocable assets | 4,049.97 | 2,872.00 |
| Total segment assets | 6,182.29 | 5,261.00 |
| PVC | 96.09 | 276.58 |
| PVC Pipes & Fittings | 340.75 | 139.00 |
| Unallocable liabilities | 920.55 | 981.66 |
| Total segment liabilities | 1,357.39 | 1,397.24 |
| PVC | 585.97 | 742.58 |
| PVC Pipes & Fittings | 1,109.51 | 1,230.84 |
| Unallocable | 3,129.42 | 1,890.35 |
| Capital employed | 4,824.90 | 3,863.76 |

Geographic information

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

35 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year. In compliance with Indian Accounting Standard 33 - 'Earnings per share'.

There are no potential shares that have a dilutive effect on the EPS.

The following reflects the income and share data used in the basic EPS computation

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|-----------------|
| Basic | | |
| Profit for the year before tax | 297.49 | 1,385.47 |
| Less : Attributable tax thereto | 60.90 | 332.00 |
| Net profit after tax (in ₹ crores) | 236.59 | 1,053.47 |
| Weighted average number of equity shares | 618,313,905 | 620,476,905 |
| Basic earnings/(loss) per share of ₹ 2 each | 3.82 | 16.98 |

36 Disclosure pursuant to employee benefits

A. Defined contribution plans:

Amount of ₹ 6.87 crores (March 31, 2022: ₹ 6.11 crores) is recognised as expenses and included in note no. 29 "Employee benefits expense".

The contribution are made to recognised provident fund administered by the Government of India for employees @12% of basic salary per regulation. The obligation of the Company is limited to the amount contributed and it has no further contractual constructive obligation.

B. Defined benefit plans:

The Company has Gratuity as post employment benefit which is in the nature of defined benefit plan.

The Company operates gratuity plan (funded) wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service as per Payment of Gratuity Act, 1972. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

36 Disclosure pursuant to employee benefits (Contd)

March 31, 2023 : Changes in defined benefit obligation and plan assets

| Particulars | April 1, 2022 | Gratuity cost charged to statement of profit and loss | | | Benefit paid | Remeasurement gains/(losses) in other comprehensive income | | | | | Contributions by employer | March 31, 2023 | |
|--------------------------------|---------------|---|---------------------------------|--|---------------|--|---|---|------------------------|---------------------------|---------------------------|----------------|--|
| | | Service cost | Net interest (expense) / income | Sub-total included in statement of profit and loss (note 29) | | Return on plan assets (excluding amounts included in net interest expense) | Actuarial changes arising from changes in demographic assumptions | Actuarial changes arising from changes in financial assumptions | Experience adjustments | Sub-total included in OCI | | | |
| Gratuity | | | | | | | | | | | | | |
| Defined benefit obligation | 26.44 | 2.25 | 1.73 | 3.98 | (3.39) | - | (0.16) | (0.59) | 1.09 | 0.34 | - | 27.37 | |
| Fair value of plan assets | 21.94 | - | 1.37 | 1.37 | (3.05) | (0.03) | - | 0.14 | (0.17) | (0.03) | 0.60 | 20.84 | |
| Total benefit liability | 4.50 | 2.25 | 0.36 | 2.61 | (0.34) | 0.03 | (0.16) | (0.73) | 1.26 | 0.37 | (0.60) | 6.53 | |

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

| Particulars | April 1, 2021 | Gratuity cost charged to statement of profit and loss | | | Benefit paid | Remeasurement gains/(losses) in other comprehensive income | | | | | Contributions by employer | March 31, 2022 | |
|--------------------------------|---------------|---|---------------------------------|--|--------------|--|---|---|------------------------|---------------------------|---------------------------|----------------|--|
| | | Service cost | Net interest (expense) / income | Sub-total included in statement of profit and loss (note 29) | | Return on plan assets (excluding amounts included in net interest expense) | Actuarial changes arising from changes in demographic assumptions | Actuarial changes arising from changes in financial assumptions | Experience adjustments | Sub-total included in OCI | | | |
| Gratuity | | | | | | | | | | | | | |
| Defined benefit obligation | 25.17 | 2.07 | 1.50 | 3.57 | (2.77) | - | - | (1.13) | 1.59 | 0.46 | - | 26.44 | |
| Fair value of plan assets | 21.65 | - | 1.33 | 1.33 | (2.77) | 0.15 | - | (0.04) | 0.10 | 0.06 | 1.67 | 21.94 | |
| Total benefit liability | 3.52 | 2.07 | 0.17 | 2.24 | - | (0.15) | - | (1.09) | 1.49 | 0.40 | (1.67) | 4.50 | |

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

| Particulars | March 31, 2023 | March 31, 2022 |
|-----------------------------|----------------|----------------|
| Insured managed funds (LIC) | 20.84 | 21.95 |
| (%) of total plan assets | 100% | 100% |

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

| Particulars | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Discount rate | 7.40% | 7.00% |
| Future salary increase | 8.00% | 8.00% |
| Expected rate of return on plan assets | 7.00% | 6.30% |
| Expected average remaining working lives (in years) | | |
| Gratuity | 8.09 | 9.26 |
| Compensated absences | 8.09 | 9.26 |
| Withdrawal rate (based on grade and age of employees) | | |
| Gratuity | 9.00% | 7.00% |
| Compensated absences | 9.00% | 7.00% |

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

36 Disclosure pursuant to employee benefits (Contd)

A quantitative sensitivity analysis for significant assumption is as shown below:

Gratuity

| Particulars | Sensitivity level | (increase) / decrease in defined benefit obligation (Impact) | |
|------------------------|-------------------|--|----------------|
| | | March 31, 2023 | March 31, 2022 |
| Discount rate | 1% increase | 1.37 | 1.47 |
| | 1% decrease | (1.52) | (1.64) |
| Future salary increase | 1% increase | (1.24) | (1.37) |
| | 1% decrease | 1.14 | 1.26 |
| Withdrawal rate | 1% increase | 0.04 | 0.09 |
| | 1% decrease | (0.04) | (0.08) |

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in one significant assumption at a time, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

The same method has been applied for the sensitivity analysis when calculating the recognised defined benefit obligation.

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

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Within the next 12 months (next annual reporting period) | 4.99 | 5.20 |
| Between 2 and 5 years | 18.86 | 13.02 |
| Beyond 5 years | 16.72 | 19.14 |
| Total expected payments | 40.57 | 37.36 |

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

| Particulars | March 31, 2023 | March 31, 2022 |
|-------------|----------------|----------------|
| | Years | Years |
| Gratuity | 7.81 | 8.99 |

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

| Particulars | March 31, 2023 | March 31, 2022 |
|-------------|----------------|----------------|
| Gratuity | 2.00 | 2.21 |

Risk exposure and asset liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

1. Liability risks

a. Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b. Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

36 Disclosure pursuant to employee benefits (Contd)

c. Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

d. Withdrawal

Actual withdrawal providing higher or lower than assumed withdrawal and change of withdrawal rate at subsequent valuation can impact plan's liability.

2. Asset risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

C. Other long-term employment benefits

The Company has compensated absences plan which is covered by other long-term employee benefits.

March 31, 2023 : Changes in defined benefit obligation of compensated absences

| | Cost charged to statement of profit and loss | | | | | | Benefit paid | Contributions by employer | March 31, 2023 |
|-----------------------------|--|--------------|---------------|---|--|---------------|--------------|---------------------------|----------------|
| | April 1, 2022 | Service cost | Interest cost | Actuarial changes arising from various assumption | Sub-total included in statement of profit and loss (note 29) | | | | |
| Compensated absences | | | | | | | | | |
| Defined benefit obligation | 15.22 | 2.03 | 1.00 | (0.20) | 2.83 | (2.00) | - | 16.05 | |
| Benefit liability | 15.22 | 2.03 | 1.00 | (0.20) | 2.83 | (2.00) | - | 16.05 | |

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

| | Cost charged to statement of profit and loss | | | | | | Benefit paid | Contributions by employer | March 31, 2022 |
|-----------------------------|--|--------------|---------------|---|--|---------------|--------------|---------------------------|----------------|
| | April 1, 2021 | Service cost | Interest cost | Actuarial changes arising from various assumption | Sub-total included in statement of profit and loss (note 29) | | | | |
| Compensated absences | | | | | | | | | |
| Defined benefit obligation | 13.72 | 1.80 | 0.80 | 1.09 | 3.69 | (2.19) | - | 15.22 | |
| Benefit liability | 13.72 | 1.80 | 0.80 | 1.09 | 3.69 | (2.19) | - | 15.22 | |

37 Related party transactions

In accordance with the requirement of Ind AS 24 'Related Party Disclosures', name of related parties, their relationships, transactions and outstanding balances with them as identified and certified by the management are as follows:

A. Names of the related party and nature of relationship where control exists

There are no parties where control exists.

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

37 Related party transactions (Contd)

B. Key Management Personnel:

| Name of the related party | Nature of relationship |
|---------------------------|--|
| Mr. Prakash P. Chhabria | Executive Chairman |
| Mr. Anil V. Whabi | Managing Director (with effect from June 1, 2022) Chief Financial Officer (upto May 19, 2022) |
| Mr. Sanjay S. Math | Managing Director (till May 31, 2022) |
| Mr. Saumya Chakrabarti | Director- Technical (with effect from June 1, 2022) |
| Mr. Ajit Venkataraman | Chief Executive Officer (Appointed as on August 1, 2022) |
| Mr. Niraj Kedia | Chief Financial Officer (with effect from May 20, 2022) |
| Mrs. Ritu P. Chhabria | Non-Executive & Non-Independent Director |
| Ms. Bhumika L. Batra | Independent Director |
| Mrs. Kanchan U. Chitale | Independent Director |
| Mr. Saurabh S. Dhanorkar | Non-Executive & Non-Independent Director |
| Dr. Deepak R. Parikh | Independent Director |
| Mr. Pradeep R. Rathi | Independent Director |
| Mr. Anami N. Roy | Independent Director |
| Mr. Ashutosh Kulkarni | Company Secretary |

C. Name of the related parties with whom transactions have been entered into

| Name of the related party | Nature of relationship |
|--|---|
| Orbit Electricals Private Limited | Enterprise controlled by Key Management Personnel |
| Finolex Plasson Industries Private Limited | Associate Company |
| Finolex Cables Limited | Enterprise wherein the Company is an associate |
| Mukul Madhav Foundation (Trust) | Enterprises over which Key Management Personnel or their relatives exercise significant influence |
| Finolex Infrastructure Private Limited | |
| Mrs. Ritu P. Chhabria | Relative of Key Management Personnel |
| Ms. Gayatri P. Chhabria | Relative of Key Management Personnel |

D. Transactions with related parties

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| I. Sales, services and other income | | |
| Dividend received | 13.77 | 13.13 |
| Finolex Cables Limited | 13.31 | 12.20 |
| Finolex Plasson Industries Private Limited | 0.46 | 0.93 |
| II. Expenses | | |
| Short-term employee benefits:* | | |
| Salary and perquisites | 10.23 | 6.73 |
| Mr. Prakash P. Chhabria | 3.44 | 3.28 |
| Mr. Sanjay S. Math | 0.72 | 1.51 |
| Mr. Anil V. Whabi | 1.57 | 1.49 |
| Mr. Saumya Chakrabarti ¹ | 1.04 | - |
| Mr. Ajit Venkataraman ² | 1.96 | - |
| Mr. Niraj Kedia ¹ | 0.95 | - |
| Mr. Ashutosh Kulkarni | 0.27 | 0.25 |
| Ms. Gayatri Chhabria | 0.28 | 0.20 |
| Commission | 13.50 | 35.44 |

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for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

37 Related party transactions (Contd)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Mr. Prakash P. Chhabria | 8.00 | 19.19 |
| Mr. Sanjay S. Math | - | 7.25 |
| Mr. Anil V. Whabi | 3.00 | 5.00 |
| Mr. Saumya Chakrabarti | 0.50 | - |
| Mrs. Ritu P. Chhabria | 0.27 | 0.56 |
| Ms. Bhumika L. Batra | 0.27 | 0.56 |
| Mrs. Kanchan U. Chitale | 0.27 | 0.56 |
| Mr. Saurabh S. Dhanorkar | 0.27 | 0.56 |
| Dr. Deepak R. Parikh | 0.27 | 0.56 |
| Mr. Pradeep R. Rathi | 0.37 | 0.66 |
| Mr. Anami N. Roy | 0.27 | 0.56 |
| Sitting Fees: | 0.47 | 0.61 |
| Mrs. Ritu P. Chhabria | 0.03 | 0.04 |
| Ms. Bhumika L. Batra | 0.06 | 0.08 |
| Mrs. Kanchan U. Chitale | 0.12 | 0.13 |
| Mr. Saurabh S. Dhanorkar | 0.12 | 0.12 |
| Dr. Deepak R. Parikh | 0.04 | 0.07 |
| Mr. Pradeep R. Rathi | 0.06 | 0.09 |
| Mr. Anami N. Roy | 0.05 | 0.08 |
| Dividend paid | 127.05 | 127.05 |
| Finolex Cables Limited | 80.39 | 80.39 |
| Orbit Electricals Private Limited | 46.66 | 46.66 |
| Contribution towards corporate social responsibility | | |
| Mukul Madhav Foundation | 20.95 | 13.60 |
| Contributions paid | | |
| Finolex Industries Limited Employees Gratuity Fund | 0.60 | 1.67 |

¹For the period 10 month's starting June 1, 2022 till march 31, 2023

²For the period 8 month's starting August 1, 2022 till march 31, 2023

| Particulars | March 31, 2023 | March 31, 2022 |
|---------------------------|----------------|----------------|
| Amount payable to* | 14.75 | 36.22 |
| Mr. Prakash P. Chhabria | 8.95 | 19.61 |
| Mr. Sanjay S. Math | 0.02 | 7.41 |
| Mr. Anil V. Whabi | 2.67 | 5.15 |
| Mr. Saumya Chakrabarti | 0.64 | - |
| Mrs. Ritu P. Chhabria | 0.27 | 0.56 |
| Ms. Bhumika L. Batra | 0.27 | 0.56 |
| Mrs. Kanchan U. Chitale | 0.27 | 0.56 |
| Mr. Saurabh S. Dhanorkar | 0.27 | 0.56 |
| Dr. Deepak R. Parikh | 0.27 | 0.56 |
| Mr. Pradeep R. Rathi | 0.37 | 0.66 |
| Mr. Anami N. Roy | 0.27 | 0.56 |
| Mr. Ajit Venkataraman | 0.26 | - |
| Mr. Niraj Kedia | 0.14 | - |
| Ms. Gayatri Chhabria | 0.04 | 0.03 |
| Mr. Ashutosh Kulkarni | 0.04 | 0.04 |

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

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(All amounts in ₹ Crores, unless other wise stated)

37 Related party transactions (Contd)

Terms and conditions of transactions with related parties

Transaction entered into with related parties are made in ordinary course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

38 Commitments and contingencies

38.1 Commitments

a) Capital commitments :

Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2023 ₹ 71.39 crores (March 31, 2022: ₹ 49.50 crores)

b) Other commitments :

Aggregate amount of bank guarantees other than the performance guarantees outstanding as on March 31, 2023 is ₹ 34.40 crores (March 31, 2022: ₹ 31.09 Crores)

38.2 Contingent liabilities

| Particulars | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Claims against the Company not acknowledged as debt in respect of: | | |
| a) Income-tax matters | 13.01 | 3.98 |
| b) Excise/ Customs/ Service tax matters | 61.17 | 70.55 |
| c) Sales tax matters | 2.11 | 2.11 |
| d) Consumer protection matters | 0.24 | 0.07 |

39 Fair value of financial assets and liabilities

This note explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at (i) fair value (ii) measured at amortised cost and for which fair values are considered to be same as the amortised costs disclosed in the financial statements. They are further classified them into Level 1 to Level 3 as required by the accounting standard and described in the significant accounting policies of the Company. Further, the note describes valuation techniques used, key inputs to valuations and quantitative information about significant unobservable inputs for fair value measurements.

Classification of financial instruments by category and into fair value level of hierarchy as at March 31, 2023

| Particulars | Amortised Cost | FVTPL | | | FVTOCI | | |
|--|-------------------|----------|---------|---------|----------|---------|---------|
| | | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Non-current investments: | | | | | | | |
| Investment in equity shares/ bonds of : | | | | | | | |
| Quoted | | | | | | | |
| Equity instruments | - | 0.60 | - | - | 1,802.92 | - | - |
| Bonds | 253.53 | - | - | - | - | - | - |
| Unquoted | | | | | | | |
| Equity instruments* | | | | | | | |
| Current investments: | | | | | | | |
| Investments in units of mutual funds | - | 1,586.30 | - | - | - | - | - |
| Bonds | 39.53 | - | - | - | - | - | - |

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(All amounts in ₹ Crores, unless other wise stated)

39 Fair value of financial assets and liabilities (Contd)

| Particulars | Amortised Cost | FVTPL | | | FVTOCI | | |
|---|-----------------|-----------------|---------|---------|-----------------|--------------|---------|
| | | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Deposit with Non Banking Financial institutions | 122.00 | - | - | - | - | - | - |
| Commercial paper | 19.25 | - | - | - | - | - | - |
| Trade and other receivables | 297.54 | - | - | - | - | - | - |
| Loans | 22.82 | - | - | - | - | - | - |
| Cash & cash equivalents | 8.56 | - | - | - | - | - | - |
| Other bank balances | 52.04 | - | - | - | - | - | - |
| Other financial assets | 51.14 | - | - | - | - | - | - |
| Total | 873.96 | 1,586.90 | - | - | 1,802.92 | 12.38 | - |
| Financial liabilities | | | | | | | |
| Borrowings | 526.41 | - | - | - | - | - | - |
| Trade and other payables | 289.30 | - | - | - | - | - | - |
| Other financial liabilities | 263.97 | - | - | - | - | - | - |
| Total | 1,079.68 | - | - | - | - | - | - |

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

Quantitative disclosure fair value measurement hierarchy for assets as at March 31, 2022

| Particulars | Amortised Cost | FVTPL | | | FVTOCI | | |
|---|-----------------|-----------------|---------|---------|---------------|--------------|---------|
| | | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Non-current investments: | | | | | | | |
| Investment in equity shares of : | | | | | | | |
| Quoted | | | | | | | |
| Equity instruments | - | 0.57 | - | - | 836.61 | - | - |
| Bonds | 223.68 | | | | | | |
| Unquoted | | | | | | | |
| Equity instruments | 7.55 | - | - | - | - | 12.36 | - |
| Current investments: | | | | | | | |
| Investments in units of mutual funds | - | 1,324.98 | - | - | - | - | - |
| Bonds | 10.55 | | | | | | |
| Deposit with Non Banking Financial institutions | 217.00 | - | - | - | - | - | - |
| Trade and other receivables | 334.46 | - | - | - | - | - | - |
| Loans | 22.18 | - | - | - | - | - | - |
| Cash & cash equivalents | 23.55 | - | - | - | - | - | - |
| Other bank balances | 57.49 | - | - | - | - | - | - |
| Other financial assets | 51.16 | - | - | - | - | - | - |
| | 947.62 | 1,325.55 | - | - | 836.61 | 12.36 | - |
| Financial liabilities | | | | | | | |
| Borrowings | 278.03 | - | - | - | - | - | - |
| Trade and other payables | 463.08 | - | - | - | - | - | - |
| Other financial liabilities | 275.36 | - | - | - | - | - | - |
| Total | 1,016.47 | - | - | - | - | - | - |

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

39 Fair value of financial assets and liabilities (Contd)

Valuation techniques used to determine the fair value of each financial instrument:

Fair value of financial instruments classified at amortised cost:

The management assessed that the fair values of cash and bank, loans, trade receivables, accrued interest, borrowings, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Carrying value of non-current financial liabilities are considered to be same as their fair value due to discounting at rate which are an approximation of incremental borrowing rate.

Fair value of financial instruments classified at FVTPL:

These financial instruments consist of investment in quoted equity instruments and units of mutual funds. The fair value of quoted equity instruments is based on the respective quoted price in the active markets as at the measurement date and fair value of investment in mutual funds is determined using the quoted price (NAV) of the respective units in the active market at the measurement date.

Fair value of financial instruments classified at FVTOCI:

These financial instruments consist of investment in equity instruments. The fair value of quoted equity instruments is based on the respective quoted price in the active markets as at the measurement date. The fair value of investments in unquoted equity shares has been estimated using the net asset method. The valuation requires to consider the cost of replacement of an asset as an indication of the fair market value of that asset.

During the year ended March 31, 2023 and March 31, 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. In addition, the Company internally reviews valuations, including independent price validation for certain instruments.

40 Financial risk management objective and policies

| Risk Category | Exposure arising from | Measurement | Management |
|--------------------------------|--|---------------------------------|--|
| Credit risk | Cash and cash equivalents, other bank balances, trade receivables, and other financial assets. | Ageing analysis, credit ratings | Diversification of bank deposits, portfolio diversification for investments, credit limits. |
| Liquidity risk | Borrowings, Trade payables, lease liabilities and other financial liabilities | Rolling cash flow forecasts | Senior management ensure that the future cash flow needs are met through cash flow from the operating activities and short term borrowings from banks. |
| Market risk-interest rate risk | No risk since Company has no exposure of long term borrowings | Not applicable | Not applicable |
| Market risk-currency risk | Recognised financial liabilities not denominated in ₹ | Sensitivity analysis | Natural hedge |
| Market risk-price risk | Investments | Sensitivity analysis | Portfolio diversification |

The Company's principal financial liabilities comprise short term borrowings, trade payables, lease liabilities and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, trade receivables and cash and cash equivalents that arrive directly from its operations.

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

40 Financial risk management objective and policies (Contd)

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks. The Company's management is supported by a risk management committee that advises on financial risks and the appropriate financial risk governance framework. The risk management committee provides assurance to the Company's management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company's policies appetite. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

i) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company evaluates credit risk with respect to trade receivables as significantly low, as its payment terms are mostly advance basis.

a) Trade receivables

In respect of trade receivables, the Company is not exposed to any significant credit risk exposure to any single counter party or any group of counter parties having similar characteristics. Trade receivables consist of a large number of customers. The Company has very limited history of customer default, and considers the credit quality of trade receivables that are not past due or impaired to be good.

b) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Company monitors ratings, credit spread and financial strength of its counter parties. Based on ongoing assessment Company adjust it's exposure to various counterparties. Company's maximum exposure to credit risk for the other components of balance sheet is the carrying amount as disclosed below:

| Particulars | Asset group | Carrying amount net of impairment provision | |
|---|------------------------|---|----------------|
| | | March 31, 2023 | March 31, 2022 |
| Financial assets for which credit risk has not increased significantly from inception | Investments | 3,844.04 | 2,633.26 |
| | Loans | 22.82 | 22.18 |
| | Other financial assets | 51.14 | 51.16 |

ii) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash flow and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all time maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and committed borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities and by monitoring rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table summarises the maturity profile of Company's financial liabilities based on contractual undiscounted payments.

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

40 Financial risk management objective and policies (Contd)

As at March 31, 2023

| Particulars | On demand | < 3 months | 3-12 months | 1-5 years | Total |
|-----------------------------|-----------|------------|-------------|-----------|--------|
| Short term borrowings | - | 526.41 | - | - | 526.41 |
| Trade payables | 41.81 | 219.07 | 28.42 | - | 289.30 |
| Lease Liability | - | - | 2.10 | 12.21 | 14.31 |
| Other financial liabilities | 33.96 | 77.08 | 138.42 | 0.20 | 249.66 |

As at March 31, 2022

| Particulars | On demand | < 3 months | 3-12 months | 1-5 years | Total |
|-----------------------------|-----------|------------|-------------|-----------|--------|
| Short term borrowings | - | 278.03 | - | - | 278.03 |
| Trade Payables | 27.24 | 407.42 | 28.42 | - | 463.08 |
| Other financial liabilities | 30.19 | 87.32 | 157.71 | 0.14 | 275.36 |

iii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk interest rate risk, currency risk and other price risk such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, trade and other payables, trade receivables, investments, other financial liabilities.

The sensitivity analysis in the following sections relate to the position as at March 31, 2023 and March 31, 2022. The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt, proportion of financial instruments in foreign currencies are all constant at March 31, 2023.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity, other post retirement obligations and provisions Company's activities expose it to variety of financial risks, including effect of changes in foreign currency exchange rate and interest rate.

a) Foreign currency risk

Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities on account of import of raw materials.

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

Details of foreign currency exposures (unhedged)

| Nature of exposure | Currency | As at March 31, 2023 | As at March 31, 2022 |
|------------------------------|----------|-------------------------|-------------------------|
| Financial liabilities | | | |
| Borrowings (Unsecured) | USD | 6.41 | 3.64 |
| Interest on borrowings | USD | 0.03 | 0.00 |
| Trade payables | USD | 0.80 | 3.87 |
| Trade payables | GBP | 0.00 | - |
| Trade payables | EURO | 0.03 | 0.02 |

USD - United States Dollar

GBP - Great Britain Pound

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

40 Financial risk management objective and policies (Contd)

Currency wise net exposure (liabilities - assets)

| Currency | Amount in Foreign Currency | |
|----------|----------------------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| USD | 7.24 | 7.52 |
| EURO | 0.03 | 0.02 |
| GBP | 0.00 | - |

Figures have been rounded off upto two decimals.

Sensitivity analysis

The following tables demonstrate the sensitivity to a reasonably possible change in USD, GBP and EURO exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The impact on the Company's pre-tax equity is due to changes in the profit before tax.

| Particulars | March 31, 2023 | March 31, 2022 |
|-----------------------------------|----------------|----------------|
| Net unhedged exposure in ₹ | | |
| USD | 594.67 | 569.98 |
| EURO | 2.53 | 1.29 |
| GBP | 0.05 | - |

| As at | Change in USD rate | Impact on profit before tax and equity (₹ Strengthen) | Impact on profit after tax and equity (₹ Strengthen) |
|----------------|--------------------|---|--|
| March 31, 2023 | +5% | 29.73 | 22.25 |
| | -5% | (29.73) | (22.25) |
| March 31, 2022 | +5% | 28.50 | 21.33 |
| | -5% | (28.50) | (21.33) |

| As at | Change in USD rate | Impact on profit before tax and equity (₹ Strengthen) | Impact on profit after tax and equity (₹ Strengthen) |
|----------------|--------------------|---|--|
| March 31, 2023 | +5% | 0.13 | 0.09 |
| | -5% | (0.13) | (0.09) |
| March 31, 2022 | +5% | 0.06 | 0.05 |
| | -5% | (0.06) | (0.05) |

| As at | Change in USD rate | Impact on profit before tax and equity (₹ Strengthen) | Impact on profit after tax and equity (₹ Strengthen) |
|----------------|--------------------|---|--|
| March 31, 2023 | +5% | 0.00 | 0.00 |
| | -5% | 0.00 | 0.00 |
| March 31, 2022 | +5% | 0.00 | 0.00 |
| | -5% | (0.00) | (0.00) |

Figures have been rounded off upto two decimals.

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

40 Financial risk management objective and policies (Contd)

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has short term borrowings with fixed interest rates and hence the future cash-flows of relevant financial instrument are not affected by changes in market interest rate.

c) Price risk

i) Commodity price risk

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

Commodity price sensitivity

The following table shows the effect of price changes for VCM, Ethylene EDC

| | Change in year-end price | Effect on profit before tax |
|-----------------------|-----------------------------|--------------------------------|
| March 31, 2023 | | |
| VCM | +5% | 25.20 |
| | -5% | (25.20) |
| Ethylene | +5% | 17.16 |
| | -5% | (17.16) |
| EDC | +5% | 23.77 |
| | -5% | (23.77) |
| March 31, 2022 | | |
| VCM | +5% | 43.68 |
| | -5% | (43.68) |
| Ethylene | +5% | 8.51 |
| | -5% | (8.51) |
| EDC | +5% | 33.82 |
| | -5% | (33.82) |

ii) Equity price risk

The Company's listed and unlisted equity securities are susceptible to market-price risk arising from uncertainties about future values of the investment securities. The equity securities held by the Company are strategic in nature. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at fair value was ₹ 12.38 crores . A decrease of 10% in the fair value will have an impact of approximately ₹ 1.24 crores on OCI. An increase of 10% in the value of the securities would also impact OCI.

At the reporting date, the exposure to listed equity securities at fair value was ₹ 1803.52 crores. A decrease of 10% on the NSE market index could have an impact of approximately ₹ 180.29 crores on OCI and ₹ 0.06 crores on Profit and loss or equity attributable to the Company. An increase of 10% in the value of the listed securities would also impact OCI, profit and loss and equity.

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

41 Capital management

Capital includes equity shares and other equity attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure its ability to continue as going concern, maintain a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Company is not subject to externally imposed capital requirement. The Company manages its capital structure and makes adjustments to maintain efficient financing structure in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. Company monitors capital using a gearing ratio, which is total debt divided by total capital plus other equity.

| Particulars | March 31, 2023 | March 31, 2022 |
|---|-----------------|-----------------|
| Borrowings-Buyer's credit and cash credit | 526.41 | 278.03 |
| Debt | 526.41 | 278.03 |
| Share capital | 123.67 | 124.10 |
| Other equity | 4,701.23 | 3,739.66 |
| Total equity | 4,824.90 | 3,863.76 |
| Debt/equity ratio | 10.91% | 7.20% |

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2023 and March 31, 2022.

(Net debt)/ surplus reconciliation

This section sets out an analysis of net debt and the movements in net debt for the year ended March 31, 2023

| Particulars | March 31, 2023 | March 31, 2022 |
|------------------------------|-----------------|-----------------|
| Cash and other liquid assets | 2,047.25 | 1,827.06 |
| Current borrowings | (526.41) | (278.03) |
| (Net debt)/ surplus | 1,520.84 | 1,549.03 |

| Particulars | Other assets | Liabilities from financing activity | Total |
|---|---------------------------|-------------------------------------|-----------------|
| | Cash and cash equivalents | current borrowings | |
| (Net debt)/ surplus as on April 01, 2022 | 1,827.06 | (278.03) | 1,549.03 |
| Cash Inflow/(outflow) | 220.19 | (248.38) | (28.19) |
| (Net debt)/ surplus as on March 31, 2023 | 2,047.25 | (526.41) | 1,520.84 |

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

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

The management has identified enterprises which qualify under the definition of micro enterprises and small enterprises, as defined under Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at the year end has been made in the standalone financial statements based on information received and available with the Company and has been relied upon by the statutory auditor.

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Principal amount outstanding as on year end * | 16.20 | 8.05 |
| Principal amount outstanding and overdue out of above | 4.02 | 3.84 |
| Interest due on above | 0.01 | 0.00 |
| Interest paid | - | - |
| Payment made beyond appointment date during the year | 8.22 | 12.48 |
| Interest due and payable for overdue payments made during the year | 0.06 | 0.06 |
| Total Interest accrued and remaining unpaid | 0.06 | 0.06 |
| Amount of further interest remaining due and payable in succeeding years | 0.30 | 0.24 |

* Mainly includes retention money

43 Ratios

| Ratios | Numerator | Denominator | Description | March 31, 2023 | March 31, 2022 | Variance | Reason for variance |
|-----------------------------|---|----------------------|---|----------------|----------------|----------|--|
| Current ratio | Operating current assets (1) | Current liability | The current ratio indicates Company's overall liquidity position | 0.94 | 1.20 | -21.1% | Refer note below |
| Debt-equity ratio | Total debt (2) | Shareholder's equity | Debt-to-equity ratio compares Company's total debt to shareholders equity | 0.11 | 0.07 | 51.6% | The increase in debt equity ratio is due to higher buyers' credit outstanding as at March 31, 2023, compared with March 31 2022. |
| Debt service coverage ratio | Earnings available for debt service (3) | Debt service (4) | Debt service coverage ratio is used to analyse the Company's ability to payoff current interest and instalments | 0.54 | 3.66 | -85.2% | The increase in debt equity ratio is due to higher buyers' credit outstanding as at March 31, 2023, compared with March 31, 2022. Also, the earnings have reduced in current year due to sharp correction in PVC prices. |
| Return on equity ratio | Net profits after taxes (5) | Shareholder's equity | It measures the profitability of equity funds invested in the Company | 4.9% | 27.3% | -22.4% | Refer note below |
| Inventory turnover ratio | Cost of goods sold | Average inventory | This ratio measures the efficiency with which a Company utilizes or manages its inventory | 3.64 | 2.95 | 23.5% | Refer note below |

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

43 Ratios (Contd)

| Ratios | Numerator | Denominator | Description | March 31, 2023 | March 31, 2022 | Variance | Reason for variance |
|----------------------------------|--|--|---|----------------|----------------|----------|---|
| Trade receivables turnover ratio | Net sales (6) | Average accounts receivable | This ratio measures the efficiency at which the firm is managing the receivables | 13.91 | 19.27 | -27.8% | Trade receivable turnover Ratio decreased due to increase in average trade receivable in FY-2022-23 in line with increase in revenue from plumbing and sanitation. |
| Trade payables turnover ratio | Net purchases (7) | Average trade Payable | This ratio indicates the number of times sundry creditors have been paid during a period | 7.77 | 6.27 | 24.0% | Refer note below |
| Net capital turnover ratio | Net sales (6) | Average working capital (8) | This ratio indicates a Company's effectiveness in using its working capital | 50.43 | 19.44 | 159.4% | Net capital ratio increased due to reduction in average working capital in FY-2022-23 in line with reduction of current assets. |
| Net profit ratio | Net profits after taxes (5) | Net sales (6) | This ratio measures the relationship between net profit and sales of the business | 5.4% | 22.7% | -17.3% | Refer note below |
| Return on capital employed | Earning before interest and tax (EBIT) (9) | Capital employed (10) | Return on capital employed indicates the ability of a company's management to generate returns for both the debt holders and the equity holders | 17.2% | 67.1% | -49.9% | The reduction in return on capital employed ratio is in line with reduction in profits during the year which, in turn, is primarily attributable to sharp correction in PVC prices. |
| Return on investment | Income generated from invested funds | Average invested funds in treasury investments | Return on investment (ROI) is a financial ratio used to calculate the benefit as investor will receive in relation to their investment cost | 5.7% | 4.8% | 0.9% | Refer note below |

(1) Operating current assets = Total current assets - current investments - other bank balances.

(2) Total debt / debt service= Non current borrowing + current borrowing

(3) Earnings available for debt service = PBT + finance cost + depreciation - other Income - exception income

(4) Debt service = Principal + interest

(5) Net profits after taxes includes exceptional income.

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

43 Ratios (Contd)

- (6) Net Sales = Revenue from Operations
- (7) Net Purchases = Consumption RM, stores and spares (RSS) - opening RSS + closing RSS
- (8) Working capital = operating current assets - current liabilities
- (9) EBIT = PBT + finance cost - other income - exception income
- (10) Capital employed = Total assets - non current investment - current investment - FDs - current liabilities

Note:

Since the variation is less than or equal to 25%, no explanation is required to be furnished.

44 Disclosure pursuant to Ind AS 116

- (a) The Company as a lessee has obtained certain assets such as immovable properties on leasing arrangements for the purposes of its fitting unit. With the exception of short-term leases and leases of low value underlying assets, each lease is reflected on the balance sheet as a right-to-use asset and a lease liability. Variable lease payment which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and right-of-use assets. The Company has presented its right-of-use assets separately from other assets. Each lease generally imposes a restriction that unless there is a contractual right for the Company to sub-lease the asset to another party, the right-of-use asset can only be used by the Company. Some lease contain an option to extend the lease for a further term.
- (b) **Additional information on extension/ termination options:** Extension and termination options are included in a number of property lease arrangements of the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable based on consent of the Company.
- (c) There are no leases which are yet to commence as on March 31, 2023.
- (d) Lease payments, not included in measurement of liability

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The expense relating to payments not included in the measurement of the lease liability is as follows:

| Particulars | March 31, 2023 | March 31, 2022 |
|-------------------------|----------------|----------------|
| Short-term leases | 1.35 | 1.48 |
| Cancellable leases | - | - |
| Variable lease payments | - | - |
| Total | 1.35 | 1.48 |

- (e) Total undiscounted future lease payments relating to underlying leases are as follows:

| Particulars | Within 1 year | 1-2 years | 2-5 years | More than 5 years | Total |
|-----------------------------|---------------|-----------|-----------|-------------------|-------|
| As at March 31, 2023 | | | | | |
| Lease payments | 3.44 | 3.62 | 9.77 | - | 16.83 |
| As at March 31, 2022 | | | | | |
| Lease payments | - | - | - | - | - |

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

44 Disclosure pursuant to Ind AS 116 (Contd)

(f) Amount recognised in the Standalone Balance sheet:

| Particulars | March 31, 2023 | March 31, 2022 |
|--------------------------------|----------------|----------------|
| (i) Right-of-use assets | | |
| Buildings | 16.81 | - |
| Total | 16.81 | - |
| (ii) Lease liabilities | | |
| Non-current | 12.21 | - |
| Current | 2.10 | - |
| Total | 14.31 | - |

(g) Amount recognised in the Standalone Statement of Profit and Loss:

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| (i) Depreciation and amortisation expense | 0.59 | - |
| (ii) Interest expense (included in finance cost) | 0.19 | - |
| (iii) Gain on cancellation of lease agreements | - | - |
| Total | 0.78 | - |

(h) Information about extension and termination options

| Right-of-use assets | Number of leases | Range of remaining term (in years) | Average remaining lease term (in years) | Number of leases with extension option | Number of leases with purchase option | Number of leases with termination option |
|---------------------|------------------|------------------------------------|---|--|---------------------------------------|--|
| Building premises | 2 | 5 | 4 | 2 | 0 | 2 |

45 Utilization of borrowed funds

- (i) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (ii) No funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

46 Undisclosed income :

There are no transactions that have not been recorded in the books of accounts and has been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961

Notes to the standalone financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

47 Details of Crypto Currency or Virtual currency :

The Company has not traded or invested in crypto currency or virtual currency during the year.

48 Transactions with struck-off companies :

The Company does not have any transaction or outstanding balance with struck-off companies under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956, during current and previous year.

49 Registration/satisfaction of charges with Registrar :

There are no charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period in the current as well as in the previous year.

50 Previous year comparatives

Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification / disclosure.

The accompanying notes to the standalone financial statements including a summary of significant accounting policies and explanatory information form an integral part of these standalone financial statements.

As per our report of even date
For Walker Chandiook & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Rajni Mundra
Partner
Membership No.: 058644
Pune
May 22, 2023

**For and on behalf of the Board of Directors of
Finolex Industries Limited**

Prakash P. Chhabria
Executive Chairman
DIN: 00016017
London

Saumya Chakrabarti
Director
DIN: 09594036
Ratnagiri

Deepak R. Parikh
Director
DIN: 06504537
North carolina

Anil V. Whabi
Managing Director
DIN: 00142052
Pune

Ashutosh Kulkarni
Company Secretary
M. No.: A18549
Pune
May 22, 2023

Bhumika L. Batra
Director
DIN: 03502004
Mumbai

Kanchan U. Chitale
Director
DIN: 00007267
Mumbai

Pradeep R. Rathi
Director
DIN: 00018577
Pune

Ajit Venkataraman
Chief Executive Officer
Pune

Ritu P. Chhabria
Director
DIN: 00062144
London

Saurabh S. Dhanorkar
Director
DIN: 00011322
Pennsylvania

Anami N. Roy
Director
DIN: 01361110
Mumbai

Niraj Kedia
Chief Financial Officer
Pune

Independent Auditor's Report

To the Members of

Finolex Industries Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Finolex Industries Limited ('the Holding Company') and its associate, Finolex Plasson industries Private Limited, which comprise the Consolidated Balance Sheet as at 31 March 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the associate and Finolex Industries Limited Employees' Welfare Trust ('Welfare Trust'), the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Holding Company and its associate as at 31 March 2023, and their consolidated profit (including
5. We have determined the matter described below to be the key audit matters to be communicated in our report.

other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Holding Company and its associate in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('the ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the associate and the Welfare Trust, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Valuation of inventory

At the balance sheet date 31 March 2023, the Holding Company held inventories comprising of raw materials and components, finished goods, work-in-progress aggregating to ₹ 673.15 crores as disclosed in note 8 to the accompanying consolidated financial statements of the Holding Company. Such inventories are carried at cost or net realisable value whichever is lower, as per the accounting policy disclosed in note 2.8 to the aforesaid consolidated financial statements.

How our audit addressed the key audit matter

Our audit procedures related to valuation of inventory included, but were not limited, to the following:

- Assessed the appropriateness of the Holding Company's accounting policy and valuation method of inventory in accordance with Ind AS 2.
- Evaluated the design and tested the operating effectiveness of key controls (including IT automated controls) around purchase of inventory, valuation of inventory, computation of overhead, and determination of net realizable value of inventory items.

Key audit matter

Cost of inventory comprise of cost of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Determination of cost of conversion includes costs directly related to production of units and also includes a systematic allocation of various fixed and variable production overheads to convert raw material into finished goods. Fixed production overheads are allocated to the costs of conversion based on the normal capacity of the production facilities and variable production overheads are allocated to each unit of production based on the actual use of the production facilities, in accordance with the principles of Ind AS 2, Inventories ('Ind AS 2'), which involves management judgement and estimation.

Further, at the end of each reporting period, the management of the Holding Company also assesses whether the carrying value of inventory is in excess of amounts expected to be realised from their sale or use and in such cases inventories are written down to their net realisable value in accordance with Ind AS 2.

Considering the abovementioned complexities and materiality of amounts and management judgement involved, valuation of inventory matter is considered to be a key audit matter for the current year audit.

How our audit addressed the key audit matter

- Discussed with management the rationale supporting assumptions and estimates used in carrying out the inventory valuation and corroborated the same to our understanding of the business.
- Understood and assessed the management process of determining overhead absorption rates applied by verifying the appropriateness of underlying variables used such as cost data, normal production capacity, actual production data, bill of materials and stage of production.
- Verified the expenses considered as cost of conversion including estimates for apportionment of such conversion cost to different classes of finished goods and work in progress, and ensured arithmetical accuracy of such workings.
- Performed substantive testing for samples of raw materials purchase transactions recorded during the year, and purchase transactions recorded before and after year end, to ensure such purchases are booked accurately and in the correct period, by verifying the underlying documents for such selected samples, which included contracts, purchase orders, invoices, shipping documents such as lorry receipts, etc.
- Obtained understanding of management process for identification of slow moving, non-moving or obsolete inventories and ensured that the same is consistently applied. Tested ageing of inventory items obtained through system reports, as applicable.
- Recomputed the net realisable value of the finished goods on a sample basis and ensured the inventory is carried at lower of cost or net realizable value as per Ind AS 2.
- Performed analytical procedures on current year cost of goods sold based on product-wise gross profit margin analysis, and where appropriate, conducted further enquiries and testing.
- Assessed that the disclosures made in the accompanying consolidated financial statements is in accordance with the applicable accounting standards.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Holding Company including its associate in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act the respective Board of Directors of the Holding Company and its associate company covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Holding Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.
8. In preparing the consolidated financial statements, the respective Board of Directors of the Holding Company and of its associate are responsible for assessing the ability of the Holding Company and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Holding Company or to cease operations, or has no realistic alternative but to do so.

9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the Holding Company and its associate.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Holding Company and its associate to continue as a going concern. If we conclude

that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Holding Company and its associate to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
 - Obtain sufficient appropriate audit evidence regarding the financial information/ financial statements of the entities or business activities within the Holding Company, Welfare Trust and its associate, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

15. We did not audit the financial statements of the Welfare Trust included in the financial statements of the Holding Company, whose financial statements reflect total assets of ₹ 43.69 crores and net assets of ₹ 43.21 crores as at 31 March 2023, total revenues of ₹ Nil cores and net cash inflows amounting to ₹ 0.02 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Holding Company's share of net profit (including other comprehensive income) of ₹ 14.59 crores for the year ended 31 March 2023, as considered in the consolidated financial statements, in respect of one associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate and the Welfare Trust, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid associate and the Welfare Trust, are based solely on the reports of the other auditors.

Further, the aforementioned financial statements of the Welfare Trust has been prepared in conformity with the Accounting Standards specified under section 133 of the Act, read with the Companies (Accounting Standards) Rules, 2021. The Holding Company's management has converted these financial statements to accounting principles enunciated under the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as applicable to the Holding Company. We have audited these conversion adjustments made by the Holding Company's management. Our opinion, in so far as it relates to the amounts and disclosures included in respect of such trust, is based on the report of other auditor and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

16. The consolidated financial statements of the Holding Company for the year ended 31 March 2022 were audited by the predecessor auditor, P G Bhagwat LLP, who have expressed an unmodified opinion on those consolidated financial statements vide their audit report dated 18 May 2022.

17. The accompanying consolidated financial statements does not include the Holding Company's share in loss of an associate, Pawas Port Limited. In our opinion and according to the information and explanations given to us by the Management the said associate is not material to the Holding Company. Our opinion on the consolidated financial statement is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

18. As required by section 197(16) of the Act based on our audit and on the consideration of the report of the other auditor, referred to in paragraph 15, on separate financial statements of the associate, we report that the Holding Company has paid remuneration to their directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to one associate company incorporated in India whose financial statements have been audited under the Act, since such company is not a public company as defined under section 2(71) of the Act.

19. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued by us and by the other auditor as mentioned in paragraph 15 above, of companies included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such companies.

20. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the associate incorporated in India and the Welfare Trust, whose financial statements have been audited under the Act, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;

e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company, and the reports of the statutory auditors of its associate company, covered under the Act, none of the directors of the Holding Company and its associate company are disqualified as on 31 March 2023 from being appointed as a director in terms of section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and associate company covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure I' wherein we have expressed an unmodified opinion; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and other financial information of the associate incorporated in India and the Welfare Trust whose financial statements have been audited under the Act:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Holding Company and its associate, as detailed in Note 38.2 and Note 44 to the consolidated financial statements;

ii. The Holding Company and its associate company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2023;

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its associate company during the year ended 31 March 2023;
- iv. a. The respective managements of the Holding Company and its associate company incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditor of such associate respectively that, to the best of their knowledge and belief, as disclosed in note 45 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its associate company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or its associate company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
- b. The respective managements of the Holding Company and its associate company incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditor of such associate respectively that, to the best of their knowledge and belief, as disclosed in the note 45 to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its associate company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or its associate company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or its associate company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on such audit procedures performed by us and that performed by the auditor of the associate, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditor's notice that has caused us or the other auditor to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The final dividend paid by the Holding Company and its associate company during the year ended 31 March 2023 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend. Further, as stated in note 15 to the accompanying consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year ended 31 March 2023 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Rajni Mundra
Partner
Membership No.: 058644
UDIN: 23058644BGXZOK4904

Place: Pune
Date: May 22, 2023

Annexure I to the Independent Auditors' Report

Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Finolex Industries Limited ('the Holding Company') and its associate as at and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company and its associate company, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

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

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its associate company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable

assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matter paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its associate company as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the associate company, the Holding Company, its associate company, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matter

9. The consolidated financial statements also include the Holding Company's share of net profit (including other comprehensive income) of ₹14.59 crores for the year ended 31 March 2023, in respect of one associate company, which is a company covered under the Act, whose internal financial controls with reference to financial statements have not been audited by us. The internal financial controls with reference to financial statements in so far as it relates to such associate company have been audited by other auditor whose report has been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its associate company, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such associate company is based solely on the reports of the auditor of such company. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditor.

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Rajni Mundra

Partner

Membership No.: 058644

UDIN: 23058644BGXZOK4904

Place: Pune

Date: May 22, 2023

Consolidated Balance sheet

as at March 31, 2023

(All amounts in ₹ Crore, unless otherwise stated)

| Particulars | Note no | March 31, 2023 | March 31, 2022 |
|--|---------|-----------------|-----------------|
| A ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Property, plant and equipment | 3.1 | 1,037.57 | 992.33 |
| (b) Capital work-in-progress | 3.2 | 43.82 | 9.46 |
| (c) Right-of-use assets | 3.4 | 16.81 | - |
| (d) Other intangible assets | 3.3 | 0.79 | 0.90 |
| (e) Investments accounted for using the equity method | 4.1 | 110.28 | 91.86 |
| (f) Financial assets | | | |
| i) Investments | 4 | 2,069.48 | 1,073.28 |
| ii) Loans | 5 | 0.03 | 13.48 |
| iii) Other financial assets | 6 | 41.83 | 38.16 |
| (g) Income-tax assets (net) | 24 | 24.52 | 25.60 |
| (h) Other non-current assets | 7 | 47.57 | 54.34 |
| Total non-current assets | | 3,392.70 | 2,299.41 |
| 2 Current assets | | | |
| (a) Inventories | 8 | 673.15 | 1,015.47 |
| (b) Financial assets | | | |
| i) Investments | 9 | 1,767.07 | 1,552.52 |
| ii) Trade receivables | 10 | 297.54 | 334.46 |
| iii) Cash and cash equivalents | 11.1 | 8.56 | 23.55 |
| iv) Bank balances other than (iii) above | 11.2 | 52.04 | 57.49 |
| v) Loans | 12 | 22.79 | 8.70 |
| vi) Other financial assets | 13 | 9.31 | 13.00 |
| (c) Other current assets | 14 | 61.91 | 40.77 |
| Total current assets | | 2,892.37 | 3,045.96 |
| Total assets | | 6,285.07 | 5,345.37 |
| B EQUITY AND LIABILITIES | | | |
| 1 Equity | | | |
| (a) Equity share capital | 15 | 123.67 | 124.10 |
| (b) Other equity | 16 | 4,779.40 | 3,803.71 |
| Total equity | | 4,903.07 | 3,927.81 |
| Liabilities | | | |
| 2 Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| i) Lease liabilities | 17.1 | 12.21 | - |
| ii) Other financial liabilities | 17.2 | 0.20 | 0.14 |
| (b) Provisions | 18.1 | 18.12 | 15.50 |
| (c) Deferred tax liabilities (net) | 24 | 149.27 | 136.02 |
| (d) Government grants | 19 | 66.21 | 67.05 |
| Total non-current liabilities | | 246.01 | 218.71 |
| 3 Current liabilities | | | |
| (a) Financial liabilities | | | |
| i) Borrowings | 20 | 526.41 | 278.03 |
| ii) Lease liabilities | 22.1 | 2.10 | - |
| iii) Trade payables | 21 | | |
| - total outstanding dues of micro enterprises and small enterprises | | 12.27 | 8.05 |
| - total outstanding dues of creditors other than micro enterprises and small enterprises | | 277.03 | 455.03 |
| iv) Other financial liabilities | 22.2 | 249.46 | 275.22 |
| (b) Other current liabilities | 23 | 51.33 | 150.08 |
| (c) Provisions | 18.2 | 4.46 | 4.21 |
| (d) Current tax liabilities (net) | | 0.31 | 17.50 |
| (e) Government grants | 19 | 12.62 | 10.73 |
| Total current liabilities | | 1,135.99 | 1,198.85 |
| Total liabilities | | 1,382.00 | 1,417.56 |
| Total equity and liabilities | | 6,285.07 | 5,345.37 |

The accompanying notes to the consolidated financial statements including a summary of significant accounting policies and explanatory information form an integral part of these consolidated financial statements.

As per our report of even date

For Walker Chandio & Co LLP

Chartered Accountants

Firm Registration No. 001076N/N500013

Rajni Mundra

Partner

Membership No.: 058644

Pune

May 22, 2023

**For and on behalf of the Board of Directors of
Finolex Industries Limited**

Prakash P. Chhabria

Executive Chairman
DIN: 00016017
London

Saumya Chakrabarti

Director
DIN: 09594036
Ratnagiri

Deepak R. Parikh

Director
DIN: 06504537
North carolina

Anil V. Whabi

Managing Director
DIN: 00142052
Pune

Ashutosh Kulkarni

Company Secretary
M. No.: A18549
Pune
May 22, 2023

Bhumika L. Batra

Director
DIN: 03502004
Mumbai

Kanchan U. Chitale

Director
DIN: 00007267
Mumbai

Pradeep R. Rathi

Director
DIN: 00018577
Pune

Ajit Venkataraman

Chief Executive Officer
Pune

Ritu P. Chhabria

Director
DIN: 00062144
London

Saurabh S. Dhanorkar

Director
DIN: 00011322
Pennsylvania

Anami N. Roy

Director
DIN: 01361110
Mumbai

Niraj Kedia

Chief Financial Officer
Pune

Consolidated statement of profit and loss

for the year ended March 31, 2023

(All amounts in ₹ Crore, unless otherwise stated)

| Particulars | Note no. | March 31, 2023 | March 31, 2022 |
|---|----------|-----------------|-----------------|
| INCOME | | | |
| I Revenue from operations | 25 | 4,397.05 | 4,647.32 |
| II Other income | 26 | 120.92 | 82.23 |
| III Total income (I+II) | | 4,517.97 | 4,729.55 |
| EXPENSES | | | |
| IV Cost of materials consumed | 27 | 2,903.15 | 2,801.75 |
| Purchases of stock-in-trade | | 19.36 | 14.71 |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 28 | 149.56 | 32.60 |
| Employee benefits expense | 29 | 189.67 | 190.84 |
| Finance costs | 30 | 27.23 | 14.09 |
| Depreciation and amortisation expense | 31 | 89.20 | 83.40 |
| Other expenses | 32 | 842.77 | 583.68 |
| Total expenses (IV) | | 4,220.94 | 3,721.07 |
| V Profit before exceptional items, share of net profit/(loss) of investment in an associate accounted for using equity method and tax (III-IV) | | 297.03 | 1,008.48 |
| VI Exceptional items gain | 33 | - | 376.06 |
| VII Profit before tax (V+VI) | | 297.03 | 1,384.54 |
| VIII Share of profit/(loss) of investment in an associate accounted for using equity method | | 24.26 | (1.47) |
| IX Profit before tax (VII+VIII) | | 321.29 | 1,383.07 |
| Tax expense | | | |
| Current tax | 24 | 74.98 | 321.10 |
| Tax pertaining to earlier year(s) | | (16.86) | 13.62 |
| Deferred tax | 24 | 12.47 | (3.00) |
| Total tax expense | | 70.59 | 331.72 |
| IX Profit for the year (VII-VIII) | | 250.70 | 1,051.35 |
| X Other comprehensive income (OCI) | | | |
| A Items that will not be reclassified to profit or loss | | | |
| Re-measurement loss of defined benefit plans | | (0.35) | (0.23) |
| Income-tax effect on above | 24 | 0.11 | 0.08 |
| A(i) Re-measurement of defined benefit plans, net of income-tax | | (0.24) | (0.15) |
| Gain/(loss) on equity instruments through OCI | | 966.31 | (14.27) |
| Income-tax effect on above | 24 | - | 0.11 |
| A(ii) Equity instruments through OCI, net of income-tax | | 966.31 | (14.16) |
| Total other comprehensive income [A(i)+A(ii)] | | 966.07 | (14.31) |
| XI Total Comprehensive Income for the year (IX+X) | | 1,216.77 | 1,037.03 |
| XII Earnings per equity share having nominal value per share of ₹ 2 | | | |
| Basic (₹) | | 4.04 | 16.94 |
| Diluted (₹) | | 4.04 | 16.94 |

The accompanying notes to the consolidated financial statements including a summary of significant accounting policies and explanatory information form an integral part of these consolidated financial statements

As per our report of even date

For Walker Chandik & Co LLP

Chartered Accountants

Firm Registration No. 001076N/N500013

**For and on behalf of the Board of Directors of
Finolex Industries Limited**

Prakash P. Chhabria
Executive Chairman
DIN: 00016017
London

Bhumika L. Batra
Director
DIN: 03502004
Mumbai

Ritu P. Chhabria
Director
DIN: 00062144
London

Rajni Mundra
Partner
Membership No.: 058644
Pune
May 22, 2023

Saumya Chakrabarti
Director
DIN: 09594036
Ratnagiri

Kanchan U. Chitale
Director
DIN: 00007267
Mumbai

Saurabh S. Dhanorkar
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Anil V. Whabi
Managing Director
DIN: 00142052
Pune

Ajit Venkataraman
Chief Executive Officer
Pune

Niraj Kedia
Chief Financial Officer
Pune

Ashutosh Kulkarni
Company Secretary
M. No.: A18549
Pune
May 22, 2023

Consolidated statement of cash flow

for the year ended March 31, 2023

(All amounts in ₹ Crore, unless otherwise stated)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|-----------------|-----------------|
| I Cash flows from operating activities | | |
| Profit before tax | 321.29 | 1,383.07 |
| Adjustments for: | | |
| Share in (profit)/loss of associate companies | (24.26) | 1.47 |
| Depreciation and amortisation expense | 89.20 | 83.40 |
| Balances written off | - | 1.37 |
| Profit on sale of investments (net) | (33.29) | (8.15) |
| Gain on fair valuation of investment | (37.05) | (8.90) |
| (Profit)/loss on sale/discard of assets (net) | (0.02) | 0.87 |
| Dividend income | (13.32) | (12.21) |
| Exceptional item | - | (376.06) |
| Unwinding of government grant income | (12.62) | (10.73) |
| Interest income | (28.56) | (36.57) |
| Unrealised exchange fluctuation (gain)/ loss (net) | 0.59 | 1.50 |
| Finance costs | 27.23 | 14.09 |
| Operating profit before working capital changes | 289.19 | 1,033.15 |
| Change in operating assets and liabilities | | |
| Inventories | 342.32 | (96.66) |
| Trade receivables | 36.92 | (186.48) |
| Loans | (0.64) | (21.79) |
| Other financial assets | (2.69) | (10.37) |
| Other current assets | (13.03) | 33.15 |
| Government grants (net) | 16.82 | 11.89 |
| Trade payables | (173.73) | 27.21 |
| Provisions | 2.50 | 2.13 |
| Other financial liabilities | (29.28) | 65.49 |
| Other current liabilities | (98.75) | 99.85 |
| Cash generated from working capital changes | 80.44 | (75.58) |
| Less - Income-tax paid | (67.94) | (335.58) |
| Net cash generated from operating activities | 301.69 | 621.99 |
| II Cash flow from investing activities | | |
| Payment for purchase of property, plant and equipment (including capital work in progress and capital advances) | (168.74) | (84.41) |
| Proceeds from sale of property, plant and equipment (net) | 1.06 | 380.63 |
| Net proceeds from purchase/sale of investments | (167.41) | (1,038.33) |
| Dividend income received | 13.78 | 13.14 |
| Investments in fixed deposits | 5.45 | 247.37 |
| Interest income received | 28.12 | 41.26 |
| Net cash used in investing activities | (287.74) | (440.34) |

Consolidated statement of cash flow (Contd.)

for the year ended March 31, 2023

(All amounts in ₹ Crore, unless otherwise stated)

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|-----------------|
| III Cash flow from financing activities | | |
| Finance costs paid | (25.20) | (14.08) |
| Proceeds paid for short-term borrowings (net) | 247.73 | 72.77 |
| Payment of lease liabilities | (3.28) | - |
| Dividend paid | (248.19) | (248.19) |
| Net cash used in financing activities | (28.94) | (189.50) |
| IV Net increase / (decrease) in cash and cash equivalents at the end of the year (I+II+III) | (14.99) | (7.85) |
| V Cash and cash equivalents at the beginning of the financial year | 23.55 | 31.40 |
| VI Cash and cash equivalents at the end of the financial year (IV+V) | 8.56 | 23.55 |

Components of cash and cash equivalents

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Balances with banks (current accounts) | 8.45 | 23.42 |
| Cash on hand | 0.11 | 0.13 |
| Total cash and cash equivalents | 8.56 | 23.55 |

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

The accompanying notes to the consolidated financial statements including a summary of significant accounting policies and explanatory information form an integral part of these consolidated financial statements.

As per our report of even date
For Walker Chandiook & Co LLP
 Chartered Accountants
 Firm Registration No. 001076N/N500013

Rajni Mundra
 Partner
 Membership No.: 058644
 Pune
 May 22, 2023

For and on behalf of the Board of Directors of Finolex Industries Limited

Prakash P. Chhabria
 Executive Chairman
 DIN: 00016017
 London

Saumya Chakrabarti
 Director
 DIN: 09594036
 Ratnagiri

Deepak R. Parikh
 Director
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Anil V. Whabi
 Managing Director
 DIN: 00142052
 Pune

Ashutosh Kulkarni
 Company Secretary
 M. No.: A18549
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 May 22, 2023

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Anami N. Roy
 Director
 DIN: 01361110
 Mumbai

Niraj Kedia
 Chief Financial Officer
 Pune

Consolidated statement of changes in equity

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

A. Equity share capital (refer note no 15)

March 31, 2023

| Particulars | Opening balance as at April 1, 2022 | Change during the year* | Closing balance as at March 31, 2023 |
|---|-------------------------------------|-------------------------|--------------------------------------|
| Issued, subscribed and fully paid equity shares of ₹ 2 each | 124.10 | (0.43) | 123.67 |
| | 124.10 | (0.43) | 123.67 |

*Investment cost adjustment pursuant to consolidation of the Finolex Industries Limited Employee's Welfare Trust ('Welfare Trust')

March 31, 2022

| Particulars | Opening balance as at April 1, 2021 | Change during the year | Closing balance as at March 31, 2022 |
|---|-------------------------------------|------------------------|--------------------------------------|
| Issued, subscribed and fully paid equity shares of ₹ 2 each | 124.10 | - | 124.10 |
| | 124.10 | - | 124.10 |

B. Other equity (refer note no 16)

| Particulars | Reserves and Surplus | | | | | Total |
|--|----------------------|--------------------|----------------------------|-------------------|--|-----------------|
| | General reserve | Securities premium | Capital redemption reserve | Retained earnings | Equity instruments fair value through other comprehensive income | |
| Balance as at April 1, 2021 | 394.50 | 151.27 | 25.18 | 2,226.25 | 217.66 | 3,014.86 |
| Profit for the period | - | - | - | 1,051.35 | - | 1,051.35 |
| Other comprehensive income (net of tax) | - | - | - | (0.15) | (14.16) | (14.31) |
| Total comprehensive income for the year | - | - | - | 1,051.20 | (14.16) | 1,037.04 |
| Final dividend | - | - | - | (248.19) | - | (248.19) |
| Balance as at March 31, 2022 | 394.50 | 151.27 | 25.18 | 3,029.26 | 203.50 | 3,803.71 |
| Ajdstment pursuant to consolidation of Welfare Trust | - | - | - | 7.12 | - | 7.12 |
| Profit for the period | - | - | - | 250.70 | - | 250.70 |
| Other comprehensive income (net of tax) | - | - | - | (0.24) | 966.31 | 966.07 |
| Total comprehensive income for the year | - | - | - | 250.46 | 966.31 | 1,216.78 |
| Final dividend | - | - | - | (248.19) | - | (248.19) |
| Balance as at March 31, 2023 | 394.50 | 151.27 | 25.18 | 3,038.65 | 1,169.81 | 4,779.40 |

The accompanying notes to the consolidated financial statements including a summary of significant accounting policies and explanatory information form an integral part of these consolidated financial statements.

As per our report of even date

For Walker Chandiook & Co LLP

Chartered Accountants

Firm Registration No. 001076N/N500013

Rajni Mundra

Partner

Membership No.: 058644

Pune

May 22, 2023

For and on behalf of the Board of Directors of Finolex Industries Limited

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Executive Chairman
DIN: 00016017
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Niraj Kedia

Chief Financial Officer
Pune

Notes forming part of the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

1. Corporate Information

The consolidated financial statements comprise financial statements of Finolex Industries Limited ('the Holding Company') and Finolex Plasson Industries Private Limited, its Associate, for the year ended March 31, 2023. The Holding Company is incorporated and domiciled in India and its equity shares are listed on Bombay Stock Exchange and National Stock Exchange. Its registered office is situated at Gat No.399, Village Urse, Taluka Maval, District Pune, India. The Holding Company is engaged in the business of manufacturing PVC pipes & fittings and PVC resin. Its Associate is also a company incorporated and domiciled in India. The Holding Company is engaged in manufacturing of micro irrigation systems, fittings, accessories and range of irrigation components and offers a wide range of products suitable for different sectors of agricultural activity.

2. Summary of significant accounting policies

2.1 Basis of Preparation

The Consolidated Financial Statements comprise of the Consolidated Balance Sheet as at March 31, 2023, Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Cash Flows and Consolidated Changes in Equity for year ended March 31, 2023 and summary statement of significant accounting policies and other explanatory information (hereinafter collectively referred to as 'Consolidated Financial Statement'). The Holding Company's Consolidated financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the 'Act') read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (the ICAI) and the guidelines issued by the Securities and Exchange Board of India are also applied.

The financial statements were approved and were authorized for issue in accordance with a resolution of the Board of Directors on May 22, 2023.

2.2 Basis of measurement

The Consolidated financial statements have been prepared on going concern basis using accrual basis following historical cost convention, except for:

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

All the assets and liabilities have been classified as current or non-current as per the Holding Company's normal operating cycle of twelve months and other criteria set out in Schedule III of the Act.

2.3 Functional and presentation currency

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

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

2.4 Current or non-current classification

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

An asset is classified as current when it is:

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

A liability is classified as current when it is:

- a. Expected to be settled in normal operating cycle
- b. Held primarily for the purpose of trading
- c. Due to be settled within twelve months after the reporting period, or
- d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

Notes forming part of the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

All other liabilities are classified as non - current.

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

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

2.5 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, current assets, non-current assets, current liabilities, non-current liabilities and disclosure of the contingent liabilities at the end of each reporting period. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying value of assets or liabilities in future periods. These estimates are reviewed regularly and any change in estimates are adjusted prospectively.

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

Judgements

Government grant/ subsidy

The Holding Company was entitled to receive Industrial Promotion Subsidy under the Package Scheme of Incentives, for the period from 1st April, 2011 to 31st March 2023. The aforesaid subsidy is in relation to investments in property, plant and equipment at Ratnagiri plant. Accordingly, the same has been classified as grant related to assets and the Holding Company is recognising revenue from grant over the life of the property, plant and equipment.

Estimates

Defined benefit plan

The cost of defined benefit gratuity plan and present value of such obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and

attrition rate. Due to the long-term nature of the plan, such estimates are subject to significant uncertainty. All assumption are reviewed at each reporting date.

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

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

Property, plant and equipment and intangible assets:

The determination of depreciation and amortization charge depends on the useful lives for which judgements and estimations are required. The residual values, useful lives, and method of depreciation of property, plant and equipment and intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

Claims, provisions and contingent liabilities:

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

Fair value measurement of financial instruments:

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

Notes forming part of the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

Impairment of financial assets:

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

Deferred tax

Deferred tax assets are recognised for all deductible temporary differences including the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

2.6 Investment in associate and principles of consolidation

An associate is an entity over which the Holding Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining whether significant influence are similar to those necessary to determine control over the subsidiaries.

The Holding Company's investments in its Associate are accounted for using the equity method. Under the equity method, the investment in an Associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Holding Company's share of net assets of the Associate, since the acquisition date. Goodwill relating to the Associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Holding Company's share of the results of operations of the Associate. Any change in OCI of those investees is presented as part of the Holding Company's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Holding Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Holding Company and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Holding Company's share of profit or loss of an Associate is shown on the face of the statement of profit and loss.

The financial statements of the Associate are prepared for the same reporting period as the Holding Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Holding Company.

After application of the equity method, the Holding Company determines whether it is necessary to recognise an impairment loss on its investment in its Associate. At each reporting date, the Holding Company determines whether there is objective evidence that the investment in the Associate is impaired. If there is such evidence, the Holding Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Holding Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Intercompany transactions, balances and unrealized gains on transactions between the Holding Company and associate are eliminated. The Consolidated Financial Statements are prepared using uniform accounting policy for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any, have been made in the Consolidated Financial Statements.

Detail of associate considered in the Consolidation Financial Statements:

| Name of the associate | Country of incorporation | % holding as at | % holding as at |
|--|--------------------------|-----------------|-----------------|
| | | March 31, 2023 | March 31, 2022 |
| Finolex Plasson Industries Private Limited | India | 46.35% | 46.35% |

Notes forming part of the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

2.7 Fair value measurement

The Holding Company measures financial instruments, such as non-current and current investments, at fair value, at each balance sheet date.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Quoted market prices, when available, are used as the measure of fair value. In cases where quoted market prices are not available, fair values are determined using present value estimates or other valuation techniques which maximize the use of relevant observable inputs and minimize the use of unobservable inputs, for example, the present value of estimated expected future cash flows using discount rates commensurate with the risks involved. Fair value estimation techniques normally incorporate assumptions that market participants would use in their estimates of values, future revenues, and future expenses, including assumptions about interest rates, default, prepayment and volatility. Because assumptions are inherently subjective in nature, the estimated fair values cannot be substantiated by comparison to independent market quotes and, in many cases, the estimated fair values would not necessarily be realised in an immediate sale or settlement of the instrument.

For cash and other liquid assets, the fair value is assumed to approximate to book value, given the short-term nature of these instruments. For those items with a stated maturity exceeding twelve months, fair value is calculated using a discounted cash flow methodology.

The financial instruments carried at fair value are categorized under the three levels of the Ind AS fair value hierarchy as follows:

Level 1: Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the Holding Company has the ability to access. This level of the fair value hierarchy provides the most reliable evidence of fair value and is used to measure fair value whenever available.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). These inputs reflect the Holding Company's own assumptions about the assumptions that market participants would

use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available in the circumstances, which include the Holding Company's own data. The Holding Company's own data used to develop unobservable inputs is adjusted if information indicates that market participants would use different assumptions

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Holding Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Holding Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes

2.8 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

| | |
|---------------------------------------|--|
| • Raw materials and traded goods | Purchase cost on a moving weighted average basis and inward transportation. Refundable indirect taxes and discounts are excluded from cost. |
| • Finished goods and work in progress | Cost of direct raw materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs |

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sell.

2.9 Property, plant and equipment (PPE)

Items of property, plant and equipment are measured at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of property, plant and equipment comprises its purchase price, including import duties, and other non-refundable taxes or levies and any directly attributable cost of bringing the

Notes forming part of the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

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

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

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Holding Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit and loss as incurred.

Disposal

An item of property, plant and equipment is derecognized upon disposal or when no future benefits are expected from its use. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income/expenses in the statement of profit and loss.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment as prescribed in Schedule II of the Act, which are as follows:

| Asset | Useful life (in years) |
|---|------------------------|
| Plant and machinery (including moulds and dies) | 3 to 25 |
| Building (including roads) | 5 to 60 |
| Factory building | 30 |
| Furniture and fixtures | 10 |
| Office equipment | 5 |
| Vehicles (including patrol boat) | 8 to 13 |
| Other intangible assets | 6 |

In the case of Captive Power Plant the management, based on a technical evaluation, has estimated the life of asset to be 25 years which is lower than the life prescribed in Schedule – II. Also, in case of moulds and water works, management has estimated a lower life than prescribed in Schedule – II based on technical evaluation.

The management undertakes a review of the residual values, useful lives and methods of depreciation of property, plant and equipment at the end of each reporting period and adjustments are made whenever necessary.

2.10 Intangible assets and amortization

Recognition and measurement

Intangible assets are recognised when the asset is identifiable, is within the control of the Holding Company, it is probable that the future economic benefits that are attributable to the asset will flow to the Holding Company and cost of the asset can be reliably measured.

Intangible assets acquired by the Holding Company that have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Research and development expenditure on new products:

Expenditure on research is expensed under respective heads of account in the period in which it is incurred. Development expenditure on new products is capitalised as intangible asset, if all of the following can be demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the Holding Company has intention to complete the intangible asset and use or sell it;
- the Holding Company has ability to use or sell the intangible asset;
- the manner in which the probable future economic benefits will be generated including the existence of a market for output of the intangible asset or intangible asset itself or if it is to be used internally, the usefulness of intangible assets;

Notes forming part of the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

- e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- f) the Holding Company has ability to reliably measure the expenditure attributable to the intangible asset during its development.

Development expenditure that does not meet the above criteria is expensed in the period in which it is incurred. Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as Intangible assets under development.

Subsequent measurement

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in statement of profit and loss on a straight-line basis over a period of 6 years from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

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

Intangible assets developed or acquired with finite useful life are amortized on straight line basis over the useful life as specified below:

| Asset | Useful life (in years) |
|--------------------------------|---------------------------|
| Computer software and licenses | 3 to 6 |

2.11 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer based on delivery terms i.e. when the customer is able to direct the use of the transferred goods or rendering of services and obtains substantially all of the remaining benefits at an amount that reflects the consideration entitled in exchange for those goods or services. Revenue is measured

at transaction price net of rebates, discounts, sales return provision and taxes. The Holding Company is generally the principal as it typically controls the goods or services before transferring them to the customer.

A receivable is recognised by the Holding Company when the control is transferred as this is the case of point in time recognition where consideration is unconditional because only the passage of time is required. No significant element of financing is deemed present as the sales are either made with a nil credit term or with a credit period of 0-60 days.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue from sale of goods is recognised when the significant control of the goods have passed to the buyer, usually when goods are dispatched or on delivery, as per the terms of sale. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss.

The Holding Company presents interest income on financial assets at Fair Value through Profit & Loss separately from fair value changes on financial assets.

Dividends

Revenue is recognised when the Holding Company's right to receive the payment is established, which is in the year when shareholders approve the dividend.

2.12 Borrowing costs

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds. It also includes exchange differences in relation to the foreign currency borrowings to the extent those are regarded as an adjustment to the borrowing costs.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

Borrowing costs such as interest expenses and foreign exchange loss to the extent considered as part of borrowing costs (if any) directly attributable to the construction of a qualifying asset (asset that takes substantial period of time to get ready for use usually 12 months) are capitalised as part of the cost.

Parts of an item of property, plant and equipment having different useful lives, (if any) are accounted for as separate items (major components) of property, plant and equipment.

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

2.13 Foreign currency transactions:

Items included in the financial statements are measured using the currency of the primary economic environment in which the Holding Company operates (functional currency). The financial statements are presented in ₹, which is also the Holding Company's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies are recorded at functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.14 Government grant

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a

systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant.

2.15 Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate under the Income Tax Act, 1961 adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in statement of Profit and Loss, except to the extent that it relates to items recognised in the Other Comprehensive Income or in Equity. In which case, the tax is also recognised in Other Comprehensive Income or Equity

Current income tax

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities; on the basis of the taxable profits computed for the current accounting period in accordance with Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the

Notes forming part of the consolidated financial statements

for the year ended March 31, 2023

extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.16 Leases

Lease is a contract that provides to the customer (lessee) the right to use an asset for a period of time in exchange for consideration.

A lessee is required to recognize assets and liabilities for all leases with a term that is greater than 12 months, unless the underlying asset is of low value, and to recognize depreciation of leased assets separately from interest on lease liabilities in the statement of Profit and Loss.

Initial measurement

Right-of-use asset (ROU)

At the commencement date, the Holding Company measures the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date, less any lease incentives received;

(All amounts in ₹ Crores, unless other wise stated)

- any initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Lease liability

At the commencement date, the Holding Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Holding Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Holding Company under residual value guarantees;
- the exercise price of a purchase option if the Holding Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent measurement

Right-of-use asset (ROU)

Subsequently the Holding Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses.

Lease liability

Subsequently the Holding Company measures the lease liability by:

Notes forming part of the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

- increasing the carrying amount to reflect interest on the lease liability at the interest rate implicit in the lease, if that rate can be readily determined or the Holding Company's incremental borrowing rate.
- reducing the carrying amount to reflect the lease payments made; and
- re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

2.17 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.17.1 Financial assets

Initial recognition and measurement

Financial assets are recognised initially at fair value plus, in the case of financial assets not classified as fair value through profit or loss ('FVTPL'), transaction costs that are attributable to the acquisition of the financial asset.

Financial assets are recognised in the Balance Sheet when the Holding Company becomes a party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets shall be recognised using trade date or settlement date accounting.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- At amortised cost
- At fair value through Other Comprehensive Income ('FVTOCI')
- At fair value through profit or loss ('FVTPL')

(a) Financial assets classified as measured at amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ('EIR') method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance expense/ (other income) in the profit and loss statement. The losses arising from impairment are recognised in the statement of profit and loss.

This category generally applies to trade receivables, security and other deposits receivable by the Holding Company.

The Holding Company's investment in its Associate is measured at cost.

(b) Financial assets classified as measured at FVOCI

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

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

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

Notes forming part of the consolidated financial statements

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(All amounts in ₹ Crores, unless other wise stated)

On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit and loss.

(c) Financial assets classified as measured at FVTPL

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

De-recognition

The Holding Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Holding Company neither transfers nor retain substantially all of the risks and rewards of ownership and it does not retain control of the financial asset

Impairment of financial assets

The Holding Company applies expected credit loss ('ECL') model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets measured at amortised cost
- Financial assets measured at FVOCI, except investments in equity instruments designated as such by the Holding Company.
- Trade receivables

The Holding Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables.

For recognition of impairment loss on other financial assets and risk exposure, the Holding Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide

for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

Reclassification of financial assets

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

2.17.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised initially at fair value net of, in the case of financial liabilities not classified as fair value through profit or loss ('FVTPL'), transaction costs that are attributable to the issue of the financial liability. Financial liabilities are recognised in the Balance Sheet when the Holding Company becomes a party to the contractual provisions of the instrument.

(a) Financial liabilities at FVTPL

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

Notes forming part of the consolidated financial statements

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

Financial liabilities designated as such upon initial recognition at the initial date of recognition, if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognized in OCI. These gains/ loss are not subsequently transferred to the statement of profit and loss. However, the Holding Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

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

(b) Financial liabilities at amortised cost

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.18 Impairment of non-financial assets

The Holding Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Holding Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.19 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, balances with banks and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

2.20 Provisions and contingent liabilities

A Provision is recognized when the Holding Company has a present obligation as a result of a past event and it is probable that an outflow of resources is expected to settle the obligation, in respect of which a reliable estimate can be made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in case of

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.

Notes forming part of the consolidated financial statements

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(All amounts in ₹ Crores, unless other wise stated)

- present obligation arising from past events, when no reliable estimate is possible
- a possible obligation arising from past events where the probability of outflow of resources is not remote.

Provisions and contingent liabilities are reviewed at each Balance Sheet date.

2.21 Provision for employment benefits

Defined contribution plans

Under defined contribution plan, the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. The Holding Company has the following defined contribution plans: state governed provident fund scheme and employee state insurance scheme. The contributions paid and payable under the scheme are recognised in the period when the employee renders the related service.

Defined benefit plans

The employees' gratuity fund scheme managed by the Life Corporations of India (LIC) is the Holding Company's defined benefit plans. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

In case of funded plans, the fair value of the plan's assets is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Past service cost is recognized as expenses on a straight-line basis over the average period until the benefits become vested. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

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

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

Refer note 36 for additional disclosures relating to the Holding Company's defined benefit plan.

Provision for compensated absences

Provision for short term compensated absences is recognised for accumulated leaves that are expected to be utilized within a period of twelve months from the balance sheet date. Long term compensated absences are provided for on the basis of an actuarial valuation, using projected unit credit method, as at each reporting date.

2.22 Earnings per equity share

Basic earnings per equity share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period as reduced by number of shares bought back, if any. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

Notes forming part of the consolidated financial statements

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(All amounts in ₹ Crores, unless other wise stated)

2.23 Dividend to equity holders of the Holding Company

Dividends paid (including income tax thereon) is recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decision.

Segment accounting policies are in line with the accounting policies of the Holding Company.

2.25 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Holding Company does not expect this amendment to have any significant impact in its standalone financial statements.

Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Holding Company is evaluating the impact, if any, in its standalone financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Holding Company does not expect this amendment to have any significant impact in its standalone financial statements.

Ind As 109 - Financial instruments

The Ministry of Corporate Affairs ("MCA") vide notification dated 23 March 2022, has issued an amendment to Ind AS 109 which clarifies the fees an entity should include when it applies the '10%' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The Holding Company is evaluating the requirement of the said amendment and its impact on these standalone financial statements.

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

Note 3.1 : Property, plant and equipment

| Particulars | Freehold land | Leasehold land | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Office equipment | Total |
|--|---------------|----------------|---------------|---------------------|------------------------|--------------|------------------|-----------------|
| Gross carrying value | | | | | | | | |
| Balance as at April 1, 2021 | 108.20 | 1.01 | 285.05 | 1,969.88 | 6.23 | 10.47 | 3.94 | 2,384.78 |
| Additions during the year | 0.85 | | 2.54 | 71.26 | 0.18 | 3.19 | 1.21 | 79.23 |
| Deletions/ adjustment during the year | - | (0.43) | (6.20) | (11.16) | (0.01) | (1.13) | (0.11) | (19.04) |
| Balance as at March 31, 2022 | 109.05 | 0.58 | 281.39 | 2,029.98 | 6.40 | 12.54 | 5.04 | 2,444.98 |
| Additions during the year | 3.38 | - | 5.66 | 122.71 | 0.20 | 1.73 | 1.26 | 134.93 |
| Deletions/ adjustment during the year | - | (0.58) | - | (0.08) | (0.14) | (2.88) | (0.05) | (3.74) |
| Balance as at March 31, 2023 | 112.43 | - | 287.05 | 2,152.60 | 6.47 | 11.38 | 6.25 | 2,576.18 |
| Accumulated depreciation / amortisation | | | | | | | | |
| Balance as at April 1, 2021 | - | 0.36 | 100.86 | 1,270.17 | 4.62 | 5.48 | 2.01 | 1,383.50 |
| Depreciation/ amortisation for the year | - | 0.01 | 9.07 | 71.18 | 0.31 | 1.09 | 1.10 | 82.76 |
| Deletions during the year | | (0.17) | (2.48) | (10.24) | (0.01) | (0.60) | (0.10) | (13.60) |
| Balance as at March 31, 2022 | - | 0.20 | 107.45 | 1,331.11 | 4.92 | 5.97 | 3.01 | 1,452.65 |
| Depreciation/ amortisation for the year | - | - | 9.11 | 76.57 | 0.29 | 0.98 | 1.23 | 88.18 |
| Deletions during the year | - | (0.20) | - | (0.06) | (0.09) | (1.83) | (0.04) | (2.22) |
| Balance as at March 31, 2023 | - | - | 116.56 | 1,407.61 | 5.12 | 5.12 | 4.20 | 1,538.61 |
| Net block as at March 31, 2023 | 112.43 | - | 170.49 | 744.99 | 1.35 | 6.27 | 2.05 | 1,037.57 |
| Net block as at March 31, 2022 | 109.05 | 0.38 | 173.94 | 698.87 | 1.48 | 6.56 | 2.04 | 992.33 |

Notes:

1. Property ,plant and equipment pledged as security :

There is no charge on property, plant and equipment as at March 31, 2023 and as at March 31, 2022.

Note 3.2 : Capital work-in-progress

| Particulars | Capital Work-in-progress |
|---------------------------------------|--------------------------|
| Gross carrying value | |
| Balance as at April 1, 2021 | 8.15 |
| Additions during the year | 3.50 |
| Deletions/ adjustment during the year | (2.19) |
| Balance as at March 31, 2022 | 9.46 |
| Additions during the year | 124.51 |
| Deletions/ transfer during the year | (90.15) |
| Balance as at March 31, 2023 | 43.82 |

Notes:

1. Capital work-in-progress:

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

The Company does not have any projects which are overdue or exceeded their respective cost compare to its original plan.

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

Note 3.2 : Capital work-in-progress (Contd.)

CWIP ageing schedule as at March 31, 2023

| Particulars | Amount in CWIP for a period of | | | | Total |
|--------------------------|--------------------------------|-------------|-------------|-------------------|--------------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Capital work-in-progress | 38.09 | 0.15 | 5.58 | - | 43.82 |
| | 38.09 | 0.15 | 5.58 | - | 43.82 |

CWIP ageing schedule as at March 31, 2022

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

Note 3.3 : Other intangible assets

| Particulars | Other intangible assets |
|---------------------------------------|-------------------------|
| Gross carrying value | |
| Balance as at April 1, 2021 | 5.94 |
| Additions during the year | 0.48 |
| Balance as at March 31, 2022 | 6.42 |
| Additions during the year | 0.34 |
| Deletions/ adjustment during the year | (0.45) |
| Balance as at March 31, 2023 | 6.31 |
| Accumulated amortisation | |
| Balance as at April 1, 2021 | 4.88 |
| Amortisation for the year | 0.64 |
| Balance as at March 31, 2022 | 5.52 |
| Amortisation for the year | 0.43 |
| Deletions/ adjustment during the year | (0.43) |
| Balance as at March 31, 2023 | 5.52 |
| Net block as at March 31, 2023 | 0.79 |
| Net block as at March 31, 2022 | 0.90 |

Notes:

- There are no intangible assets under development as at March 31, 2023 or as at March 31, 2022.

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

Note 3.4 : Right-of-use asset

| Particulars | Right-of-use asset |
|---------------------------------------|--------------------|
| Gross carrying value | |
| Balance as at April 1, 2021 | - |
| Additions during the year | - |
| Balance as at March 31, 2022 | - |
| Additions during the year | 17.02 |
| Deletions/ transfer during the year | 0.58 |
| Balance as at March 31, 2023 | 17.60 |
| Accumulated depreciation | |
| Balance as at April 1, 2021 | - |
| Depreciation during the year | - |
| Deletions/ transfer during the year | - |
| Balance as at March 31, 2022 | - |
| Depreciation during the year | 0.59 |
| Deletions/ transfer during the year | 0.20 |
| Balance as at March 31, 2023 | 0.79 |
| Net block as at March 31, 2023 | 16.81 |
| Net block as at March 31, 2022 | - |

Notes:

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

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

2. Benami properties:

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

3. Capital commitments:

Refer note 38.1 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

4 Investments : Non-current

| Particulars | Face value* ₹ | No of shares as at * | | Balances as at | |
|--|------------------|----------------------|----------------|----------------|----------------|
| | | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Quoted | | | | | |
| Investments in equity shares | | | | | |
| Investments designated at fair value through other comprehensive income (FVOCI) | | | | | |
| Finolex Cables Limited | 2 | 2,21,87,075 | 2,21,87,075 | 1,802.92 | 836.61 |
| Investments designated at fair value through profit and loss (FVTPL) | | | | | |
| GOCL Corporation Limited | 2 | 4,950 | 4,950 | 0.15 | 0.14 |
| Gulf Oil Lubricants India Limited | 2 | 4,950 | 4,950 | 0.20 | 0.21 |
| Gold Crest Corporation Limited | 10 | 12,400 | 12,400 | 0.25 | 0.22 |
| Unquoted | | | | | |
| Investments designated at fair value through other comprehensive income (FVOCI) | | | | | |
| Finolex Infrastructure Private Limited | 10 | 53,84,686 | 53,73,938 | 12.38 | 12.36 |
| Investments designated at fair value through profit and loss (FVTPL) | | | | | |
| The Saraswat Co-op Bank Limited | 10 | 1,000 | 1,000 | -# | -# |
| Investments measured at cost | | | | | |
| Associate companies | | | | | |
| Pawas Port Limited | 10 | 49,994 | 49,994 | 0.05 | 0.05 |
| Investments in bonds measured at amortised cost (Quoted) | | | | | |
| Perpetual bonds | | | | | |
| 8.50% SBI Perpetual Bond | 10,00,000 | 250 | 250 | 26.04 | 26.21 |
| 7.74% SBI Perpetual Bond | 10,00,000 | 200 | 200 | 21.06 | 21.11 |
| 8.75% SBI Perpetual Bond | 10,00,000 | 100 | 100 | 10.70 | 10.82 |
| 8.99% Bank of Baroda Perpetual Bond | 10,00,000 | 250 | 250 | 25.77 | 25.84 |
| 8.25% Bank of Baroda Perpetual Bond | 10,00,000 | 200 | 200 | 21.18 | 21.20 |
| 9.56% SBI Perpetual Bond | 10,00,000 | 500 | 350 | 52.32 | 37.18 |
| 8.85% HDFC Bank Limited | 10,00,000 | - | 300 | - | 32.38 |
| 9.37% SBI Perpetual Bond | 10,00,000 | 69 | - | 7.22 | - |
| 9.15% ICICI Bank Perpetual Bond | 10,00,000 | 200 | - | 21.50 | - |
| 9.90% ICICI Bank Perpetual Bond | 10,00,000 | 70 | - | 7.24 | - |
| Secured Non Convertible Debentures | | | | | |
| 8.05 HDB Financial Services Ltd. - Perpetual Bond | 10,00,000 | 200 | - | 21.01 | - |
| Tax free bonds | | | | | |
| 7.07% Indian Railway Finance Corporation | 1,000 | 60,000 | 60,000 | 6.61 | 6.76 |
| 7.19% Indian Railway Finance Corporation | 10,00,000 | 50 | 50 | 5.54 | 5.80 |
| 7.17% Rural Electrification Corporation Limited | 10,00,000 | 100 | 100 | 5.67 | 11.13 |
| 8.01% Rural Electrification Corporation Limited | 1,000 | - | 75,000 | - | 8.14 |
| 8.23% Indian Railway Finance Corporation | 1,000 | - | 1,00,000 | - | 11.44 |

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

4 Investments : Non-current (Contd.)

| Particulars | Face value* ₹ | No of shares as at * | | Balances as at | |
|--|------------------|----------------------|----------------|-----------------|-----------------|
| | | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| 7.15% National Thermal Power Corporation Limited | 10,00,000 | 50 | 50 | 10.87 | 5.67 |
| 7.07% Housing and Urban Development Corporation | 10,00,000 | 100 | - | 10.80 | - |
| Total | | | | 2,069.48 | 1,073.28 |

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

The value of shares in full figures is ₹ 10,000/- and hence rounded off to NIL.

The Holding Company has complied with the number of layers prescribed under section 2(87) of the Act.

All the investments are fully paid

4.1 Investments accounted for using equity method

| Particulars | No of shares | | Value of investments | |
|---|----------------|----------------|----------------------|----------------|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Associate Companies | | | | |
| Equity Shares of ₹ 10 each in | | | | |
| a) Finolex Plasson Industries Private Limited | 46,35,000 | 46,35,000 | 91.86 | 94.52 |
| Dividend received | | | (0.46) | (0.93) |
| Share in current year profits | | | 24.26 | (1.47) |
| Share in tax expenses | | | (5.40) | (0.35) |
| Share in current year OCI | | | 0.02 | 0.09 |
| Total value of investment in associate | | | 110.28 | 91.86 |

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

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Aggregate cost of quoted investments | 335.81 | 335.81 |
| Aggregate value of unquoted investments | 12.43 | 12.41 |
| Aggregate market value of quoted investments | 2,057.05 | 1,060.86 |
| Aggregate amount of impairment | - | - |

Fair value disclosures

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

Risk management strategy

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

5 Non-current loans

| Particulars | March 31, 2023 | March 31, 2022 |
|-----------------------------------|----------------|----------------|
| Unsecured, considered good | | |
| Loans to employees | 0.03 | 0.04 |
| Loans to vendors | - | 13.44 |
| | 0.03 | 13.48 |
| Less: Loss allowance | - | - |
| Total | 0.03 | 13.48 |

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

5 Non-current loans (Contd.)

There are no loans having significant increase in credit risk or which are credit impaired or doubtful as at March 31, 2023 (March 31, 2022: ₹ Nil)

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

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

(a) repayable on demand; or

(b) without specifying any terms or period of repayment"

6 Other non-current financial assets

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Unsecured, considered good | | |
| Claims receivable (under mega incentive schemes) (refer note 19) | 28.82 | 31.97 |
| Security deposits | 13.01 | 6.19 |
| Total | 41.83 | 38.16 |

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

7 Other non-current assets

| Particulars | March 31, 2023 | March 31, 2022 |
|--------------------------------------|----------------|----------------|
| Unsecured, considered good | | |
| Capital advances | 12.91 | 11.57 |
| Prepaid expenses | 1.54 | 0.55 |
| Balances with government authorities | 33.12 | 42.22 |
| Total | 47.57 | 54.34 |

8 Inventories

| Particulars | March 31, 2023 | March 31, 2022 |
|-------------------|----------------|-----------------|
| Raw materials | 294.68 | 489.71 |
| Work-in-progress | 79.93 | 80.83 |
| Finished goods | 215.43 | 364.08 |
| Stock-in-trade | 1.41 | 1.42 |
| Stores and spares | 74.85 | 72.62 |
| Packing material | 6.85 | 6.81 |
| Total | 673.15 | 1,015.47 |

a) Raw materials include goods-in-transit amounting to ₹ 32.84 crores (March 31, 2022: ₹ 21.63 crores)

b) Write-down of inventories to net realisable value amounts to ₹ 3.55 crores during the year (March 31, 2022: ₹ 12.68 crores).

c) There is no hypothecation on inventories.

d) Refer note 2.7 for basis of valuation of inventories.

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

9 Investments: Current

| Particulars | Face value* ₹ | No. of units as at* | | Balance as at | |
|--|------------------|---------------------|----------------|----------------|----------------|
| | | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Investment in mutual fund classified as fair value through profit and loss (FVTPL) (Quoted) | | | | | |
| Axis Treasury Advantage Fund Direct Growth | 1,000 | 297,631 | 190,415 | 81.26 | 49.32 |
| Axis Ultra Short Term Fund Direct Growth | 10 | 48,010,122 | - | 63.34 | - |
| Axis Corporate Debt Fund Direct Growth | 10 | 47,591,648 | - | 71.26 | - |
| ICICI Prudential Savings Fund Direct Plan Growth | 100 | 1,411,975 | - | 65.32 | - |
| ICICI Prudential Corporate Bond Fund Direct Plan Growth | 10 | 12,944,962 | - | 33.69 | - |
| ICICI Prudential Nifty Pse Bond Plus SDL - Sep 2027 Maturity 60.: 40 Index Fund Direct Growth | 10 | 99,460,957 | - | 104.15 | - |
| ICICI Prudential Equity Arbitrage Fund Direct Plan Growth | 10 | - | 12,697,386 | - | 37.19 |
| ICICI Prudential Money Market Fund Direct Plan Growth | 100 | - | 3,884,168 | - | 119.20 |
| ICICI Prudential Overnight Fund Dir Growth | 100 | - | 7,520,554 | - | 86.19 |
| Nippon India Floating Rate Fund Growth | 10 | 14,355,726 | 14,355,726 | 56.73 | 54.18 |
| Nippon India Arbitrage Fund Direct Growth | 10 | 20,180,283 | 14,493,853 | 48.71 | 33.09 |
| Nippon India Low Duration Fund Direct Growth | 1,000 | 129,998 | 120,428 | 43.42 | 38.16 |
| Nippon India Nifty AAA CPSE Bond Plus SDL - Apr 2027 Maturity 60.: 40 Index Fund Growth | 10 | 57,020,207 | - | 58.75 | - |
| Nippon India Corporate Bond Fund Direct Growth | 10 | 6,389,702 | - | 33.30 | - |
| Nippon India Money Market Fund Direct Growth | 1,000 | - | 268,702 | - | 90.03 |
| Nippon India Overnight Fund Direct Growth | 100 | - | 1,437,957 | - | 16.41 |
| SBI Saving Fund Direct - Growth | 10 | 14,940,990 | - | 56.14 | - |
| SBI CPSE Bond Plus SDL Sep 2026 50:50 Index Fund - Growth | 10 | 88,058,640 | - | 91.72 | - |
| SBI Arbitrage Opportunities Fund Direct - Growth | 10 | - | 10,703,733 | - | 30.54 |
| SBI Magnum Low Duration Fund - Growth | 1,000 | - | 138,032 | - | 40.16 |
| SBI Overnight Fund Direct - Growth | 1,000 | - | 245,803 | - | 85.08 |
| Kotak Money Market Growth Direct Plan | 1,000 | 1,364,932 | 276,261 | 52.25 | 100.03 |
| Kotak Savings Fund Growth Direct Plan | - | - | 35,860,590 | - | 129.21 |
| Kotak Low Duration Fund Direct Growth | 1,000 | 1,556,832 | - | 47.65 | - |
| Kotak Nifty SDL Apr 2027 Top 12 Equal Weight Index Fund Direct Plan Growth | 10 | 65,527,599 | - | 67.94 | - |
| Kotak Bond Fund Direct Plan Growth | 1,000 | 89,838 | - | 29.43 | - |
| Tata Money Market Fund Dir Growth | 1,000 | 164,186 | 39,210 | 80.46 | 15.00 |
| Tata Treasury Advantage Fund Direct Plan Growth | 1,000 | 197,343 | - | 67.41 | - |

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

9 Investments: Current (Contd.)

| Particulars | Face value* ₹ | No. of units as at* | | Balance as at | |
|---|------------------|---------------------|----------------|-----------------|-----------------|
| | | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Tata Ultra Short Term Fund Direct Plan Growth | 10 | 46,382,545 | - | 58.36 | - |
| Tata Liquid Fund Direct Growth | 1,000 | - | 283,363 | - | 95.22 |
| Aditya Birla Sun Life Money Manager Direct Plan Growth | 100 | 1,875,196 | 3,346,689 | 59.29 | 100.04 |
| Aditya Birla Sun Life Saving Fund Growth | 100 | 904,078 | - | 42.52 | - |
| Aditya Birla Sun Life Low Duration Fund Growth Direct | 100 | 542,635 | - | 33.18 | - |
| Aditya Birla Sun Life Corporate Bond Fund Growth Direct | 10 | 1,624,820 | - | 15.53 | - |
| Aditya Birla Sun Life Nifty SDL Plus Psu Bond Sep 2026 60:40 Index Direct Fund Growth | 10 | 50,853,684 | - | 53.34 | - |
| HDFC Low Duration Fund Direct Growth | 10 | 5,125,144 | - | 26.92 | - |
| HDFC Liquid Fund Direct Growth | 1,000 | 24,159 | - | 10.69 | - |
| HDFC Ultra Short Tern Fund Direct Growth | 10 | 28,684,367 | - | 37.59 | - |
| HDFC Money Market Fund Direct Growth | 1,000 | 22,417 | - | 11.03 | - |
| HSBC CRISIL IBX 50.50 Gilt Plus SDL Apr 2028 Index Fund Growth | 10 | 74,855,836 | - | 78.15 | - |
| DSP Ultra Short Term Fund | 1,000 | - | 362,677 | - | 107.44 |
| IDFC Ultra Short Term Fund | 10 | - | 79,360,600 | - | 98.49 |
| UTI Liquid Cash Plan - Direct Plan Growth | | 4,324 | - | 1.60 | |
| UTI Banking & PSU Debt Fund - Direct Plan - Growth | | 2,758,620 | - | 5.17 | |
| Investment in deposits classified at cost (Unquoted) | | | | | |
| LIC Housing Finance Limited | | | | 40.00 | 217.00 |
| Bajaj Finance Limited | | | | 82.00 | - |
| Investment in Commercial Papers classified at cost (Quoted) | | | | | |
| Aditya Birla Finance Limited | 500,000 | 400 | - | 19.25 | - |
| Investments measured at amortised cost - Bonds (Quoted) | | | | | |
| 5.75% India Infradebt Ltd 15.09.2023 | 1,000,000 | 200 | - | 20.59 | - |
| 8.01% Rural Electrification Corporation Limited 24 Sep 2023 | 1,000 | 75,000 | 75,000 | 7.84 | - |
| 8.23% Indian Railway Finance Corporation 18 Feb 2024 | 1,000 | 100,000 | 100,000 | 11.10 | - |
| 7.18% Indian Railway Finance Corporation 19 Feb 2023 (FV ₹1,000) | | | 100,000 | | 10.55 |
| | | | | 1,767.07 | 1,552.52 |

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

9 Investments: Current (Contd.)

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Aggregate cost of quoted investments | 1,611.77 | 1,326.64 |
| Aggregate market value of quoted investments | 1,645.07 | 1,335.52 |
| Aggregate value of unquoted investments | 122.00 | 217.00 |
| Aggregate amount of impairment | - | - |

* Number of units and face value are in full figures

Fair value disclosures

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

Risk management strategy

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

10 Trade receivables

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Secured, considered good | 1.40 | 1.40 |
| Unsecured, considered good | 296.14 | 333.06 |
| Less: Allowance for expected credit loss | - | - |
| Total | 297.54 | 334.46 |

Trade receivables ageing schedule as at March 31, 2023

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|-----------------------------|--|--------------------|--------------------|-----------|-----------|-------------------|---------------|
| | Not Due | Less than 6 months | 6 months to 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed, considered good | 280.34 | 15.80 | - | - | - | - | 296.14 |
| Disputed, considered good | - | - | - | - | - | 1.40 | 1.40 |
| | 280.34 | 15.80 | - | - | - | 1.40 | 297.54 |

Trade receivables ageing schedule as at March 31, 2022

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

There are no trade receivables having significant increase in credit risk or which are credit impaired or doubtful as at March 31, 2023 (March 31, 2022: ₹ Nil)

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

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

Refer note 40 for credit risk of trade receivables.

The Holding Company's trade receivables consist of receivables from dealers and customers against sales of pipes and fittings and PVC resin. Trade receivables are mostly on terms of advance payment and in certain cases credit period is generally upto 60 days. The Holding Company also charges interest @ 18% p.a. in case of delay in collection of trade receivables.

The trade receivables are free from hypothecation.

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

11.1 Cash and cash equivalents

| Particulars | March 31, 2023 | March 31, 2022 |
|----------------------|----------------|----------------|
| Balances with banks: | | |
| In current accounts | 8.45 | 23.42 |
| Cash on hand | 0.11 | 0.13 |
| Total | 8.56 | 23.55 |

11.2 Other bank balances

| Particulars | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Unpaid dividend accounts | 33.95 | 30.19 |
| Deposits with original maturity of more than 3 months but less than 12 months | 18.09 | 27.30 |
| Total | 52.04 | 57.49 |

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

12 Current loans

| Particulars | March 31, 2023 | March 31, 2022 |
|-----------------------------------|----------------|----------------|
| Unsecured, considered good | | |
| Loans to employees | 0.45 | 0.31 |
| Loans to vendors | 22.34 | 8.39 |
| Total | 22.79 | 8.70 |

There are no loans having significant increase in credit risk or which are credit impaired or doubtful as at March 31, 2023 (March 31, 2022: ₹ Nil)

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

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

13 Other current financial assets

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Unsecured, considered good | | |
| Interest receivable- deposits and others | 6.59 | 6.15 |
| Security deposits | 0.49 | 2.80 |
| Other receivables | 2.23 | 4.05 |
| Total | 9.31 | 13.00 |

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

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

14 Other current assets

| Particulars | March 31, 2023 | March 31, 2022 |
|-------------------------------------|----------------|----------------|
| Unsecured, considered good | | |
| Advances to vendors | 51.21 | 25.76 |
| Prepaid expenses | 7.20 | 8.83 |
| Balance with government authorities | 3.50 | 6.18 |
| Total | 61.91 | 40.77 |

15 Equity share capital

| Particulars | March 31, 2023 | | March 31, 2022 | |
|--|--------------------|---------------|--------------------|---------------|
| | No. of shares | Amount | No. of shares | Amount |
| Authorised equity share capital of ₹ 2 each | | | | |
| Reconciliation of number of Equity shares authorised | | | | |
| Shares outstanding at the beginning of the year | 750,000,000 | 150.00 | 750,000,000 | 150.00 |
| Shares outstanding at the end of the year | 750,000,000 | 150.00 | 750,000,000 | 150.00 |
| Unclassified share capital (shares of ₹ 10 each) | 85,000,000 | 85.00 | 85,000,000 | 85.00 |
| Total authorised share capital | 835,000,000 | 235.00 | 835,000,000 | 235.00 |
| Issued, subscribed and fully paid up equity share capital of ₹ 2 each | 618,313,905 | 123.67 | 620,476,905 | 124.10 |

Excluding 2,163,000 shares which are held by the Welfare Trust. under ESOP scheme (refer note (iv) below)

Reconciliation of number of equity shares and amount outstanding:

| Particulars | March 31, 2023 | | March 31, 2022 | |
|---|--------------------|---------------|--------------------|---------------|
| | No. of shares | Amount | No. of shares | Amount |
| Shares outstanding at the beginning of the year | 620,476,905 | 124.10 | 620,476,905 | 124.10 |
| Restated balance at the beginning of the period | 620,476,905 | 124.10 | 620,476,905 | 124.10 |
| Investment cost adjustment pursuant to consolidation of the Welfare Trust | (2,163,000) | (0.43) | - | - |
| Shares outstanding at the end of the year | 618,313,905 | 123.67 | 620,476,905 | 124.10 |

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

| Name of shareholder | As at March 31, 2023 | | As at March 31, 2022 | |
|-----------------------------------|----------------------|--------------|----------------------|--------------|
| | No. of shares held | % of holding | No. of shares held | % of holding |
| Finolex Cables Limited | 200,962,985 | 32.39% | 200,962,985 | 32.39% |
| Orbit Electricals Private Limited | 116,654,505 | 18.80% | 116,654,505 | 18.80% |

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

| Name of the promoter | As at March 31, 2023 | | As at March 31, 2022 | | % change during the year |
|-----------------------------------|----------------------|--------------|----------------------|--------------|--------------------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding | |
| Finolex Cables Limited | 200,962,985 | 32.39% | 200,962,985 | 32.39% | 0.00% |
| Orbit Electricals Private Limited | 116,654,505 | 18.80% | 116,654,505 | 18.80% | 0.00% |
| Vijay Kishandas Chhabria | 2,151,420 | 0.35% | 2,151,420 | 0.35% | 0.00% |

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

15 Equity share capital (Contd.)

| Name of the promoter | As at March 31, 2023 | | As at March 31, 2022 | | % change during the year |
|-------------------------------|----------------------|--------------|----------------------|--------------|--------------------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding | |
| Katara Aruna Mukesh | 1,288,895 | 0.21% | 1,288,895 | 0.21% | 0.00% |
| Katara Dental Private Limited | 1,069,750 | 0.17% | 1,069,750 | 0.17% | 0.00% |
| Prakash Pralhad Chhabria | 853,745 | 0.14% | 853,745 | 0.14% | 0.00% |
| Kavita Sanjay Raheja | 464,395 | 0.07% | 464,395 | 0.07% | 0.00% |
| Deepak Kishan Chhabria | 404,605 | 0.07% | 404,605 | 0.07% | 0.00% |
| Gayatri Prakash Chhabria | 374,125 | 0.06% | 374,125 | 0.06% | 0.00% |
| Hansika Hiya Prakash Chhabria | 334,875 | 0.05% | 334,875 | 0.05% | 0.00% |
| Priya Vijay Chhabria | 301,000 | 0.05% | 301,000 | 0.05% | 0.00% |
| Katara Amrita Mukesh | 210,375 | 0.03% | 210,375 | 0.03% | 0.00% |
| Katara Amit Mukesh | 203,160 | 0.03% | 203,160 | 0.03% | 0.00% |
| Vini Deepak Chhabria | 132,000 | 0.02% | 132,000 | 0.02% | 0.00% |
| Katara Mukesh Dolumal | 115,150 | 0.02% | 115,150 | 0.02% | 0.00% |
| Ritu Prakash Chhabria | 22,250 | # 0.00% | 22,250 | # 0.00% | 0.00% |
| Katara Mukesh Dolumal HUF | 17,500 | # 0.00% | 17,500 | # 0.00% | 0.00% |
| Rishi Vijay Chhabria | 6,750 | # 0.00% | 6,750 | # 0.00% | 0.00% |
| Kishandas Parashram Chhabria | 1,000 | # 0.00% | 1,000 | # 0.00% | 0.00% |

Rounded off to 0.00%

- i) The Holding Company has not made any bonus issue or issue of equity shares pursuant to contracts without payment received in cash or bought back any shares for the period of five years immediately preceding the balance sheet date.
- ii) The Holding Company has only one class of equity shares having a par value of ₹ 2/- each. Each equity shareholder is entitled to one vote per share and has a right to receive dividend as recommended by Board of Directors subject to the necessary approval from the shareholders. In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
- iii) The Board of Directors have proposed on May 22, 2023, a final dividend of ₹ 1.50/- (75%) per equity share for financial year 2022-23. The same is subject to approval of the shareholders of the Holding Company at the annual general meeting for the year ended March 31, 2023.

16 Other equity

| Particulars | March 31, 2023 | March 31, 2022 |
|---|-----------------|-----------------|
| Securities premium | 151.27 | 151.27 |
| Capital redemption reserve | 25.18 | 25.18 |
| General reserve | 394.50 | 394.50 |
| Retained earnings | 3,038.65 | 3,029.26 |
| Equity instruments through other comprehensive income | 1,169.81 | 203.50 |
| Total | 4,779.40 | 3,803.71 |

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

16 Other equity (Contd.)

Nature and purpose of reserves

1. Capital redemption reserve

Capital redemption reserve is being created by transfer from Retained earnings at the time of buy back of equity shares in accordance with the Act. The reserve will be utilised in accordance with the provisions of the Act.

2. General reserve

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

3. Securities premium

Amount received (on issue of shares) in excess of the par value has been classified as securities premium. The reserve is utilised in accordance with the provisions of the Companies Act.

4. Retained earnings

Retained earnings are the profits that the Holding Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

5. Equity instruments through other comprehensive income

Equity instruments through other comprehensive income represents unrealised fair value gain(or) loss in investments valued at FVOCI.

17.1 Non-current lease liability

| Particulars | March 31, 2023 | March 31, 2022 |
|-----------------|----------------|----------------|
| Lease liability | 12.21 | - |
| Total | 12.21 | - |

17.2 Other non-current financial liabilities

| Particulars | March 31, 2023 | March 31, 2022 |
|-------------------|----------------|----------------|
| Security deposits | 0.13 | 0.07 |
| Dealer deposits | 0.07 | 0.07 |
| Total | 0.20 | 0.14 |

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

18.1 Non-current provisions

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Provision for employee benefits | | |
| Gratuity (refer note 36) | 4.53 | 2.28 |
| Compensated absences (refer note 36) | 13.59 | 13.22 |
| Total | 18.12 | 15.50 |

18.2 Current provisions

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Provision for employee benefits | | |
| Gratuity (refer note 36) | 2.00 | 2.21 |
| Compensated absences (refer note 36) | 2.46 | 2.00 |
| Total | 4.46 | 4.21 |

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

19 Government grants

| Particulars | March 31, 2023 | March 31, 2022 |
|---------------------|----------------|----------------|
| Non-current portion | 66.21 | 67.05 |
| Current portion | 12.62 | 10.73 |
| Total | 78.83 | 77.78 |

- a) The Holding Company was entitled to receive Industrial Promotion Subsidy under the Package Scheme of Incentives in relation to investments in property, plant and equipment at Ratnagiri plant. Accordingly, the same has been classified as grant related to assets and the Holding Company is recognising revenue from grant over the life of the property, plant and equipment.

Liability movement

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| As at the beginning of the year | 77.78 | 74.83 |
| Recognised during the year | 13.67 | 13.68 |
| Released to the statement of profit and loss | (12.62) | (10.73) |
| As at the end of the year | 78.83 | 77.78 |

- b) The Holding Company has received the eligibility certificate for the industrial promotion subsidy under the package incentive scheme as mentioned above. The government grant accrued during the current year aggregating ₹ 13.67 Crore (March 31, 2022: ₹ 13.68 Crore)

Asset movement

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| As at the beginning of the year | 31.97 | 30.17 |
| Add: Grant accrued during the year | 13.67 | 13.68 |
| Less: Claims received during the year | (16.82) | (11.88) |
| As at the end of the year | 28.82 | 31.97 |

Refer note 6

20 Current borrowings

| Particulars | March 31, 2023 | March 31, 2022 |
|------------------|----------------|----------------|
| Unsecured | | |
| From banks | | |
| Buyer's credit | 526.31 | 276.22 |
| Cash credit | 0.10 | 1.81 |
| Total | 526.41 | 278.03 |

Details of terms of borrowings and security for the borrowings

Buyer's credits are part of working capital facilities. These are repayable based on the terms of each buyer's credit which is upto 90 days. The interest rate ranging from 0.60% to 5.21%.

Cash credits facilities have interest rate ranging from 6.60% to 9.60%.

The Holding Company has aggregate limits of working capital borrowings of ₹ 1,916.25 Crores (March 31, 2022: ₹ 1,606 Crores) from various banks.

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

The Holding Company and associate company have not been declared as wilful defaulter by any bank.

Refer note 40 for the Holding Company's financial risk management policies and procedures.

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

20 Current borrowings (Contd.)

Reconciliation of debt in accordance with Ind AS 7 - Statement of Cash Flows

| Particulars | Short-term borrowings | Lease liabilities | Interest accrued | Total |
|--------------------------------------|-----------------------|-------------------|------------------|---------------|
| Net debt as at April 1, 2021 | 203.85 | - | 0.14 | 203.99 |
| Proceeds from borrowings (net) | 72.77 | - | - | 72.77 |
| Foreign exchange fluctuation | 1.41 | - | (0.02) | 1.39 |
| Finance costs | - | - | 14.09 | 14.09 |
| Interest paid | - | - | (14.08) | (14.08) |
| Net debt as at March 31, 2022 | 278.03 | - | 0.13 | 278.16 |
| Proceeds from borrowings (net) | 247.73 | - | - | 247.73 |
| Additions (leases) | - | 17.60 | - | 17.60 |
| Foreign exchange fluctuation | 0.65 | - | - | 0.65 |
| Finance costs | - | - | 27.23 | 27.23 |
| Interest paid | - | - | (25.20) | (25.20) |
| Payment of lease liabilities | - | (3.28) | - | (3.28) |
| Net debt as at March 31, 2023 | 526.41 | 14.31 | 2.16 | 542.88 |

21 Trade payables

| Particulars | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Trade payables | | |
| a) total outstanding dues of micro enterprises and small enterprises (refer note 42) | 12.27 | 8.05 |
| b) total outstanding dues of creditors other than micro enterprises and small enterprises | 277.03 | 455.03 |
| Total | 289.30 | 463.08 |

Trade payables ageing schedule as at March 31, 2023

| Particulars | Outstanding for following periods from due date of payment | | | | | Total |
|---|--|------------------|-------------|-------------|-------------------|---------------|
| | Not due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Micro enterprises and small enterprises | 5.51 | 5.90 | 0.48 | 0.25 | 0.13 | 12.27 |
| Others | 117.23 | 32.56 | 0.15 | 0.57 | 1.77 | 152.28 |
| Unbilled dues | 124.75 | - | - | - | - | 124.75 |
| | 247.49 | 38.46 | 0.63 | 0.82 | 1.90 | 289.30 |

Trade payables ageing schedule as at March 31, 2022

| Particulars | Outstanding for following periods from due date of payment | | | | | Total |
|---|--|------------------|-------------|-------------|-------------------|---------------|
| | Not due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Micro enterprises and small enterprises | 4.20 | 3.09 | 0.75 | 0.01 | 0.00 | 8.05 |
| Others | 335.58 | 20.86 | 0.67 | 0.79 | 1.08 | 358.98 |
| Unbilled dues | 96.05 | - | - | - | - | 96.05 |
| | 435.83 | 23.95 | 1.42 | 0.80 | 1.08 | 463.08 |

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

Refer note 40 for the Holding Company's financial risk management policies and procedures.

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

22.1 Current lease liability

| Particulars | March 31, 2023 | March 31, 2022 |
|-----------------|----------------|----------------|
| Lease liability | 2.10 | - |
| Total | 2.10 | - |

22.2 Other current financial liabilities

| Particulars | March 31, 2023 | March 31, 2022 |
|-------------------------------|----------------|----------------|
| Interest accrued but not due | 2.16 | 0.13 |
| Employee benefits payable | 32.14 | 50.13 |
| Payables for expenses | 172.12 | 187.24 |
| Payable for capital purchases | 9.08 | 7.53 |
| Unpaid dividend | 33.96 | 30.19 |
| Total | 249.46 | 275.22 |

Refer note 40 for the Holding Company's financial risk management policies and procedures.

* Not due for deposit to investor education and protection fund.

23 Other current liabilities

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Advances from customers | 19.90 | 10.03 |
| Statutory dues (includes indirect and withholding taxes) | 31.43 | 140.05 |
| Total | 51.33 | 150.08 |

24 Income taxes

The note below details the major components of income-tax expenses for the year ended March 31, 2023 and March 31, 2022. The note further describes the significant estimates made in relation to Holding Company's income tax position, and also explains how the income tax expense is impacted by non-assessable and non-deductible items.

A Composition of income tax expense is as follows:

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Statement of profit and loss | | |
| Current tax | | |
| Current income tax charge | 74.98 | 321.10 |
| Adjustments for tax of prior periods | (16.86) | 13.62 |
| Deferred tax | | |
| Relating to temporary differences | 12.47 | (3.00) |
| Income tax expense reported in the statement of profit and loss | 70.59 | 331.72 |
| Other Comprehensive Income | | |
| Deferred tax related to items recognised in OCI during the year | | |
| Remeasurement gains/ (losses) on defined benefit plans | 0.11 | 0.08 |
| Fair value changes of financial assets | - | 0.11 |
| Income tax charged to OCI | 0.11 | 0.19 |

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

24 Income taxes (Contd.)

B Reconciliation between tax expense and accounting profit multiplied by tax rate

Current taxes are measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

| Particulars | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Accounting profit before tax expense | 321.29 | 1,383.07 |
| At applicable tax rate @ 25.168% | 80.86 | 348.09 |
| Adjustments for: | | |
| Donation expenses | 0.01 | 0.04 |
| Corporate Social Responsibility expenses | 5.57 | 4.78 |
| Other non-deductible expenses | 0.11 | 2.68 |
| Agricultural income U/S.10(1) | (0.01) | - |
| Deductions allowed under income tax | (3.52) | (3.17) |
| Other income credited to statement of profit and loss, either exempt or considered separately | (0.73) | (0.72) |
| Prior period tax adjustments | (16.86) | 13.62 |
| Income chargeable at differential tax rate | 0.30 | |
| Permanent allowance against capital gain on sale of land including difference in tax rates | - | (33.71) |
| Deferred tax on consolidation | 4.29 | (0.62) |
| Other items | 0.56 | 0.72 |
| Tax expense as per statement of Profit and loss | 70.59 | 331.72 |

The Group's effective tax rate for the year ended March 31, 2023 and March 31, 2022 are 21.97% and 23.98% respectively

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

| Particulars | Balance Sheet | | Other comprehensive income | | Statement of Profit and Loss | |
|---|-----------------|-----------------|----------------------------|----------------|------------------------------|----------------|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Deferred tax liabilities | | | | | | |
| Depreciation | (137.01) | (138.10) | - | - | 1.09 | 2.75 |
| Fair valuation of FVOCI investment | (13.58) | (0.89) | - | 0.11 | (12.69) | - |
| Fair valuation of FVTPL investment | - | (2.25) | - | - | 2.25 | (1.40) |
| Right-of-use assets | (0.06) | - | - | - | (0.06) | - |
| Deferred tax on consolidation | (24.61) | (20.32) | - | - | (4.29) | 0.62 |
| Deferred tax assets | | | | | | |
| Government grant- Deferred | 19.84 | 19.58 | - | - | 0.26 | 0.74 |
| Disallowance on account of non-deduction of TDS | 0.25 | 1.01 | - | - | (0.76) | - |
| Leave encashment | 4.02 | 3.83 | - | - | 0.19 | 0.38 |
| Defined benefit obligation and others | 1.87 | 1.13 | 0.11 | 0.08 | 0.63 | 0.16 |
| Deferred tax (expense)/income | | | 0.11 | 0.19 | (13.36) | 3.25 |
| Net deferred tax assets/(liabilities) | (149.27) | (136.02) | | | | |

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

24 Income taxes (Contd.)

D Composition of deferred tax assets and deferred tax liabilities

Deferred taxes are measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period. The Holding Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Reconciliation of deferred tax liabilities (net)

| Particulars | March 31, 2023 | March 31, 2022 |
|--|-----------------|-----------------|
| As at the beginning of the year | (136.02) | (139.45) |
| Tax (expense)/ income recognised in the statement of profit and loss | (12.47) | 3.00 |
| Share of associate | (0.72) | 0.25 |
| Tax (expense)/ income recognised in the OCI | 0.11 | 0.19 |
| As at the end of the year | (149.09) | (136.02) |

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

| Particulars | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Deferred tax expense | (17.79) | (1.40) |
| Deferred tax income | 4.42 | 4.64 |
| Net deferred tax (expense)/ income | (13.36) | 3.25 |

25 Revenue from operations

| Particulars | March 31, 2023 | March 31, 2022 |
|--|-----------------|-----------------|
| Revenue from sale of products | | |
| Sale of products | 4,361.26 | 4,610.87 |
| Other operating revenue | | |
| a) Sale of scrap | 21.30 | 24.01 |
| b) Recovery of port charges | 1.87 | 1.71 |
| c) Government grant/ Subsidy (refer note 19) | 12.62 | 10.73 |
| Total | 4,397.05 | 4,647.32 |

Disclosures pursuant to Ind AS 115 - Revenue from contract with customers, are as follows:

(a) Revenue streams

The Holding Company derives revenue from sale of Pipes and fittings and PVC resin, which is disclosed in note no. 34 as segment revenue. Hence, no disaggregation of revenue is provided separately.

(b) Disaggregation of revenue from contracts with customers

The Holding Company has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by product lines, timing of revenue recognition and geography:

A. Revenue by product lines and others:

| Particulars | March 31, 2023 | March 31, 2022 |
|----------------------|-----------------|-----------------|
| PVC | 283.77 | 794.65 |
| PVC pipes & fittings | 4,113.28 | 3,852.67 |
| Total | 4,397.05 | 4,647.32 |

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

25 Revenue from operations (Contd.)

B. Revenue by timing of revenue recognition:

| Particulars | March 31, 2023 | March 31, 2022 |
|---|-----------------|-----------------|
| Goods transferred at a point in time when performance obligation is satisfied | 4,397.05 | 4,647.32 |
| Revenue as per operating segment (refer note 34) | 4,397.05 | 4,647.32 |

C. Revenue by geography:

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

D. Contract balance

The following table provides information about trade receivables, contract assets and contract liabilities from contracts with customers:

| Particulars | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Receivables, which are included in 'trade receivables' (net of provision) | 297.54 | 334.46 |
| Contract liabilities (includes Advance from customers) | 19.90 | 10.03 |

26 Other income

| Particulars | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| I) Interest income on: | | |
| a) Deposits with bank and financial institution | 10.93 | 22.58 |
| b) Investment in bonds | 17.40 | 13.99 |
| c) Advance given to vendor | 0.94 | 0.80 |
| d) Income tax refund | 3.48 | 8.34 |
| e) Overdue receivables from customers | 0.02 | 0.05 |
| f) Others | 0.23 | - |
| II) Dividend from non-current investments | | |
| a) Classified as fair value through FVTPL | 0.01 | 0.01 |
| b) Classified as fair value through FVOCI | 13.31 | 12.20 |
| III) Other non-operating income | | |
| a) Insurance claims received | 1.39 | 6.26 |
| b) Net gains/(losses) on fair value changes on investment classified as FVTPL | 37.05 | 8.90 |
| c) Net gain on sale of current investments (mutual funds) classified as FVTPL | 33.29 | 8.15 |
| d) Profit on sale of property, plant and equipment | 0.02 | - |
| e) Others | 2.85 | 0.95 |
| Total | 120.92 | 82.23 |

27 Cost of materials consumed

| Particulars | March 31, 2023 | March 31, 2022 |
|--------------------------------|-----------------|-----------------|
| Cost of raw materials consumed | 2,864.78 | 2,763.72 |
| Packing material consumed | 38.37 | 38.03 |
| Total | 2,903.15 | 2,801.75 |

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

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

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Inventories at the end of the year | | |
| Finished goods | 215.43 | 364.08 |
| Work-in-progress | 79.93 | 80.83 |
| Stock-in-trade | 1.41 | 1.42 |
| Sub total (A) | 296.77 | 446.33 |
| Inventories at the beginning of the year | | |
| Finished goods | 364.08 | 398.28 |
| Work-in-progress | 80.83 | 79.52 |
| Stock-in-trade | 1.42 | 1.13 |
| Sub total (B) | 446.33 | 478.93 |
| Changes in inventories of finished goods, work-in-progress and stock in trade (B-A) | 149.56 | 32.60 |

29 Employee benefits expense

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Salaries, wages and bonus | 165.93 | 170.53 |
| Gratuity fund expenses (refer note 36) | 2.61 | 2.31 |
| Contribution to provident fund and other funds (refer note 36) | 6.87 | 6.11 |
| Staff welfare expenses | 14.26 | 11.89 |
| Total | 189.67 | 190.84 |

30 Finance costs

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Interest expense: | | |
| on borrowings | 11.27 | 1.38 |
| on lease liabilities | 0.19 | - |
| on others | 0.06 | 0.31 |
| Other borrowing costs | 1.62 | 1.87 |
| Exchange differences regarded as an adjustment to borrowing cost | 14.09 | 10.53 |
| Total | 27.23 | 14.09 |

31 Depreciation and amortisation expense

| Particulars | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Depreciation on property, plant and equipment | 88.18 | 82.76 |
| Depreciation of right-of-use assets | 0.59 | - |
| Amortisation of intangible assets | 0.43 | 0.64 |
| Total | 89.20 | 83.40 |

32 Other expenses

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Power and fuel | 305.18 | 181.83 |
| Stores and spares consumed | 75.16 | 65.25 |
| Other manufacturing expenses | 151.02 | 115.64 |
| Rent on short-term or low value leases | 1.35 | 1.48 |
| Rates and taxes | 8.58 | 9.14 |
| Insurance | 15.85 | 17.55 |

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

32 Other expenses (Contd.)

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Repairs and maintenance (buildings) | 18.25 | 12.20 |
| Repairs and maintenance (plant and machinery) | 24.05 | 26.49 |
| Repairs and maintenance (others) | 20.65 | 10.52 |
| Communication expenses | 1.68 | 1.40 |
| Travelling and conveyance | 18.16 | 6.59 |
| Directors' sitting fees | 0.48 | 0.62 |
| Commission to non-executive directors | 2.00 | 4.00 |
| Auditor's remuneration : | | |
| - As auditors * | 0.36 | 0.40 |
| - Certification | 0.01 | 0.01 |
| - Reimbursement of expenses | 0.03 | 0.01 |
| Advertisement, publicity and sales promotion | 97.63 | 71.26 |
| Freight outward expenses | 1.38 | 0.70 |
| Loss on sale/discard of property, plant and equipment | - | 0.87 |
| Legal and professional fees | 16.84 | 9.57 |
| Donations | 0.05 | 0.17 |
| Corporate social responsibility (CSR)(refer note below) | 22.12 | 19.00 |
| Security expenses | 8.83 | 8.19 |
| Information technology maintenance | 9.83 | 7.74 |
| Net loss on foreign currency transactions and translations (other than considered as finance cost) | 33.21 | 2.98 |
| Net loss on sale of current investments (mutual funds) classified as FVTPL | - | - |
| Miscellaneous expenses | 10.07 | 10.07 |
| Total | 842.77 | 583.68 |

* Including payment made to predecessor auditors

As per section 135 of the Act and rules therein, the Holding Company is required to spend at least 2% of its average net profits for the three immediately preceding years towards CSR activities. The Holding Company has to formulated a CSR committee as per the Act. The funds are utilised for the activities which are specified in Schedule VI of the Act.

Details of CRS expenditure are as follows:

| Corporate social responsibility (CSR) | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Contribution to Mukul Madhav Foundation Trust (related party) | 20.95 | 13.60 |
| Expenses incurred by the Holding Company on behalf of Mukul Madhav Foundation | - | 5.40 |
| Contribution to others | 1.17 | - |
| Total | 22.12 | 19.00 |
| a) Amount required to be spent during the period | 15.55 | 12.38 |
| b) Amount spent during the year on: | 22.12 | 19.00 |
| i) Construction/acquisition of any asset | - | - |
| ii) On purposes other than (i) above | 22.12 | 19.00 |
| c) Shortfall at the end of the year | - | - |
| d) Total of previous years' shortfall | - | - |
| e) Reason of shortfall | NA | NA |
| f) Details of related party transactions (refer note 37) | 20.95 | 13.60 |
| g) Provision made with respect to any liability incurred by entering into contractual obligation, the movement of provision | - | - |

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

32 Other expenses (Contd.)

Nature of CSR activities :

Agriculture and rural development, eradicating hunger and poverty, promoting education, vocational skills, and livelihood, gender equality and women empowerment, preventive healthcare, heritage art and culture, environmental sustainability, promoting sports, sanitation, hygiene and safe drinking water, animal welfare, support to differently abled, technology incubators, armed forces/veterans, contribution to Swachh Bharat Kosh Clean Ganga Fund.

33 Exceptional item

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Profit on transfer of leasehold rights of land | - | 376.06 |

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

34 Segment information

The Holding Company is in the business of manufacturing PVC resin and PVC pipes & fittings and based on the management approach as defined in Ind AS 108, the Chief operating Decision Maker (CODM) monitors and review the operating results of the Holding Company in these two segments. Therefore as per Ind AS 108 "Operating Segments", the Holding Company has disclosed two segments i.e. PVC resin and PVC pipes & fittings.

The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss that is measured consistently with profit or loss in the financial statements. The Holding Company's financing (including finance costs and finance income) and income taxes are not allocated to operating segments.

Year ended March 31, 2023

| Particulars | PVC | PVC pipes & fittings | Total | Adjustments and eliminations | Net |
|-------------------------------|-----------------|----------------------|-----------------|------------------------------|-----------------|
| Revenue | | | | | |
| External customers | 283.77 | 4,113.28 | 4,397.05 | - | 4,397.05 |
| Inter-segment | 1,987.25 | - | 1,987.25 | (1,987.25) | - |
| Total revenue | 2,271.02 | 4,113.28 | 6,384.30 | (1,987.25) | 4,397.05 |
| Income/(expenses) | | | | | |
| Depreciation and amortisation | (11.63) | (60.36) | (71.99) | - | (71.99) |
| Segment profit | 91.90 | 154.18 | 246.08 | - | 246.08 |
| Total assets | 682.06 | 1,450.26 | 2,132.32 | - | 2,132.32 |
| Total liabilities | 96.09 | 340.75 | 436.84 | - | 436.84 |
| Other disclosures | | | | | |
| Capital expenditure | 21.34 | 183.26 | 204.60 | - | 204.60 |

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

34 Segment information (Contd.)

Year ended March 31, 2022

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

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below.

Adjustments and eliminations

Finance income/costs and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed for the entity as a whole.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to these segments as they are managed for the entity as a whole.

Capital expenditure consists of additions of property, plant and equipment and intangible assets and additions to capital work-in-progress.

Inter-segment revenues are eliminated on consolidation.

Reconciliation of profit

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|-----------------|
| Segment profit | 246.08 | 973.02 |
| Unallocable income * | 119.72 | 458.11 |
| Finance costs | (27.23) | (14.09) |
| Share in profit/(loss) of an associate | 24.26 | (1.47) |
| Unallocable expense | (41.54) | (32.50) |
| Profit before tax | 321.29 | 1,383.07 |

*Previous year includes gain on exceptional item. refer note 33

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

34 Segment information (Contd.)

Reconciliation of assets

| Particulars | March 31, 2023 | March 31, 2022 |
|---|-----------------|-----------------|
| Segment operating assets | 2,132.32 | 2,389.00 |
| Current tax assets | 24.52 | 25.60 |
| Financial assets carried at FVTPL | 0.60 | 0.57 |
| Financial assets carried at FVTOCI | 1,815.30 | 848.97 |
| Financial assets carried at cost | 0.05 | 0.05 |
| Financial assets carried at amortised cost | 253.53 | 223.68 |
| Current investments | 1,767.07 | 1,552.52 |
| Cash and cash equivalents (including other bank balances) | 60.60 | 81.04 |
| Other unallocated assets | 231.08 | 223.94 |
| Total assets | 6,285.07 | 5,345.37 |

Reconciliation of liabilities

| Particulars | March 31, 2023 | March 31, 2022 |
|--------------------------------------|-----------------|-----------------|
| Segment operating liabilities | 436.84 | 415.58 |
| Deferred tax liabilities | 149.27 | 136.02 |
| Trade payables | 20.44 | 65.06 |
| Current Tax Liability | 0.31 | 17.50 |
| Short term borrowings | 526.41 | 278.03 |
| Financial liabilities at cost | 79.77 | 237.51 |
| Interest accrued | 2.16 | 0.13 |
| Unpaid dividend | 33.96 | 30.19 |
| Statutory dues | 31.43 | 140.05 |
| Provisions | 22.58 | 19.71 |
| Government grant | 78.83 | 77.78 |
| Total liabilities | 1,382.00 | 1,417.56 |

Capital employed : segment assets (-) segment liabilities

| Particulars | March 31, 2023 | March 31, 2022 |
|----------------------------------|-----------------|-----------------|
| PVC | 682.06 | 1,019.16 |
| PVC pipes & fittings | 1,450.26 | 1,369.84 |
| Unallocated | 4,152.75 | 2,956.37 |
| Total segment assets | 6,285.07 | 5,345.37 |
| PVC | 96.09 | 276.58 |
| PVC pipes & fittings | 340.75 | 139.00 |
| Unallocated | 945.16 | 1,001.98 |
| Total segment liabilities | 1,382.00 | 1,417.56 |
| PVC | 585.97 | 742.58 |
| PVC pipes & fittings | 1,109.51 | 1,230.84 |
| Unallocated | 3,207.59 | 1,954.39 |
| Capital employed | 4,903.07 | 3,927.81 |

Geographic information

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

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

35 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year. In compliance with Indian Accounting Standard 33 - 'Earnings per share'.

There are no potential shares that have a dilutive effect on the EPS.

The following reflects the income and share data used in the basic EPS computation

| Particulars | March 31, 2023 | March 31, 2022 |
|---|----------------|-----------------|
| Basic | | |
| Profit for the year before tax | 321.29 | 1,383.07 |
| Less : Attributable tax thereto | 70.59 | 331.72 |
| Net profit after tax (in ₹ Crores) | 250.70 | 1,051.35 |
| Weighted average number of equity shares | 618,313,905 | 620,476,905 |
| Basic earnings per share of ₹ 2 each | 4.04 | 16.94 |

36 Disclosure pursuant to employee benefits

A. Defined contribution plans:

Amount of ₹ 6.87 crores (March 31, 2022: ₹ 6.11 crores) is recognised as expenses and included in note no. 29 "Employee benefits expense".

The contribution are made to recognised provident fund administered by the Government of India for employees @12% of basic salary per regulation. The obligation of the Holding Company is limited to the amount contributed and it has no further contractual constructive obligation.

B. Defined benefit plans:

The Holding Company has Gratuity as post employment benefit which is in the nature of defined benefit plan.

The Holding Company operates gratuity plan (funded) wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service as per Payment of Gratuity Act, 1972. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

March 31, 2023 : Changes in defined benefit obligation and plan assets

| Particulars | April 1, 2022 | Gratuity cost charged to statement of profit and loss | | | Benefit paid | Remeasurement gains/(losses) in other comprehensive income | | | | | Contributions by employer | March 31, 2023 | |
|--------------------------------|---------------|---|---------------------------------|--|---------------|--|---|---|------------------------|---------------------------|---------------------------|----------------|--|
| | | Service cost | Net interest (expense) / income | Sub-total included in statement of profit and loss (note 29) | | Return on plan assets (excluding amounts included in net interest expense) | Actuarial changes arising from changes in demographic assumptions | Actuarial changes arising from changes in financial assumptions | Experience adjustments | Sub-total included in OCI | | | |
| Gratuity | | | | | | | | | | | | | |
| Defined benefit obligation | 26.44 | 2.25 | 1.73 | 3.98 | (3.39) | - | (0.16) | (0.59) | 1.09 | 0.34 | - | 27.37 | |
| Fair value of plan assets | 21.94 | - | 1.37 | 1.37 | (3.05) | (0.03) | - | 0.14 | (0.17) | (0.03) | 0.60 | 20.84 | |
| Total benefit liability | 4.50 | 2.25 | 0.36 | 2.61 | (0.34) | 0.03 | (0.16) | (0.73) | 1.26 | 0.37 | (0.60) | 6.53 | |

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

36 Disclosure pursuant to employee benefits (Contd.)

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

| Particulars | April 1, 2021 | Gratuity cost charged to statement of profit and loss | | | Benefit paid | Remeasurement gains/(losses) in other comprehensive income | | | | | Contributions by employer | March 31, 2022 | |
|--------------------------------|---------------|---|---------------------------------|--|--------------|--|---|---|------------------------|---------------------------|---------------------------|----------------|--|
| | | Service cost | Net interest (expense) / income | Sub-total included in statement of profit and loss (note 29) | | Return on plan assets (excluding amounts included in net interest expense) | Actuarial changes arising from changes in demographic assumptions | Actuarial changes arising from changes in financial assumptions | Experience adjustments | Sub-total included in OCI | | | |
| Gratuity | | | | | | | | | | | | | |
| Defined benefit obligation | 25.17 | 2.07 | 1.50 | 3.57 | (2.77) | - | - | (1.13) | 1.59 | 0.46 | - | 26.44 | |
| Fair value of plan assets | 21.65 | - | 1.33 | 1.33 | (2.77) | 0.15 | - | (0.04) | 0.10 | 0.06 | 1.67 | 21.94 | |
| Total benefit liability | 3.52 | 2.07 | 0.17 | 2.24 | - | (0.15) | - | (1.09) | 1.49 | 0.40 | (1.67) | 4.50 | |

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

| Particulars | March 31, 2023 | March 31, 2022 |
|-----------------------------|----------------|----------------|
| Insured managed funds (LIC) | 20.84 | 21.95 |
| (%) of total plan assets | 100% | 100% |

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

| Particulars | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Discount rate | 7.40% | 7.00% |
| Future salary increase | 8.00% | 8.00% |
| Expected rate of return on plan assets | 7.00% | 6.30% |
| Expected average remaining working lives (in years) | | |
| Gratuity | 8.09 | 9.26 |
| Compensated absences | 8.09 | 9.26 |
| Withdrawal rate (based on grade and age of employees) | | |
| Gratuity | 9.00% | 7.00% |
| Compensated absences | 9.00% | 7.00% |

A quantitative sensitivity analysis for significant assumption is as shown below:

Gratuity

| Particulars | Sensitivity level | (increase) / decrease in defined benefit obligation (Impact) | |
|------------------------|-------------------|--|----------------|
| | | March 31, 2023 | March 31, 2022 |
| Discount rate | 1% increase | 1.37 | 1.47 |
| | 1% decrease | (1.52) | (1.64) |
| Future salary increase | 1% increase | (1.24) | (1.37) |
| | 1% decrease | 1.14 | 1.26 |
| Withdrawal rate | 1% increase | 0.04 | 0.09 |
| | 1% decrease | (0.04) | (0.08) |

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in one significant assumption at a time, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

The same method has been applied for the sensitivity analysis when calculating the recognised defined benefit obligation.

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

36 Disclosure pursuant to employee benefits (Contd.)

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

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Within the next 12 months (next annual reporting period) | 4.99 | 5.20 |
| Between 2 and 5 years | 18.86 | 13.02 |
| Beyond 5 years | 16.72 | 19.14 |
| Total expected payments | 40.57 | 37.36 |

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

| Particulars | March 31, 2023 | March 31, 2022 |
|-------------|----------------|----------------|
| | Years | Years |
| Gratuity | 7.81 | 8.99 |

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

| Particulars | March 31, 2023 | March 31, 2022 |
|-------------|----------------|----------------|
| Gratuity | 2.00 | 2.21 |

Risk exposure and asset liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

1. Liability risks

a. Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Holding Company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b. Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

c. Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

d. Withdrawal

Actual withdrawal providing higher or lower than assumed withdrawal and change of withdrawal rate at subsequent valuation can impact plan's liability.

2. Asset risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

The Holding Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Holding Company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

C. Other long-term employment benefits

The Holding Company has compensated absences plan which is covered by other long-term employee benefits.

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

36 Disclosure pursuant to employee benefits (Contd.)

March 31, 2023 : Changes in defined benefit obligation of compensated absences

| | Cost charged to statement of profit and loss | | | | | Benefit paid | Contributions by employer | March 31, 2023 |
|-----------------------------|--|--------------|---------------|---|--|---------------|---------------------------|----------------|
| | April 1, 2022 | Service cost | Interest cost | Actuarial changes arising from various assumption | Sub-total included in statement of profit and loss (note 29) | | | |
| Compensated absences | | | | | | | | |
| Defined benefit obligation | 15.22 | 2.03 | 1.00 | (0.20) | 2.83 | (2.00) | - | 16.05 |
| Benefit liability | 15.22 | 2.03 | 1.00 | (0.20) | 2.83 | (2.00) | - | 16.05 |

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

| | Cost charged to statement of profit and loss | | | | | Benefit paid | Contributions by employer | March 31, 2022 |
|-----------------------------|--|--------------|---------------|---|--|---------------|---------------------------|----------------|
| | April 1, 2021 | Service cost | Interest cost | Actuarial changes arising from various assumption | Sub-total included in statement of profit and loss (note 29) | | | |
| Compensated absences | | | | | | | | |
| Defined benefit obligation | 13.72 | 1.80 | 0.80 | 1.09 | 3.69 | (2.19) | - | 15.22 |
| Benefit liability | 13.72 | 1.80 | 0.80 | 1.09 | 3.69 | (2.19) | - | 15.22 |

37 Related party transactions

In accordance with the requirement of Ind AS 24 'Related Party Disclosures', name of related parties, their relationships, transactions and outstanding balances with them as identified and certified by the management are as follows:

A. Names of the related party and nature of relationship where control exists

There are no parties where control exists.

B. Key Management Personnel:

| Name of the related party | Nature of relationship |
|---------------------------|--|
| Mr. Prakash P. Chhabria | Executive Chairman |
| Mr. Anil V. Whabi | Managing Director (with effect from June 1, 2022) Chief Financial Officer (upto May 19, 2022) |
| Mr. Sanjay S. Math | Managing Director (till May 31, 2022) |
| Mr. Saumya Chakrabarti | Director- Technical (with effect from June 1, 2022) |
| Mr. Ajit Venkataraman | Chief Executive Officer (Appointed as on August 1, 2022) |
| Mr. Niraj Kedia | Chief Financial Officer (with effect from May 20, 2022) |
| Mrs. Ritu P. Chhabria | Non-Executive & Non-Independent Director |
| Ms. Bhumika L. Batra | Independent Director |
| Mrs. Kanchan U. Chitale | Independent Director |
| Mr. Saurabh S. Dhanorkar | Non-Executive & Non-Independent Director |
| Dr. Deepak R. Parikh | Independent Director |
| Mr. Pradeep R. Rathi | Independent Director |
| Mr. Anami N. Roy | Independent Director |
| Mr. Ashutosh Kulkarni | Company Secretary |

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

37 Related party transactions (Contd.)

C. Name of the related parties with whom transactions have been entered into

| Name of the related party | Nature of relationship |
|--|---|
| Orbit Electricals Private Limited | Enterprise controlled by Key Management Personnel |
| Finolex Cables Limited | Enterprise wherein the Company is an associate |
| Mukul Madhav Foundation (Trust) | Enterprises over which Key Management Personnel or their relatives exercise significant influence |
| Finolex Infrastructure Private Limited | Enterprise over which Key Management Personnel or their relatives exercise significant influence |
| Mrs. Ritu P. Chhabria | Relative of Key Management Personnel |
| Ms. Gayatri P. Chhabria | Relative of Key Management Personnel |

D. Transactions with related parties

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| I. Sales, services and other income | | |
| Dividend received | | |
| Finolex Cables Limited | 13.31 | 12.20 |
| II. Expenses | | |
| Short-term employee benefits:* | | |
| Salary and perquisites | 10.23 | 6.73 |
| Mr. Prakash P. Chhabria | 3.44 | 3.28 |
| Mr. Sanjay S. Math | 0.72 | 1.51 |
| Mr. Anil V. Whabi | 1.57 | 1.49 |
| Mr. Saumya Chakrabarti ¹ | 1.04 | - |
| Mr. Ajit Vankataraman ² | 1.96 | - |
| Mr. Niraj Kedia ¹ | 0.95 | - |
| Mr. Ashutosh Kulkarni | 0.27 | 0.25 |
| Ms. Gayatri Chhabria | 0.28 | 0.20 |
| Commission | 13.50 | 35.44 |
| Mr. Prakash P. Chhabria | 8.00 | 19.19 |
| Mr. Sanjay S. Math | - | 7.25 |
| Mr. Anil V. Whabi | 3.00 | 5.00 |
| Mr. Saumya Chakrabarti ¹ | 0.50 | - |
| Mrs. Ritu P. Chhabria | 0.27 | 0.56 |
| Ms. Bhumika L. Batra | 0.27 | 0.56 |
| Mrs. Kanchan U. Chitale | 0.27 | 0.56 |
| Mr. Saurabh S. Dhanorkar | 0.27 | 0.56 |
| Dr. Deepak R. Parikh | 0.27 | 0.56 |
| Mr. Pradeep R. Rathi | 0.37 | 0.66 |
| Mr. Anami N. Roy | 0.27 | 0.56 |
| Sitting Fees: | 0.47 | 0.61 |
| Mrs. Ritu P. Chhabria | 0.03 | 0.04 |
| Ms. Bhumika L. Batra | 0.06 | 0.08 |
| Mrs. Kanchan U. Chitale | 0.12 | 0.13 |
| Mr. Saurabh S. Dhanorkar | 0.12 | 0.12 |
| Dr. Deepak R. Parikh | 0.04 | 0.07 |
| Mr. Pradeep R. Rathi | 0.06 | 0.09 |
| Mr. Anami N. Roy | 0.05 | 0.08 |

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

37 Related party transactions (Contd.)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Dividend paid | 127.05 | 127.05 |
| Finolex Cables Limited | 80.39 | 80.39 |
| Orbit Electricals Private Limited | 46.66 | 46.66 |
| Contribution towards corporate social responsibility | | |
| Mukul Madhav Foundation | 20.95 | 13.60 |
| Contributions paid | | |
| Finolex Industries Limited Employees Gratuity Fund | 0.60 | 1.67 |

¹ For the period of 10 months starting June 1, 2022 till March 31, 2023

² For the period of 8 months starting August 1, 2022 till March 31, 2023

| Particulars | March 31, 2023 | March 31, 2022 |
|---------------------------|----------------|----------------|
| Amount payable to* | 14.75 | 36.22 |
| Mr. Prakash P. Chhabria | 8.95 | 19.61 |
| Mr. Sanjay S. Math | 0.02 | 7.41 |
| Mr. Anil V. Whabi | 2.67 | 5.15 |
| Mr. Saumya Chakrabarti | 0.64 | - |
| Mrs. Ritu P. Chhabria | 0.27 | 0.56 |
| Ms. Bhumika L. Batra | 0.27 | 0.56 |
| Mrs. Kanchan U. Chitale | 0.27 | 0.56 |
| Mr. Saurabh S. Dhanorkar | 0.27 | 0.56 |
| Dr. Deepak R. Parikh | 0.27 | 0.56 |
| Mr. Pradeep R. Rathi | 0.37 | 0.66 |
| Mr. Anami N. Roy | 0.27 | 0.56 |
| Mr. Ajit Vankataraman | 0.26 | - |
| Mr. Niraj Kedia | 0.14 | - |
| Ms. Gayatri Chhabria | 0.04 | 0.03 |
| Mr. Ashutosh Kulkarni | 0.04 | 0.04 |

*As post employment obligations and other long-term employee benefits/obligations are computed for all employees in aggregate, the amounts relating to key management personnel cannot be individually computed and hence are not included in the above (except Mr. Sanjay Math).

Terms and conditions of transactions with related parties

Transaction entered into with related parties are made in ordinary course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

38 Commitments and contingencies

38.1 Commitments

a) Capital commitments :

Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2023 ₹ 71.39 crores (March 31, 2022: ₹ 49.50 crores)

b) Other commitments :

Aggregate amount of bank guarantees other than the performance guarantees outstanding as on March 31, 2023 is ₹ 34.40 crores (March 31, 2022: ₹ 31.09 Crores)

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

38 Commitments and contingencies (Contd.)

38.2 Contingent liabilities

| Particulars | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Claims against the Holding Company not acknowledged as debt in respect of: | | |
| a) Income-tax matters | 13.01 | 3.98 |
| b) Excise/ Customs/ Service tax matters | 61.17 | 70.55 |
| c) Sales tax matters | 2.11 | 2.11 |
| d) Consumer protection matters | 0.24 | 0.07 |

39 Fair value of financial assets and liabilities

This note explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at (i) fair value (ii) measured at amortised cost and for which fair values are considered to be same as the amortised costs disclosed in the financial statements. They are further classified them into Level 1 to Level 3 as required by the accounting standard and described in the significant accounting policies of the Holding Company. Further, the note describes valuation techniques used, key inputs to valuations and quantitative information about significant unobservable inputs for fair value measurements.

Classification of financial instruments by category and into fair value level of hierarchy as at March 31, 2023

| Particulars | Amortised Cost | FVTPL | | | FVTOCI | | |
|---|-----------------|----------------|----------|----------|-----------------|--------------|----------|
| | | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Non-current investments: | | | | | | | |
| Investment in equity shares/ bonds of : | | | | | | | |
| Quoted | | | | | | | |
| Equity instruments | - | 0.60 | - | - | 1,802.92 | - | - |
| Bonds | 253.53 | - | - | - | - | - | - |
| Unquoted | | | | | | | |
| Equity instruments* | 0.05 | - | - | - | - | 12.38 | - |
| Current investments: | | | | | | | |
| Investments in units of mutual funds | - | 1586.30 | - | - | - | - | - |
| Bonds | 39.53 | - | - | - | - | - | - |
| Deposit with Non Banking Financial institutions | 122.00 | - | - | - | - | - | - |
| Commercial paper | 19.25 | - | - | - | - | - | - |
| Trade and other receivables | 297.54 | - | - | - | - | - | - |
| Loans | 22.82 | - | - | - | - | - | - |
| Cash & cash equivalents | 8.56 | - | - | - | - | - | - |
| Other bank balances | 52.04 | - | - | - | - | - | - |
| Other financial assets | 51.14 | - | - | - | - | - | - |
| Total | 866.46 | 1586.90 | - | - | 1,802.92 | 12.38 | - |
| Financial liabilities | | | | | | | |
| Borrowings | 526.41 | - | - | - | - | - | - |
| Trade and other payables | 289.30 | - | - | - | - | - | - |
| Other financial liabilities | 263.97 | - | - | - | - | - | - |
| Total | 1,079.68 | - | - | - | - | - | - |

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

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

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

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2022:

| Particulars | Amortised Cost | FVTPL | | | FVTOCI | | |
|---|-------------------|-----------------|----------|----------|---------------|--------------|----------|
| | | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Non-current investments: | | | | | | | |
| Investment in equity shares of : | | | | | | | |
| Quoted | | | | | | | |
| Equity instruments | - | 0.57 | - | - | 836.61 | - | - |
| Bonds | 223.68 | | | | | | |
| Unquoted | | | | | | | |
| Equity instruments | 0.05 | - | - | - | - | 12.36 | - |
| Current investments: | | | | | | | |
| Investments in units of mutual funds | - | 1,324.98 | - | - | - | - | - |
| Bonds | 10.55 | | | | | | |
| Deposit with Non Banking Financial institutions | 217.00 | - | - | - | - | - | - |
| Trade and other receivables | 334.46 | - | - | - | - | - | - |
| Loans | 22.18 | - | - | - | - | - | - |
| Cash & cash equivalents | 23.55 | - | - | - | - | - | - |
| Other bank balances | 57.49 | - | - | - | - | - | - |
| Other financial assets | 51.16 | - | - | - | - | - | - |
| | 940.12 | 1,325.55 | - | - | 836.61 | 12.36 | - |
| Financial liabilities | | | | | | | |
| Borrowings | 278.03 | - | - | - | - | - | - |
| Trade and other payables | 463.08 | - | - | - | - | - | - |
| Other financial liabilities | 275.36 | - | - | - | - | - | - |
| Total | 1,016.47 | - | - | - | - | - | - |

Valuation techniques used to determine the fair value of each financial instrument:

Fair value of financial instruments classified at amortised cost:

The management assessed that the fair values of cash and bank, loans, trade receivables, accrued interest, borrowings, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Carrying value of non-current financial liabilities are considered to be same as their fair value due to discounting at rate which are an approximation of incremental borrowing rate.

Fair value of financial instruments classified at FVTPL:

These financial instruments consist of investment in quoted equity instruments and units of mutual funds. The fair value of quoted equity instruments is based on the respective quoted price in the active markets as at the measurement date and fair value of investment in mutual funds is determined using the quoted price (NAV) of the respective units in the active market at the measurement date.

Fair value of financial instruments classified at FVTOCI:

These financial instruments consist of investment in equity instruments. The fair value of quoted equity instruments is based on the respective quoted price in the active markets as at the measurement date. The fair value of investments in unquoted equity shares has been estimated using the net asset method. The valuation requires to consider the cost of replacement of an asset as an indication of the fair market value of that asset.

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

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

During the year ended March 31, 2023 and March 31, 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

The Holding Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. In addition, the Holding Company internally reviews valuations, including independent price validation for certain instruments.

40 Financial risk management objective and policies

| Risk Category | Exposure arising from | Measurement | Management |
|--------------------------------|--|---------------------------------|--|
| Credit risk | Cash and cash equivalents, other bank balances, trade receivables, and other financial assets. | Ageing analysis, credit ratings | Diversification of bank deposits, portfolio diversification for investments, credit limits. |
| Liquidity risk | Borrowings, Trade payables, lease liabilities and other financial liabilities | Rolling cash flow forecasts | Senior management ensure that the future cash flow needs are met through cash flow from the operating activities and short term borrowings from banks. |
| Market risk-interest rate risk | No risk since Holding Company has no exposure of long term borrowings | Not applicable | Not applicable |
| Market risk-currency risk | Recognised financial liabilities not denominated in ₹ | Sensitivity analysis | Natural hedge |
| Market risk-price risk | Investments | Sensitivity analysis | Portfolio diversification |

The Holding Company's principal financial liabilities comprise short term borrowings, trade payables, lease liabilities and other financial liabilities. The main purpose of these financial liabilities is to finance the Holding Company's operations. The Holding Company's principal financial assets include investments, trade receivables and cash and cash equivalents that arrive directly from its operations.

The Holding Company is exposed to market risk, credit risk and liquidity risk. The Holding Company's management oversees the management of these risks. The Holding Company's management is supported by a risk management committee that advises on financial risks and the appropriate financial risk governance framework. The risk management committee provides assurance to the Holding Company's management that the Holding Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Holding Company's policies appetite. It is the Holding Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

i) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Holding Company evaluates credit risk with respect to trade receivables as significantly low, as its payment terms are mostly advance basis.

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

40 Financial risk management objective and policies (Contd.)

a) Trade receivables

In respect of trade receivables, the Company is not exposed to any significant credit risk exposure to any single counter party or any group of counter parties having similar characteristics. Trade receivables consist of a large number of customers. The Company has very limited history of customer default, and considers the credit quality of trade receivables that are not past due or impaired to be good.

b) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Holding Company's treasury department in accordance with Holding Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The Holding Company monitors ratings, credit spread and financial strength of its counter parties. Based on ongoing assessment, the Holding Company adjust it's exposure to various counterparties. The Holding Company's maximum exposure to credit risk for the other components of balance sheet is the carrying amount as disclosed below:

| Particulars | Asset group | Carrying amount net of impairment provision | |
|---|------------------------|---|---------------|
| | | March 31 2023 | March 31 2022 |
| Financial assets for which credit risk has not increased significantly from inception | Investments | 3,836.54 | 2,625.76 |
| | Loans | 22.82 | 22.18 |
| | Other financial assets | 51.14 | 51.16 |

ii) Liquidity risk

Liquidity risk is the risk that the Holding Company may not be able to meet its present and future cash flow and collateral obligations without incurring unacceptable losses. The Holding Company's objective is to, at all time maintain optimum levels of liquidity to meet its cash and collateral requirements. The Holding Company closely monitors its liquidity position and deploys a robust cash management system.

The Holding Company manages liquidity risk by maintaining adequate reserves, banking facilities and committed borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities and by monitoring rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Holding Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table summarises the maturity profile of Holding Company's financial liabilities based on contractual undiscounted payments.

As at March 31, 2023

| Particulars | On demand | < 3 months | 3-12 months | 1-5 years | Total |
|-----------------------------|-----------|------------|-------------|-----------|--------|
| Short term borrowings | - | 526.41 | - | - | 526.41 |
| Trade payables | 41.81 | 219.07 | 28.42 | - | 289.30 |
| Lease liability | - | - | 2.10 | 12.21 | 14.31 |
| Other financial liabilities | 33.96 | 77.08 | 138.42 | 0.20 | 249.66 |

As at March 31, 2022

| Particulars | On demand | < 3 months | 3-12 months | 1-5 years | Total |
|-----------------------------|-----------|------------|-------------|-----------|--------|
| Short term borrowings | - | 278.03 | - | - | 278.03 |
| Trade payables | 27.24 | 407.42 | 28.42 | - | 463.08 |
| Other financial liabilities | 30.19 | 87.32 | 157.71 | 0.14 | 275.36 |

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

40 Financial risk management objective and policies (Contd.)

iii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, trade and other payables, trade receivables, investments, other financial liabilities.

The sensitivity analysis in the following sections relate to the position as at March 31, 2023 and March 31, 2022. The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt, proportion of financial instruments in foreign currencies are all constant at March 31, 2023.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity, other post retirement obligations and provisions. Holding Company's activities expose it to variety of financial risks, including effect of changes in foreign currency exchange rate and interest rate.

a) Foreign currency risk

Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Holding Company's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities on account of import of raw materials.

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

Details of foreign currency exposures (unhedged)

| Nature of exposure | Currency | Amount in Foreign Currency | |
|------------------------------|----------|----------------------------|----------------------|
| | | As at March 31, 2023 | As at March 31, 2022 |
| Financial liabilities | | | |
| Borrowings (Unsecured) | USD | 6.41 | 3.64 |
| Interest on borrowings | USD | 0.03 | 0.00 |
| Trade payables | USD | 0.80 | 3.87 |
| Trade payables | GBP | 0.00 | - |
| Trade payables | EURO | 0.03 | 0.02 |

USD - United States Dollar

GBP - Great Britain Pound

Currency wise net exposure (liabilities - assets)

| Currency | Amount in Foreign Currency | |
|----------|----------------------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| USD | 7.24 | 7.52 |
| EURO | 0.03 | 0.02 |
| GBP | 0.00 | - |

Figures have been rounded off upto two decimals.

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

40 Financial risk management objective and policies (Contd.)

Sensitivity analysis

The following tables demonstrate the sensitivity to a reasonably possible change in USD, GBP and EURO exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The impact on the Company's pre-tax equity is due to changes in the profit before tax.

| Particulars | March 31, 2023 | March 31, 2022 |
|-----------------------------------|----------------|----------------|
| Net unhedged exposure in ₹ | | |
| USD | 594.67 | 569.98 |
| EURO | 2.53 | 1.29 |
| GBP | 0.05 | - |

| As at | Change in USD rate | Impact on profit before tax and equity (₹ Strengthen) | Impact on profit after tax and equity (₹ Strengthen) |
|----------------|--------------------|---|--|
| March 31, 2023 | +5% | 29.73 | 22.25 |
| | -5% | (29.73) | (22.25) |
| March 31, 2022 | +5% | 28.50 | 21.33 |
| | -5% | (28.50) | (21.33) |

| As at | Change in Euro rate | Impact on profit before tax and equity (₹ Strengthen) | Impact on profit after tax and equity (₹ Strengthen) |
|----------------|---------------------|---|--|
| March 31, 2023 | +5% | 0.13 | 0.09 |
| | -5% | (0.13) | (0.09) |
| March 31, 2022 | +5% | 0.06 | 0.05 |
| | -5% | (0.06) | (0.05) |

| As at | Change in GBP rate | Impact on profit before tax and equity (₹ Strengthen) | Impact on profit after tax and equity (₹ Strengthen) |
|----------------|--------------------|---|--|
| March 31, 2023 | +5% | 0.00 | 0.00 |
| | -5% | 0.00 | 0.00 |
| March 31, 2022 | +5% | 0.00 | 0.00 |
| | -5% | (0.00) | (0.00) |

Figures have been rounded off upto two decimals.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has short term borrowings with fixed interest rates and hence the future cash-flows of relevant financial instrument are not affected by changes in market interest rate.

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

40 Financial risk management objective and policies (Contd.)

c) Price risk

i) Commodity price risk

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

Commodity price sensitivity

The following table shows the effect of price changes for VCM, Ethylene EDC:

| | Change in year-end price | Effect on profit before tax |
|-----------------------|--------------------------|-----------------------------|
| March 31, 2023 | | |
| VCM | +5% | 25.20 |
| | -5% | (25.20) |
| Ethylene | +5% | 17.16 |
| | -5% | (17.16) |
| EDC | +5% | 23.77 |
| | -5% | (23.77) |
| March 31, 2022 | | |
| VCM | +5% | 43.68 |
| | -5% | (43.68) |
| Ethylene | +5% | 8.51 |
| | -5% | (8.51) |
| EDC | +5% | 33.82 |
| | -5% | (33.82) |

ii) Equity price risk

The Company's listed and unlisted equity securities are susceptible to market-price risk arising from uncertainties about future values of the investment securities. The equity securities held by the Company are strategic in nature. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at fair value was ₹ 12.38 Crores . A decrease of 10% in the fair value will have an impact of approximately ₹ 1.24 Crores on OCI. An increase of 10% in the value of the securities would also impact OCI.

At the reporting date, the exposure to listed equity securities at fair value was ₹ 1803.52 Crores. A decrease of 10% on the NSE market index could have an impact of approximately ₹ 180.29 Crores on OCI and ₹ 0.06 Crores on Profit and loss or equity attributable to the Company. An increase of 10% in the value of the listed securities would also impact OCI, profit and loss and equity.

41 Capital management

Capital includes equity shares and other equity attributable to the equity holders of the Holding Company. The primary objective of the Holding Company's capital management is to ensure its ability to continue as going concern, maintain a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Holding Company is not subject to externally imposed capital requirement. The Holding Company manages its capital structure and makes adjustments to maintain efficient financing structure in light of changes in economic conditions. To maintain or adjust the capital structure, the Holding Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Holding Company monitors capital using a gearing ratio, which is total debt divided by total capital plus other equity.

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

41 Capital management (Contd.)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|-----------------|-----------------|
| Borrowings-Buyer's credit and cash credit | 526.41 | 278.03 |
| Debt | 526.41 | 278.03 |
| Share capital | 123.67 | 124.10 |
| Other equity | 4,779.40 | 3,803.71 |
| Total equity | 4,903.07 | 3,927.81 |
| Debt/equity ratio | 10.74% | 7.08% |

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2023 and March 31, 2022.

(Net debt)/ surplus reconciliation

This section sets out an analysis of net debt and the movements in net debt for the year ended March 31, 2023

| Particulars | March 31, 2023 | March 31, 2022 |
|------------------------------|-----------------|-----------------|
| Cash and other liquid assets | 2,047.25 | 1,827.06 |
| Current borrowings | (526.41) | (278.03) |
| (Net debt)/ surplus | 1,520.84 | 1,549.03 |

| Particulars | Other assets | Liabilities from financing activity | Total |
|---|---------------------------|-------------------------------------|-----------------|
| | Cash and cash equivalents | Current borrowings | |
| (Net debt)/ surplus as on April 01, 2022 | 1,827.06 | (278.03) | 1,549.03 |
| Cash inflow/(outflow) | 220.19 | (248.38) | (28.19) |
| (Net debt)/ surplus as on March 31, 2023 | 2,047.25 | (526.41) | 1,520.84 |

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

The management has identified enterprises which qualify under the definition of micro enterprises and small enterprises, as defined under Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at the year end has been made in the consolidated financial statements based on information received and available with the Holding Company and has been relied upon by the statutory auditor.

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Principal amount outstanding as on year end * | 16.20 | 8.05 |
| Principal amount outstanding and overdue out of above | 4.02 | 3.84 |
| Interest due on above | 0.01 | 0.00 |
| Interest paid | - | - |
| Payment made beyond appointment date during the year | 8.22 | 12.48 |
| Interest due and payable for overdue payments made during the year | 0.06 | 0.06 |
| Total Interest accrued and remaining unpaid | 0.06 | 0.06 |
| Amount of further interest remaining due and payable in succeeding years | 0.30 | 0.24 |

* Mainly includes retention money

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

43 Ratios

| Ratios | Numerator | Denominator | Description | March 31, 2023 | March 31, 2022 | Variance | Reason for variance |
|----------------------------------|---|-----------------------------|---|----------------|----------------|----------|--|
| Current ratio | Operating current assets (1) | Current liability | The current ratio indicates Company's overall liquidity position | 0.94 | 1.20 | -21.1% | Refer note below |
| Debt-equity ratio | Total debt (2) | Shareholder's equity | Debt-to-equity ratio compares Company's total debt to shareholders equity | 0.11 | 0.07 | 51.7% | The increase in debt equity ratio is due to higher buyers' credit outstanding as at March 31, 2023, compared with March 31 2022. |
| Debt service coverage ratio | Earnings available for debt service (3) | Debt service (4) | Debt service coverage ratio is used to analyse the Company's ability to payoff current interest and instalments | 0.54 | 3.66 | -85.1% | The increase in debt equity ratio is due to higher buyers' credit outstanding as at March 31, 2023, compared with March 31, 2022. Also, the earnings have reduced in current year due to sharp correction in PVC prices. |
| Return on equity ratio | Net profits after taxes (5) | Shareholder's equity | It measures the profitability of equity funds invested in the Company | 5.1% | 26.8% | -21.7% | Refer note below |
| Inventory turnover ratio | Cost of goods sold | Average inventory | This ratio measures the efficiency with which a Company utilizes or manages its inventory | 3.64 | 2.95 | 23.5% | Refer note below |
| Trade receivables turnover ratio | Net sales (6) | Average accounts receivable | This ratio measures the efficiency at which the firm is managing the receivables | 13.91 | 19.27 | -27.8% | Trade receivable turnover Ratio decreased due to increase in average trade receivable in FY-2022-23 in line with increase in revenue from plumbing and sanitation. |
| Trade payables turnover ratio | Net purchases (7) | Average trade Payable | This ratio indicates the number of times sundry creditors have been paid during a period | 7.77 | 6.27 | 24.0% | Refer note below |

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

43 Ratios (Contd.)

| Ratios | Numerator | Denominator | Description | March 31, 2023 | March 31, 2022 | Variance | Reason for variance |
|----------------------------|--|--|---|----------------|----------------|----------|---|
| Net capital turnover ratio | Net sales (6) | Average working capital (8) | This ratio indicates a Company's effectiveness in using its working capital | 50.43 | 19.44 | 159.4% | Net capital ratio increased due to reduction in average working capital in FY-2022-23 in line with reduction of current assets. |
| Net profit ratio | Net profits after taxes (5) | Net sales (6) | This ratio measures the relationship between net profit and sales of the business | 5.7% | 22.6% | -16.9% | Refer note below |
| Return on capital employed | Earning before interest and tax (EBIT) (9) | Capital employed (10) | Return on capital employed indicates the ability of a company's management to generate returns for both the debt holders and the equity holders | 15.7% | 63.0% | -47.3% | The reduction in return on capital employed ratio is in line with reduction in profits during the year which, in turn, is primarily attributable to sharp correction in PVC prices. |
| Return on investment | Income generated from invested funds | Average invested funds in treasury investments | Return on investment (ROI) is a financial ratio used to calculate the benefit as investor will receive in relation to their investment cost | 5.7% | 4.8% | 0.9% | Refer note below |

- (1) Operating current assets = Total current assets - current investments - other bank balances.
- (2) Total debt / debt service= Non current borrowing + current borrowing
- (3) Earnings available for debt service = PBT + finance cost + depreciation - other Income - exception income
- (4) Debt service = Principal + interest
- (5) Net profits after taxes includes exceptional income.
- (6) Net Sales = Revenue from Operations
- (7) Net Purchases = Consumption RM, stores and spares (RSS) - opening RSS + closing RSS
- (8) Working capital = operating current assets - current liabilities
- (9) EBIT = PBT + finance cost - other income - exception income
- (10) Capital employed = Total assets - non current investment - current investment - FDs - current liabilities

Note:

Since the variation is less than or equal to 25%, no explanation is required to be furnished.

Notes to the consolidated financial statements

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(All amounts in ₹ Crores, unless other wise stated)

44 Disclosure pursuant to Ind AS 116

- (a) The Holding Company as a lessee has obtained certain assets such as immovable properties on leasing arrangements for the purposes of its fitting unit. With the exception of short-term leases and leases of low value underlying assets, each lease is reflected on the balance sheet as a right-to-use asset and a lease liability. Variable lease payment which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and right-of-use assets. The Holding Company has presented its right-of-use assets separately from other assets. Each lease generally imposes a restriction that unless there is a contractual right for the Holding Company to sub-lease the asset to another party, the right-of-use asset can only be used by the Holding Company. Some lease contain an option to extend the lease for a further term.
- (b) Additional information on extension/ termination options: Extension and termination options are included in a number of property lease arrangements of the Holding Company. These are used to maximise operational flexibility in terms of managing the assets used in the Holding Company's operations. The majority of extension and termination options held are exercisable based on consent of the Holding Company.
- (c) There are no leases which are yet to commence as on March 31, 2023.
- (d) Lease payments, not included in measurement of liability

The Holding Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The expense relating to payments not included in the measurement of the lease liability is as follows:

| Particulars | March 31, 2023 | March 31, 2022 |
|-------------------------|----------------|----------------|
| Short-term leases | 1.35 | 1.48 |
| Cancellable leases | - | - |
| Variable lease payments | - | - |
| Total | 1.35 | 1.48 |

- (e) Total undiscounted future lease payments relating to underlying leases are as follows:

| Particulars | Within 1 year | 1-2 years | 2-5 years | More than 5 years | Total |
|-----------------------------|---------------|-----------|-----------|-------------------|-------|
| As at March 31, 2023 | | | | | |
| Lease payments | 3.44 | 3.62 | 9.77 | - | 16.83 |
| As at March 31, 2022 | | | | | |
| Lease payments | - | - | - | - | - |

- (f) Amount recognised in the Statement of Balance sheet:

| Particulars | March 31, 2023 | March 31, 2022 |
|--------------------------------|----------------|----------------|
| (i) Right-of-use assets | | |
| Buildings | 16.81 | - |
| Total | 16.81 | - |
| (ii) Lease liabilities | | |
| Non-current | 12.21 | - |
| Current | 2.10 | - |
| Total | 14.31 | - |

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

44 Disclosure pursuant to Ind AS 116 (Contd.)

(g) Amount recognised in the Statement of Profit and Loss:

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| (i) Depreciation and amortisation expense | 0.59 | - |
| (ii) Interest expense (included in finance cost) | 0.19 | - |
| (iii) Gain on cancellation of lease agreements | - | - |
| Total | 0.78 | - |

(h) Information about extension and termination options

| Right-of-use assets | Number of leases | Range of remaining term (in years) | Average remaining lease term (in years) | Number of leases with extension option | Number of leases with purchase option | Number of leases with termination option |
|---------------------|------------------|------------------------------------|---|--|---------------------------------------|--|
| Building premises | 2 | 5 | 4 | 2 | 0 | 2 |

45 Investment in associate

The Holding Company has a 46.35% interest in its associate, Finolex Plasson Industries Private Limited (FPIPL) which is consolidated using Equity method. The aforesaid associate company has its registered office and principal place of business at Urse, near Pune in India. The abovementioned associate is engaged in manufacturing of micro irrigation systems, fittings, accessories and range of irrigation components.

Summarised financial information of the above mentioned associate Company (FPIPL) is as below:

| Particulars | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Cash & cash equivalents | 8.02 | 19.26 |
| Current assets | 316.63 | 266.68 |
| Non-current assets | 52.37 | 61.80 |
| Current liabilities | 135.02 | 143.09 |
| Non-current liabilities | 4.07 | 6.46 |
| Net assets | 237.93 | 198.19 |
| Proportion of Holding Company's Ownership | 46.35% | 46.35% |
| Proportion of Holding Company's Ownership in net assets | 110.28 | 91.86 |
| Revenue from Operations | 462.40 | 332.40 |
| Profit after tax for the year | 40.70 | (3.92) |
| Other comprehensive income for the year | 0.04 | 0.19 |
| Total comprehensive income for the year | 40.74 | (3.74) |
| Holding Company's share of total comprehensive income for the year | 18.88 | (1.73) |
| Dividends received from the associate | 0.46 | 0.93 |

Reconciliation to carrying amounts:

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Opening net assets | 198.19 | 203.93 |
| Profit after tax for the year | 40.70 | (3.92) |
| Other comprehensive income for the year | 0.04 | 0.19 |
| Dividends paid including DDT | (1.00) | (2.00) |
| Closing net assets | 237.93 | 198.19 |
| Proportion of Holding Company's Ownership | 46.35% | 46.35% |
| Proportion of Holding Company's Ownership in net assets | 110.28 | 91.86 |
| Carrying amount of investment in associate | 110.28 | 91.86 |

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

45 Investment in associate (Contd.)

Summarized statement of Profit and loss

| Particulars | March 31, 2023 | March 31, 2022 |
|----------------------------|----------------|----------------|
| Total revenue | 469.81 | 336.55 |
| Total expenses | 417.47 | 339.73 |
| Profit for the year | 40.70 | (3.92) |
| Other comprehensive income | 0.04 | 0.19 |
| Total comprehensive income | 40.74 | (3.74) |

Share in Capital commitments and Contingent liabilities of associate:

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| a) Share in Capital commitments (net of capital advances) | 1.92 | 0.37 |
| b) Share in claims against the associate company not acknowledged as debts - matters subjudiced | | |
| i) Share of sales tax matters | 0.11 | 0.10 |
| ii) Share in other matters | 0.35 | 0.38 |
| Total | 2.38 | 0.85 |

46 Utilization of borrowed funds

- (i) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (ii) No funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

47 Undisclosed income :

There are no transactions that have not been recorded in the books of accounts and has been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961

48 Details of Crypto Currency or Virtual currency :

The Holding Company and associate company has not traded or invested in crypto currency or virtual currency during the year.

49 Transactions with struck-off companies :

The Holding Company and associate company does not have any transaction or outstanding balance with struck-off companies under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956, during current and previous year.

Notes to the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

50 Registration/satisfaction of charges with Registrar :

There are no charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period in the current as well as in the previous year.

51 The Holding Company has not consolidated Group's share in loss of an associate, Pawas Port Limited, in which the Holding Company holds 49.99% equity shares with an investment of ₹ 0.05 crores and has not started operations. The associate is immaterial to the Group.

52 Previous year comparatives

Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification / disclosure.

The accompanying notes to the consolidated financial statements including a summary of significant accounting policies and explanatory information form an integral part of these consolidated financial statements.

As per our report of even date

For Walker Chandio & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

**For and on behalf of the Board of Directors of
Finolex Industries Limited**

Prakash P. Chhabria
Executive Chairman
DIN: 00016017
London

Bhumika L. Batra
Director
DIN: 03502004
Mumbai

Ritu P. Chhabria
Director
DIN: 00062144
London

Rajni Mundra
Partner
Membership No.: 058644
Pune

Saumya Chakrabarti
Director
DIN: 09594036
Ratnagiri

Kanchan U. Chitale
Director
DIN: 00007267
Mumbai

Saurabh S. Dhanorkar
Director
DIN: 00011322
Pennsylvania

May 22, 2023

Deepak R. Parikh
Director
DIN: 06504537
North carolina

Pradeep R. Rathi
Director
DIN: 00018577
Pune

Anami N. Roy
Director
DIN: 01361110
Mumbai

Anil V. Whabi
Managing Director
DIN: 00142052
Pune

Ajit Venkataraman
Chief Executive Officer
Pune

Niraj Kedia
Chief Financial Officer
Pune

Ashutosh Kulkarni
Company Secretary
M. No.: A18549
Pune
May 22, 2023

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ` in Crore)

| Sl. No. of the subsidiary | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | Share Capital & Surplus | Total Assets | Total Liabilities | Total Investments | Turnover | Profit before taxation | Provision for taxation | Profit after taxation | Proposed Dividend | % of share-holding | | |
|---------------------------|---|---|-------------------------|--------------|-------------------|-------------------|----------|------------------------|------------------------|-----------------------|-------------------|--------------------|----|----|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| | | | | | | | | | | | | | | |

The Company does not have subsidiary Company, hence this part is not applicable.

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations
- Names of subsidiaries which have been liquidated or sold during the year.

for the year ended March 31, 2023

(All amounts in ₹ Crores, unless other wise stated)

Part “B”: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

| Sr. No. of Associates / Joint Ventures | Latest Audited Balance Sheet Date | Shares of Associate/Joint Ventures held by the Company on the year end | Description of how there is significant influence | Reason why the associate/joint venture is not consolidated | Net worth attributable to Shareholding as per latest audited Balance Sheet | Profit / Loss for the year |
|--|--------------------------------------|--|---|--|--|----------------------------|
| | | | | | | |
| 1 | 31.03.2023 | 46,35,000 | Voting power | N.A. | 110.28 | 18.86 |
| 1 | Finolex Plasson Industries Pvt. Ltd. | 46,35,000 | 46.35 | N.A. | 110.28 | 18.86 |
| | | | | | | Nil |

Names of associates or joint ventures which are yet to commence operations: Pawas Port Limited

For and on behalf of the Board of Directors of Finolex Industries Limited

| | | | | | | |
|---|--|--|---|---|--|--|
| Prakash P. Chhabria Executive Chairman DIN: 00016017 London | Bhumika L. Batra Director DIN: 03502004 Mumbai | Ritu P. Chhabria Director DIN: 00062144 London | Saumya Chakrabarti Director DIN: 09594036 Ratnagiri | Kanchan U. Chitale Director DIN: 00007267 Mumbai | Saurabh S. Dhanorkar Director DIN: 00011322 Pennsylvania | Deepak R. Parikh Director DIN: 06504537 North carolina |
| Pradeep R. Rath Director DIN: 00018577 Pune | Anil V. Whabi Managing Director DIN: 00142052 Pune | Ajit Venkataraman Chief Executive Officer Pune | Niraj Keddia Chief Financial Officer Pune | Ashutosh Kulkarni Company Secretary M. No.: A18549 Pune May 22, 2023 | | |

NOTICE

NOTICE is hereby given that the Forty-Second (42nd) Annual General Meeting (AGM) of the Members of Finolex Industries Limited (the "Company") will be held on Monday, August 28, 2023, at 4.00 p.m. (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

Ordinary Business

1. Adoption of Standalone Financial Statements

To receive, consider, approve and adopt the audited Standalone Financial Statements of the Company for the financial year ended March 31, 2023 and the Reports of the Board of Directors and the Auditors thereon.

2. Adoption of Consolidated Financial Statements

To receive, consider, approve and adopt the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2023 and the Report of the Auditors thereon.

3. Declaration of Dividend

To declare a final dividend of ₹1.50 per equity share for the financial year ended March 31, 2023.

4. Re-appointment of Mr. Saurabh S. Dhanorkar (DIN: 00011322) as a Director liable to retire by rotation

To appoint a Director in place of Mr. Saurabh S. Dhanorkar (DIN: 00011322) who retires by rotation, and being eligible, offers himself for re-appointment.

Special Business

5. To ratify the remuneration of M/s. S.R. Bhargave & Co., the Cost Auditors for the financial year ending on March 31, 2024

To consider, and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 (the 'Act') read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory amendment(s) modification(s) or re-enactment thereof for the time being in force) and subject to guidelines and approvals as may be required from the Central Government, a remuneration of ₹4.00 lakhs (Rupees four lakhs only) plus applicable taxes and reimbursement of out of pocket expenses at actuals to be paid to M/s. S.R. Bhargave & Co., Cost Accountants, Pune, (Firm Registration No. 000218) the Cost Auditors appointed by the Board of

Directors (the "Board") of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2024, be and is hereby ratified, approved and confirmed.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, matters, deeds and things and give such directions as may be considered, proper, necessary, relevant, usual, customary and/or expedient to give effect to this Resolution."

6. Re-appointment of Mrs. Kanchan U. Chitale (DIN: 00007267) as an Independent Director of the Company

To consider, and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 ('Act') (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Companies (Appointment and Qualification of Directors), Rules, 2014 and Regulation 17 and any other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('SEBI Listing Regulations') as amended from time to time, and the Articles of Association of the Company, based on the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors of the Company, Mrs. Kanchan U. Chitale (DIN: 00007267), who was appointed as an Independent Director of the Company at the 38th Annual General Meeting of the Company for a term of five years up to March 31, 2024, and who is eligible for re-appointment and meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a notice in writing from a member of the Company under Section 160(1) of the Act proposing her candidature for the re-appointment and considering the report of her performance evaluation for the year 2022-23, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for the second consecutive term of 5 (Five) years commencing from April 1, 2024 to March 31, 2029 (both days inclusive).

RESOLVED FURTHER THAT pursuant to Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory amendments, modifications(s) or re-enactment(s) thereof for the time being in force), approval of the members be and is hereby accorded for continuation of Mrs. Kanchan U. Chitale (DIN: 00007267) beyond December 19, 2027 to March 31, 2029, as an Independent Director of the Company, on account of her attaining the age of 75 years on December 19, 2027.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, matters, deeds and things as may be deemed or considered, proper, necessary, usual, relevant, customary and expedient to give effect to this Resolution."

7. Appointment of Mr. Ajit Venkataraman (DIN: 07289950) as Director of the Company

To consider, and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and all other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and in accordance with Regulation 17(1C) and the other applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (as amended from time to time), Mr. Ajit Venkataraman (DIN: 07289950) who was appointed as an Additional Director of the Company with effect from June 1, 2023 by the Board of Directors of the Company on recommendation of Nomination and Remuneration Committee and under Article 118 of Articles of Association of the Company and who holds office up to the date of forty-second Annual General Meeting of the Company under Section 161(1) and other applicable provisions of the Companies Act, 2013 and who is eligible for the said appointment and in respect of whom the Company has received notice in writing under Section 160(1) of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

8. Appointment of Mr. Ajit Venkataraman (DIN: 07289950) as Managing Director of the Company

To consider, and, if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Rules made thereunder and in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) the Articles of Association of the Company and based on the recommendation of the Nomination and Remuneration Committee, the approval of Board of Directors (the 'Board') and subject to the approval of the Central Government and all other applicable regulatory approvals, as may be required, the approval of the Members be and is hereby accorded to appoint Mr. Ajit Venkataraman (DIN: 07289950), as Managing Director of the Company, for a period of 5 years from June 1, 2023 until May 31, 2028 on the such terms and conditions including increase in remuneration and remuneration to be paid in case of inadequacy of profits, absence of profits or no profits in any financial year during his said tenure as set out in the draft agreement to be entered into by the Company with Mr. Ajit Venkataraman and as mentioned in the Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 annexed to this notice.

RESOLVED FURTHER THAT the draft agreement which is placed before this meeting be and is hereby specifically approved with liberty to the Board and/or Nomination and Remuneration Committee of the Company to alter and vary the terms and conditions of appointment and / or remuneration as it may deem fit from time to time and in accordance with the provisions of the Companies Act, 2013 and/or any schedules thereto (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

RESOLVED FURTHER THAT the remuneration as mentioned in the draft agreement(s) revised from time to time be and is hereby approved as the minimum remuneration by way of basic salary and/ or variable pay, and other allowances not exceeding the limits specified under Section II of part II of Schedule V of the Companies Act, 2013, as amended, or such other limits as may be prescribed by the Government from time to time as minimum remuneration payable to Mr. Ajit Venkataraman (DIN: 07289950) in case of inadequate profits or no profits in any financial year during the currency of his tenure(s) as Managing Director as may be required.

RESOLVED FURTHER THAT the Board be and is hereby authorized to enhance, alter or vary from time to time the scope and quantum of remuneration, perquisites, benefits and amenities payable during the tenure of the appointment of Mr. Ajit Venkataraman (DIN: 07289950), provided that any revision in the quantum of remuneration payable to him shall not exceed the statutory limits specified under Section 197 read with Schedule V of the Act as amended, and shall be subject to such approvals, sanctions, or permissions, as may be required for such revision in the remuneration.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, matters, deeds and things and give all such directions as it may in its absolute discretion deem necessary, expedient or desirable, in order to give effect to this resolution(s), including finalizing, varying, settling, modifying the terms and conditions of the proposed appointment, to settle and finalize all issues that may arise in this regard, without requiring the Board to secure any further consent, concurrence or approval and/or consent, of the Members of the Company, to negotiate, finalize, amend, alter, modify, etc. the terms and conditions and/or any other appointment documents (including providing such representation(s), warranty(ies), indemnity(ies) and covenant(s) as may be required) and to execute, deliver and perform such agreement(s), other contract(s), deed(s), undertaking(s) and other document(s) and subsequent modification thereto; to file application(s) and make representation(s) in respect thereof and seek the requisite approval(s) from the relevant authority(ies) and third party(ies), including governmental authority(ies); to suitably inform and apply to all the concerned authorities, to settle any question, difficulty or doubt that may arise in this regard, and to take all necessary steps in the matter as it may, in its absolute discretion, and in the best interests of the Company deem necessary, desirable or expedient, to give effect to the above resolution(s).

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate any or all of its powers vested on it by this resolution(s) to any of its Committee(s) or individual Director(s) or other Officer(s) or Executive(s) of the Company or such other person(s) like advisor(s), advocate(s), attorney(s), lawyer(s), etc. or any other appropriate agency of persons as may be necessary or desirable, and to settle any question(s), difficulty(ies) or doubt(s) that may arise and generally, to do all acts, deeds, matters and things as it may, in absolute

discretion deem necessary, expedient, usual or proper in relation to or in connection with or for matters consequential to the appointment/remuneration, without being required to seek any further consent, concurrence or approval and/or consent of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval and/or consent, expressly by the authority of this resolution(s)."

9. Holding of office or place of profit by Ms. Gayatri P. Chhabria, General Manager- Strategy

To consider, and, if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted from time to time, and in accordance with the recommendation of the Nomination and Remuneration Committee, the Audit Committee and the Board of Directors of the Company (the 'Board'), consent of the members of the Company be and is hereby accorded to hold office or place of profit by Ms. Gayatri P. Chhabria, daughter (relative) of Mr. Prakash P. Chhabria, Executive Chairman and Mrs. Ritu P. Chhabria, Non-Executive Director, in the Company with designation as 'General Manager - Strategy' or with such designation as the Board of the Company may, from time to time decide and with revised terms of appointment including payment of gross remuneration of ₹33.50 lakhs (Rupees thirty-three lakhs and fifty thousand Only) per annum effective from date of members' approval at the 42nd Annual General Meeting with an authority to Board to sanction such increments within the limits approved by Members upto a maximum gross remuneration of ₹80 lakhs (Rupees eighty lakhs Only) per annum during the period of next five years which is commensurate with her qualification, knowledge, experience, responsibilities as per the rules and policies of the Company as set out in the explanatory statement attached hereto which shall be deemed to form part hereof, subject to alteration and variation in the terms and conditions of the said appointment and remuneration, from time to time, in line with the overall compensation philosophy of the Company and within the limits approved by the Members and subject to such approvals, as may be necessary.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall, unless repugnant to the context or meaning thereof, be deemed to include any Committee thereof) be and is hereby authorised to alter/vary/revise her remuneration and promote her to higher cadres and/or to sanction her increments within the limits approved by Members of the Company, for the subsequent financial years, by such amount as may be considered appropriate by the Board as per Company's rules and regulations and overall compensation philosophy of the Company provided all other terms and conditions of her appointment shall remain same as per the policies of the Company applicable to the grade of her appointment.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things, as may be necessary, proper, relevant, usual, customary and /or expedient or incidental for giving effect to this resolution with the intent that the approval of members shall be deemed to have been granted for any such revision in her remuneration for subsequent financial years."

By Order of the Board of Directors
For **Finolex Industries Limited**

Ashutosh B. Kulkarni
Company Secretary
M No.: A18549

Place: Pune
Date: May 22, 2023

Notes:

1. The Ministry of Corporate Affairs ('MCA'), inter-alia, vide its General Circular Nos. 14/2020 dated April 8, 2020 and 17/2020 dated April 13, 2020, followed by General Circular Nos. 20/2020 dated May 5, 2020, and subsequent circulars issued in this regard, the latest being 10/2022 dated December 28, 2022 (collectively referred to as 'MCA Circulars') has permitted the holding of the AGM through Video Conferencing ('VC') or through Other Audio-Visual Means ('OAVM'), without the physical presence of the Members at a common venue.

Further, Securities and Exchange Board of India ('SEBI'), vide its Circulars dated May 12, 2020, January 15, 2021, May 13, 2022 and January 5, 2023 ('SEBI Circulars') and other applicable circulars issued in this regard, if any, have provided relaxations from compliance with certain provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations).

In compliance with the applicable provisions of the Act, SEBI Listing Regulations and MCA Circulars, the **Forty-Second (42nd)** Annual General Meeting (AGM) of the Company is being held through VC/OAVM on **Monday, August 28, 2023 at 4:00 p.m.** (IST). The proceedings of the AGM will be deemed to be conducted at the Registered Office of the Company situated at Gat No.399, Village Urse, Taluka Maval, District Pune – 410 506 (Maharashtra)

2. The Statement, pursuant to Section 102 of the Companies Act, 2013, as amended ('Act') setting out material facts concerning the business with respect to Item Nos. 5 to 9 forms part of this Notice. Additional information, pursuant to Regulation 36(3) of SEBI Listing Regulations and Secretarial Standard - 2 on General Meetings, issued by The Institute of Company Secretaries of India, in respect of Director(s) seeking appointment(s) / re-appointment(s) at this 42nd Annual General Meeting ('Meeting' or 'AGM') is annexed to this Notice. As per the provisions of Clause 3.A.II. of the General Circular No. 20/2020 dated May 5, 2020, the matters of special business as appearing at Item No.(s) 5 to 9 of the accompanying Notice, are considered to be unavoidable by the Board and hence, forming part of this Notice. Kindly note that in this notice, the terms member(s) or shareholder(s) are used interchangeably.

3. Instruction to furnish / update KYC, PAN, Bank Account and other details

- i. Those Members who have already registered their email addresses are requested to keep their email addresses validated with their Depository Participants / RTA / Company to enable serving of notices / documents / Annual Reports electronically to their email address. For members who have not received the notice due to change / non-registration of their email address with the Company

/ RTA / Depository Participants, they may request latest by **Monday, August 21, 2023** by following the procedure as given below:

A) Registration of email Id for members holding physical shares:

SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/ CIR/2023/37 dated March 16, 2023 has mandated all those members holding shares in physical form to furnish their PAN, Nomination and KYC details (Contact Details viz. email ID, mobile number, Postal address with PIN, Bank Account Details & Specimen Signature) to the Company / its RTA ('Kfin Technologies Limited'). Further, linking of PAN and Aadhaar is also mandated by the Central Board of Direct Taxes (CBDT).

Non-updation of KYC, Bank account and Nomination details on or before September 30, 2023 or such extended date, as may be notified, will result in freezing of the folio held by those members holding shares in physical form by the RTA and the same shall be reverted to normal status only upon receipt / updation of all the KYC details.

The salient features and requirements of the said circular are as follows:

- i. With effect from October 1, 2023, Members are eligible to lodge any grievance or avail service request from the RTA only after furnishing the complete documents / details as aforesaid.
- ii. Eligible for any payment including dividend, interest or redemption only through electronic mode upon complying with the above stated requirements.

B) Mandatory linkage of PAN with Aadhar:

As per the Central Board of Direct Taxes (CBDT) it is mandatory to link PAN with Aadhar number by June 30, 2023 or any other date as may be specified by the CBDT. Further, w.e.f. July 1, 2023 or any other date as may be specified by the CBDT, RTAs shall accept only valid PANs and the ones which are linked to the Aadhar number. The folios in which PAN is / are not valid as on the notified cut-off date of June 30, 2023 or any other date as may be specified by the CBDT.

In view of aforesaid, we request you to submit the requisite Investor Service Request Form(s) along with the required supporting documents as stated therein at the earliest.

The relevant formats for nomination and updation of KYC details viz; Forms ISR-1, ISR-2, ISR-3, SH-13, SH-14 and SEBI circular(s) are available on the

RTA website: https://ris.kfintech.com/clientservices/isc/#isc_download_hrd and also on the website of the Company: <https://www.finolexpipes.com/investors/investors-relations-centre/>

You may use any ONE of the following modes for submission of the Forms:

- 1) **Through 'In Person Verification' (IPV):** The authorized person of the RTA shall verify the original documents furnished by the investor and retain copy (ies) with IPV stamping with date and initials;
- 2) **Through Post:** Self-attested hard copies of all necessary documents; &
- 3) **Through electronic mode with e-sign:** The holder(s)/ claimant(s) may furnish the documents to RTAs electronically including by way of email or through service portal of the RTA provided the documents furnished shall have e-sign* of the holder(s)/ claimant(s).

*E-Sign is an integrated service which facilitates issuing a Digital Signature Certificate and performing signing of requested by e-Sign user.

The holder/claimant may approach any of the empanelled e-Sign Service Providers, details of which are available on the website of Controller of Certifying Authorities (CCA), Ministry of Communications and Information Technology (<https://cca.gov.in/>) for the purpose of obtaining an e-sign.

The hard copies of self-attested documents as envisaged hereinabove can be sent through post to the Company's RTA on the below mentioned address:

KFIN Technologies Limited,
(Unit: **Finolex Industries Limited**)

Selenium Building, Tower-B, Plot No 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi, Telangana India - 500 032.

Email ID: einward.ris@kfintech.com; **Phone:** 1800 309 4001; **WhatsApp no.:** (91) 910 009 4099
Corporate Website: <https://www.kfintech.com/>;
Corporate Registry (RIS): <https://ris.kfintech.com>

Detailed FAQs for the same can be found on the link: <https://ris.kfintech.com/faq.html>

- C) **Registration for Demat shareholders:** Members are requested to register or update their KYC details including email address and contact details, if required in respect of demat holdings with their respective Depository Participant (DP) by following the procedure prescribed by them. Members are also requested to link their PAN with Aadhar, if not done earlier.
4. Members desirous of obtaining any information concerning the accounts and operations of the Company for the financial year ended on

March 31, 2023 are requested to address their questions to the Compliance Officer at investors@finolexind.com so as to reach on or before **Monday, August 21, 2023**. This will ensure that the requested information may be made available.

5. **Unclaimed Dividend:** Members are requested to note that pursuant to the provisions of Section 124 and other applicable provisions of the Companies Act, 2013 and rules made thereunder, as amended, dividend remaining unclaimed/ unpaid for the period of seven years from the date of transfer to "Unclaimed Dividend Account" shall be credited to the Investor Education and Protection Fund (IEPF) set up by the Central Government.

Accordingly, dividend declared by the Company for the financial year 2015-16 which remained unclaimed, is due for transfer to the IEPF, in October, 2023.

Therefore, the Members who have not claimed their dividend pertaining to the year 2015-16 and/ or any subsequent years and that is still remain outstanding, are requested to lodge their claims with KFIN, the Company's RTA, at the earliest for obtaining payments thereof.

Members are also requested to furnish Bank Account Details (viz. Bank name, Branch, IFSC Code) where the account is maintained to prevent fraudulent encashment of dividend warrants.

6. All documents referred to in the notice and the explanatory statement annexed thereto requiring the approval of the Members at the Meeting will be made available for inspection.

Electronic copies of necessary statutory registers, certificate(s) agreement(s) and other documents, if any, will be available for inspection by the Members during the AGM through Kfin platform.

7. Since the AGM will be held through VC/OAVM, the route map of the venue of the Meeting is not annexed hereto. The recorded transcript of the AGM shall also be made available as soon as possible on the website of the Company at www.finolexpipes.com.

8. Information relating to attendance at the AGM (Meeting)

Pursuant to the circular(s) of MCA on the VC/OAVM (e-AGM) please note the following relating to attendance at the e-AGM:

- a. Members can attend the meeting through log in credentials provided to them to connect to Video conference. Physical attendance of the Members at the Meeting venue is not required.
- b. Since the e-AGM is being held pursuant to MCA circulars through VC/OAVM facility, physical attendance of members has been

dispensed with. Appointment of proxy to attend and cast vote on behalf of the member is not available and hence the Proxy Form and Attendance Slip are not annexed to this notice.

- c. Bodies Corporates are entitled to appoint authorised representatives to attend the e-AGM through VC/ OAVM and participate and cast their votes through e-voting.
- d. Corporate and / or Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are required to send scanned certified true copy (PDF Format) of Board Resolution / Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s) who are authorized to attend and vote, to the Scrutinizer at e-mail ID: cs@svdandassociates.com with a copy marked to evoting@kfintech.com and investors@finolexind.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_ EVENT No. 7465". The documents should reach the Scrutinizer on or before **Sunday, August 27, 2023 (5.00 p.m, IST)**.
- e. The Members can join the e-AGM 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.
- f. Up to 1000 members will be able to join e-AGM on FIFO basis.
- g. No restrictions on account of FIFO entry into e-AGM will apply in respect of large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc.
- h. The attendance of the Members (member logins) attending the e-AGM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
- i. The facility of attending e-AGM through VC/ OAVM shall be closed within 15 minutes after the meeting is concluded.

9. Information relating to obtaining Annual Report through e-mail.

In line with the MCA and SEBI Circulars, Notice of the AGM along with the Annual Report for Financial Year 2022-23 will be sent only through electronic mode to those members whose email addresses are registered with the Company/ RTA/

Depositories. Members may note that the Notice and Annual Report for Financial Year 2022-23 for calling the AGM will be uploaded on the website of the Company at <https://www.finolexpipes.com/investors/financials/>. The Notice can also be accessed from the website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at <https://www.bseindia.com/> and <https://www.nseindia.com/> respectively and the same will be available on the website of e-voting agency Kfin Technologies Limited at <https://evoting.kfintech.com/>. The Company shall send the physical copy of Annual report for FY 2022-23 to those Members who request the same at investors@finolexind.com mentioning their Folio No. / DP ID and Client ID.

The Company will also publish an advertisement in newspaper containing the details about e-AGM i.e. the conduct of AGM through VC/ OAVM, date and time of AGM, availability of notice of AGM at the Company's and manner of registering the e-mail IDs of those Members who have not registered their email addresses with the Company/ RTA.

We urge Members to support our commitment to environmental protection by choosing to receive the Company's communication through e-mail. Members holding shares in dematerialised form, who have not registered their e-mail addresses are requested to register their e-mail addresses with their respective Depository Participants and Members holding shares in physical form are requested to update their e-mail addresses as per the procedure provided in point 3(i) hereinabove for receiving all communication, including Annual Reports, Notices, Circulars, etc. from the Company electronically.

10. Instructions for the Members for attending the e-AGM through VC / OAVM:

- a. Member will be able to attend the e-AGM through VC / OAVM platform provided by KFin Technologies Limited by using their e-voting login credentials and selecting the EVEN for the Company's AGM and by following the process as detailed hereunder:
 - i. Member will be provided with a facility to attend the AGM through VC / OAVM platform provided by KFinTech. Members may access the same at <https://emeetings.kfintech.com/> by using the e-voting login credentials provided in the email received from the Company/KFinTech.

After logging in, click on the Video Conference tab and select the EVEN of the Company. Click on the video symbol and accept the meeting etiquettes to join the meeting. Please note that the members who do not have the User

- ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same.
- ii. On the home page, the options to login via DP ID Client ID / Folio No. through Password and Password / Mobile OTP will be available;
 - iii. You may Enter DP ID Client ID / Folio No. and password or opt for login using mobile OTP;
 - iv. If you opt to log-in through Mobile OTP, you will be required to "Select the Meeting" from the drop-down like – **'FINOLEX INDUSTRIES LIMITED'**;
 - v. Post selection, you will be required to enter the registered Mobile no. and click on "Send OTP";
 - vi. On successful validation of the OTP, you will be placed in the meeting home page based on the Folio selected.
 - vii. After logging in click on 'Video Conference' option
 - viii. then click on camera icon appearing against AGM event of Finolex Industries Limited, to attend the Meeting.
- b. Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience.
 - c. Further, Members will be required to allow Camera, if any, and hence use Internet with a good speed to avoid any disturbance during the meeting.
 - d. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
 - e. Members who do not have USER ID and Password for E-voting or have forgotten the User ID and Password may retrieve the same by following the procedure provided in the E-voting instructions.

11. Speaker Registration for e-AGM

- a. Members, who would like to express their views or ask questions during the e-AGM will have to register themselves as a speaker by visiting at <https://emeetings.kfintech.com> and by clicking on the tab 'Speaker Registration' during the period starting from **Tuesday, August 22, 2023** (9.00 a.m. IST) to **Thursday, August 24, 2023** (5.00 p.m. IST).

- b. Only those members who have registered themselves as a speaker will be allowed to express their views/ask questions during the e-AGM.
- c. The Company reserves the right to restrict the number of speakers depending on the availability of time for the e-AGM. Please note that only questions of the members holding the shares as on cut-off date i.e. **Monday, August 21, 2023** will be considered.

12. E-Voting (Voting through electronic means):

Pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on "e-voting facility provided by Listed Companies", e-voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts/websites of Depositories/DPs in order to increase the efficiency of the voting process. Individual demat account holders would be able to cast their vote without having to register again with the e-voting service provider (ESP) thereby facilitating not only seamless authentication but also ease and convenience of participating in e-voting process.

In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI Listing Regulations, the Company is pleased to offer e-voting facility which will enable all the Members to cast their votes electronically on the resolutions mentioned in the Notice of the forty-second (42nd) Annual General Meeting (AGM) of the Company. Necessary arrangements have been made by the Company with KFin Technologies Limited to facilitate e-voting. Members who have cast their votes by e-voting prior to the AGM may attend the AGM, however shall not be entitled to cast their votes again. The Company has appointed Mr. Sridhar Mudaliar, Partner or failing him Ms. Sheetal Joshi, Partner of M/s. SVD & Associates, Company Secretaries, Pune, as the Scrutinizer for analysing and conducting e-voting process in a fair and transparent manner.

E-voting rights of the shareholders/ beneficial owners shall be reckoned on the equity shares held by them as on **Monday, August 21, 2023** (i.e. "cut-off" date). In case a person has become a member of the Company after dispatch of AGM notice, but on or before the cut-off date for e-voting i.e. **Monday, August 21, 2023** such person may obtain the User ID and password from KFIN by email request on einward.ris@kfintech.com. However if he / she is already registered with Kfin for remote e-voting then he / she can use his / her existing User ID and Password for casting the vote.

The voting rights of the Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.

In case of joint holders attending the AGM, only such joint holder who is higher in the order of names in the Register of Members of the Company will be entitled to vote.

The remote e-voting period commence from **Friday, August 25, 2023** (9.00 a.m. IST) and will conclude on **Sunday, August 27, 2023** (5.00 p.m. IST) both the days inclusive. The voting module shall be disabled by KFIN for e-voting thereafter. A person who is not a member as on the cut-off date should treat this notice for information purpose only.

Instructions for remote e-voting are as under:

| Type of members | Login method |
|---|---|
| Individual members holding equity shares in demat mode with NSDL | <p>A) Existing Internet-based Demat Account Statement (“IDeAS”) facility Users</p> <ul style="list-style-type: none"> i) Visit the e-services website of NSDL through https://eservices.nsdl.com/ ii) Click on the “Beneficial Owner” icon under “Login” under ‘IDeAS’ section. Thereafter enter the existing user id and password iii) After successful authentication, Members will be able to see e-Voting services under ‘Value Added Services’. Please click on “Access to e-Voting” under e-Voting services iv) Click on Company name i.e., ‘Finolex Industries Limited’ or e-Voting service provider i.e. Kfin. v) Members will be re-directed to Kfin’s website for casting their vote during the remote e-Voting period and e-Voting during the AGM. |
| | <p>B) Users not registered under IDeAS e-Services</p> <ul style="list-style-type: none"> i) Visit https://eservices.nsdl.com for registering. ii) Select “Register Online for IDeAS Portal” or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp iii) After successful registration, please follow the steps given in point no. 1 above to cast your vote. |
| | <p>C) By visiting the e-Voting website of NSDL:</p> <ul style="list-style-type: none"> i) Visit the e-Voting website of NSDL https://www.evoting.nsdl.com/ ii) Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder / Member’ section. iii) Members will have to enter their User ID (i.e., the sixteen-digit demat account number held with NSDL), password / OTP and a Verification Code as shown on the screen. iv) After successful authentication, Members will be redirected to NSDL Depository site wherein they can see e-Voting page. v) Click on company name i.e., Finolex Industries Limited or e-Voting service provider name i.e., Kfin after which the Member will be redirected to e-Voting service provider website for casting their vote during the remote e-Voting period and e-Voting during the AGM. vi) Members can also download the NSDL Mobile App “NSDL Speed-e” facility by scanning the QR code mentioned below for seamless voting experience. |

NSDL Mobile App is available on



- Individual Members holding equity shares in demat mode with CDSL**
- A) Existing user who has opted for electronic access to securities information (“Easi / Easiest”) facility:**
- Visit <https://web.cdslindia.com/myeasitoken/home/login> or www.cdslindia.com.
 - Click on new system My Easi.
 - Login to My Easi option under quick login.
 - Login with the registered user ID and password.
 - Members will be able to view the e-Voting Menu.

The Menu will have links of KFin e-Voting portal and will be redirected to the e-Voting page of KFin to cast their vote without any further authentication.

B) Users who have not opted for Easi / Easiest:

- Visit <https://web.cdslindia.com/myeasitoken/Registration/EasiRegistration> for registering.
- Proceed to complete registration using the DP ID, Client ID (BO ID), etc.
- After successful registration, please follow the steps given in point no. 1 above to cast your vote.

C) By visiting the e-Voting website of CDSL:

- Visit <https://www.cdslindia.com/>
- Provide demat Account Number and PAN
- System will authenticate user by sending OTP on registered mobile and email as recorded in the demat Account.
- After successful authentication, please enter the e-Voting module of CDSL. Click on the e-Voting link available against the name of the Company, viz. ‘Finolex Industries Limited’ or select Kfin.
- Members will be re-directed to the e-Voting page of KFin to cast their vote without any further authentication.

- Individual Members (holding equity shares in demat mode) logging through their DPs**
- Members can also login using the login credentials of their demat account through their DP registered with the Depositories for e-Voting facility.
 - Once logged-in, Members will be able to view e-Voting option.
 - Upon clicking on e-Voting option, Members will be redirected to the NSDL / CDSL website after successful authentication, wherein they will be able to view the e-Voting feature.
 - Click on options available against Finolex Industries Limited or KFin.
 - Members will be redirected to e-Voting website of KFin for casting their vote during the remote e-Voting period without any further authentication.

Important Note: Members who are unable to retrieve User ID / Password are advised to use Forgot user ID and Forgot Password option available at respective websites.

Helpdesk for Individual Members holding securities in demat mode who need assistance for any technical issues related to login through Depository i.e. NSDL and CDSL:

| Members facing any technical issue - NSDL | Members facing any technical issue - CDSL | Members facing any technical issue / query pertaining to e-voting – Kfin |
|---|--|---|
| Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call on toll free no.: 1800 1020 990 or 1800 224 430. | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact on 022- 23058738 or 022-23058542-43. | Members may visit Help & FAQ's section available at KFIN's website https://evoting.kfintech.com or contact KFIN's at Tel. No. 1800 309 4001 (toll free). |

I) Login method for remote e-voting for members other than individual members holding equity shares in demat mode and members holding equity shares in physical mode

Members whose email ID is registered with the Company / Depository Participant(s), will receive an email from KFin which will include details of E-voting Event Number (EVEN), User ID and Password.

- i. Launch internet browser and type the URL: <https://evoting.kfintech.com>
- ii. Enter the login credentials (i.e., User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if a member is registered with KFin for e-Voting, they can use their existing User ID and password for casting the vote.
- iii. After entering the correct details, click on LOGIN.
- iv. Members will now reach password change Menu wherein they are required to mandatorily change the password. The new password should comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.,). The system will prompt the Member to change their password and update their contact details viz. mobile number, email id etc. on first login. Members may also enter a secret question and answer of their choice to retrieve their password in case they forget it. It is strongly recommended that Members do not share their password with any other person and that they take utmost care to keep their password confidential.
- v. Members would need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the 'EVENT' i.e. 7465 - Finolex Industries Limited' and click on 'submit'
- vii. On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, a Member may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed the total shareholding of the Member as on the cut-off date. A Member may also choose the option ABSTAIN. If a member does not indicate either "FOR" or "AGAINST" it will

be treated as "ABSTAIN" and the shares held will not be counted under either head.

- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio / demat account.
- ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
- x. Member may then cast votes by selecting an appropriate option and click on 'SUBMIT'. A confirmation box will be displayed. Click 'OK' to confirm, else 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolution.
- xi. Corporate and / or Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are required to send scanned certified true copy (PDF Format) of Board Resolution / Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s) who are authorized to attend and vote, to the Scrutinizer at e-mail ID: cs@svdandassociates.com with a copy marked to evoting@kfintech.com and investors@finolexind.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_ EVENT No. 7465". The documents should reach the Scrutinizer on or before **Sunday, August 27, 2023 (5.00 p.m, IST)**.

II) Members whose email IDs are not registered with the Company/DPs and consequently the Annual Report, Notice of AGM and e-Voting instructions cannot be serviced, will have to follow the following process:

In case e-mail ID of a Member is not registered with the Company/ Depository Participant(s), then such Member is requested to register/ update their e-mail addresses with the Depository Participant (in case of Shares held in dematerialised form) or with KFin (in case of Shares held in physical form) by following the procedure as envisaged in the point no. 3(i) hereinabove.

In case of any queries/grievances, you may refer the Frequently Asked Questions (FAQs) for members and e-voting user manual available at <https://evoting.kfintech.com/public/Faq.aspx> or contact Kfin on 1-800-309-4001 (toll free).

- a. Once the vote on a resolution is cast by a Member, thereafter Member shall not be allowed to change it subsequently. Further, the Members who have cast their vote through remote e-voting shall not be allowed to vote again at the AGM.
- b. **Voting at the e-AGM:** Members who unable to vote through remote e-voting may avail the e-voting system provided by Kfin Technologies Limited, at the time of e-AGM.

Only those Member(s)/shareholder(s), who will be present in the e-AGM through Video Conference facility and have not cast their vote through remote e-voting are eligible to vote through e-voting in the e-AGM.

However, members who have voted through Remote e-voting will be eligible to attend the e-AGM.

- c. The scrutiniser shall, immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and make, a consolidated scrutiniser's report of the total votes cast in favor or against, if any, to the Chairman or a person who shall countersign the same.

The Scrutinizer shall submit his report to the Chairman or a person authorised by him in writing, who shall declare the result of the voting. The results declared along with the Scrutinizer's report shall be placed on the Company's website <https://www.finolexpipes.com/investors/compliance-report/> and on the website of Kfin at <https://evoting.kfintech.com>. The results shall simultaneously be communicated to the BSE Limited at www.bseindia.com and National Stock Exchange of India Limited at www.nseindia.com. The resolutions shall be deemed to be passed at the AGM of the Company.

13. Book Closure and Dividend

The register of members and the share transfer books of the Company will remain closed from **Tuesday, August 22, 2023 to Monday, August 28, 2023** (both days inclusive) for the purpose of payment of dividend for the financial year ended March 31, 2023.

Subject to the provisions of Section 126 of the Act, dividend on equity shares, if declared at the AGM, will be credited/dispatched on **Monday, September 11, 2023** as under:

- a) to all those shareholders holding shares in physical form, as per the details provided by share transfer agent of the Company i.e. KFin Technologies Limited ('KFin') to the Company, as of or before the closing hours on **Monday, August 21, 2023;** and
- b) to all those beneficial owners holding shares in electronic form, as per the beneficial ownership data made available to the Company by National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) as of the close of business hours on **Monday, August 21, 2023.**

As per the SEBI Listing Regulations and pursuant to SEBI Circular dated April 20, 2018, a company shall use any electronic mode of payment approved by the Reserve Bank of India for making payment to the members. Accordingly, the dividend, if declared, will be paid through electronic mode, where the bank account details of the shareholders required for this purpose are available. Where dividend payments are made through electronic mode, intimation regarding such remittance will be sent separately to the shareholders. Where the dividend could not be paid through electronic mode, the same will be paid through physical instrument such as non-negotiable instruments with bank account details of such shareholders printed thereon.

To ensure timely credit of dividend through electronic mode or physical instrument such as banker's cheque or demand draft, members are requested to notify change of address or particulars of their bank account, if any, to share transfer agent - KFin and to their respective depository participants.

14. GENERAL INSTRUCTIONS/ADVISORY

1. Regulation 40 of the SEBI Listing Regulations, as amended, mandates that transfer, transmission and transposition of securities of listed companies held in physical form shall be effected only in demat mode. Further, SEBI, vide its circular no. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022, has clarified that listed companies, shall issue the securities only in demat mode while processing investor service requests pertaining to issuance of duplicate shares, exchange of shares, endorsement, subdivision/ consolidation of share certificates, etc. In view of this, Members holding shares in physical form are requested to submit duly filled Form ISR-4 for the above mentioned service requests along with Form ISR - 1, ISR - 2, ISR - 3, SH - 13, as may be applicable, in the format available on

the website of KFin at <https://ris.kfintech.com/clientservices/isc/> . Further, to eliminate all risks associated with physical shares and for ease of portfolio management and improved liquidity, Members holding equity shares in physical form are requested to consider converting their holdings to demat mode.

2. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to cancel the earlier nomination and record fresh nomination, he/she may submit the same in Form ISR-3 or Form SH-14. The said form can be downloaded from the Company's website at <https://www.finolexpipes.com/investors/investors-relations-centre/>. Members are requested to submit the said form to their DP in case the shares are held by them in electronic form and to the RTA at einward.ris@kfintech.com in case the shares are held in physical form, quoting your folio number.
3. Members are requested to make all correspondence in connection with equity shares held by them by sending an email to the Company Secretary at Investors@finolexind.com or to Kfin at einward.ris@kfintech.com quoting their Folio number or their Client ID and DP ID, as the case may be.
4. We urge Members to support our commitment to environmental protection by choosing to receive the Company's communication through e-mail. Members holding shares in dematerialized form, who have not registered their e-mail addresses are requested to register their e-mail addresses with their respective Depository Participants and

Members holding shares in physical form are requested to update their e-mail addresses as per the procedure provided in point 3(i) hereinabove for receiving all communication, including Annual Reports, Notices, Circulars, etc. from the Company electronically.

5. **Dividend related information:**

Members may note that as per Income Tax Act, 1961, (the 'IT Act') as amended by the Finance Act, 2020, dividends paid or distributed by a Company after April 1, 2020 shall be taxable in the hands of Members. The Company is also required to deduct Tax at Source ('TDS') in respect of approved payment of dividend to its Members (resident as well as non-resident).

To enable compliance with TDS requirements, members holding shares in electronic mode are requested to complete and/or update their Residential Status, PAN, Category as per the IT Act with their Depository Participants and in case shares are held in physical form, with the Company, by sending documents by **Monday, August 21, 2023 (upto 5.30 p.m. IST)**.

For the detailed process and formats of declaration, please refer to FAQs on Tax Deduction at Source on Dividends available on the Company's website at <https://www.finolexpipes.com/investors/investors-relations-centre/>

Members are requested to refer the Company's email dated July 28, 2023 and submit the documents on or before **Monday, 21st August, 2023** for tax determination/ deduction of TDS at applicable rates. The details / information for submission of documents is available on the website of the Company <https://www.finolexpipes.com/investors/investors-relations-centre/>

FOR EASE OF PARTICIPATION BY MEMBERS, PROVIDED BELOW ARE KEY DETAILS REGARDING THE 42nd AGM FOR REFERENCE:

| Sr. Particulars No. | Details and URL's for Access |
|---|---|
| 1. Link for participation through Video Conferencing (VC) at the AGM | https://emeetings.kfintech.com by using e-Voting credentials and clicking on video conference |
| 2. Link for posting AGM queries and speaker registration and period of registration | Members may post AGM queries and do speaker registration during period of registration through https://emeetings.kfintech.com as the case may be Period of registration commence: 9.00 a.m. IST on Tuesday, August 22, 2023 Conclude on: 5.00 p.m. IST on Thursday, August 24, 2023 |
| 3. Link for remote e-Voting | Members can do remote e-voting through accessing the link https://evoting.kfintech.com |
| 4. Username and password for VC | Members may attend the AGM through VC by accessing the link https://emeetings.kfintech.com by using the remote e-Voting credentials. Please refer the instructions provided in the Notice |
| 5. Helpline number for VC participation and e-Voting | Contact KFin Technologies Limited at 1800 309 4001 or write to them at evoting@kfintech.com |
| 6. Cut-off date for e-Voting | Monday, August 21, 2023 |
| 7. Time period for remote e-Voting | Commencement of remote e-Voting: 9.00 a.m. IST on Friday, August 25, 2023 End of remote e-Voting: 5.00 p.m IST on Sunday, August 27, 2023 |
| 8. Publishing results of remote e-Voting and e-Voting during the AGM | within 2 working days from conclusion of the AGM. |
| 9. Registrar and Transfer Agent – Contact Details | M/s KFin Technologies Limited Unit: Finolex Industries Limited Selenium Building, Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddy, Telangana, India - 500 032 Tel: +91 40 6716 1630 Toll Free no: 1800-309-4001 WhatsApp: +91 910 009 4099 E-mail id- einward.ris@kfintech.com Website: https://www.kfintech.com/ |
| 10. Finolex Industries Limited – Contact details | Corporate Office: Finolex Industries Limited, D-1/10 M.I.D.C, Chinchwad, Pune – 411 019, Maharashtra, India Tel: +91 20-27408200 / 27408572 Email: investors@finolexind.com Registered Office: Gat No. 399, Village Urse, Tal. Maval, Dist. Pune – 410 506, Maharashtra, India Tel: +91 2114 237251 / 237253 |

Explanatory Statement pursuant to Section 102 of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

The following Statement sets out all material facts relating to Item Nos. 5 to 9 mentioned in the accompanying Notice.

Item No. 5

On the recommendation of the Audit Committee, the Board of Directors, at its meeting held on May 22, 2023 approved the appointment of M/s. S. R. Bhargave & Co., Cost Accountants, Pune, (Firm Registration No. 000218) as the Cost Auditors of the Company to conduct the audit of the cost accounting records of the Company for the financial year 2023-24 pertaining to the relevant products prescribed under the Companies (Cost Records and Audit) Rules, 2014. It is proposed to pay ₹4,00,000 (Rupees Four lakhs only) plus applicable taxes and reimbursement of actual out of pocket expenses as the remuneration to the Cost Auditors for the financial year 2023-24.

M/s. S. R. Bhargave & Co., have consented to act as the Cost Auditors of the Company for the financial year 2023-24 and have furnished a certificate regarding their eligibility for appointment as Cost Auditors of the Company. They possess vast experience in the field of cost audit and have concluded the audit of the cost records of the Company for the financial year 2022-23 under the provisions of the Companies Act, 2013 (the 'Act').

In terms of provisions of Section 148(3) of the Act, read with the Companies (Audit and Auditors) Rules, 2014, remuneration of the Cost Auditors is required to be ratified by the members of the Company.

None of the directors or key managerial personnel of the Company and/ or their respective relatives are concerned or interested financially or otherwise in the Resolution mentioned at Item No. 5 of the Notice.

The Board recommends an Ordinary Resolution set out at item no. 5 of the notice for approval of the members.

Item No. 6

The members of the Company at 38th Annual General Meeting had earlier approved the appointment of Mrs. Kanchan U. Chitale as an Independent Director of the Company, not liable to retire by rotation. Since the first term of Mrs. Kanchan U. Chitale would be ending on March 31, 2024, the Board at its meeting held on May 22, 2023 and based on the recommendation of the Nomination and Remuneration Committee and considering her skills, experience and knowledge and the performance evaluation proposed for approval

of Members for re-appointment of Mrs. Kanchan U. Chitale as Independent Director, not liable to retire by rotation, for a second term of 5 (five) consecutive years, as detailed hereunder:

| First term of 5 years | Proposed second term of 5 years |
|-----------------------------------|--|
| April 1, 2019 till March 31, 2024 | Effective from April 1, 2024 till March 31, 2029 (including period after she attains the age of 75 years i.e. w.e.f. December 19, 2027) |

In accordance with Section 149(10) and (11) of the Act, an independent director shall hold office for a term up to five consecutive years on the Board of the Company, but shall be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. Further, with effect from January 1, 2022, as per regulation 25(2A) of the SEBI Listing Regulations, appointment or the re-appointment of an independent director shall be subject to approval of shareholders by way of a special resolution. Mrs. Kanchan U. Chitale fulfils the requirement of an independent director as laid down under Section 149(6) of the Act and Regulation 16 and 25 of the SEBI Listing Regulations.

Further the performance evaluation of Mrs. Kanchan U. Chitale was carried out by the Board and the NRC based on various criteria, inter-alia, including attendance at Board and Committee Meetings, her advice, inputs and contribution therein with regard to the Company's business, understanding of industry, etc. and skills possessed, experience, knowledge she brings on the Board. Given her high performance ratings, the Board, basis the recommendation of NRC, is of the view that continued association of Mrs. Kanchan U. Chitale, as an Independent Director of the Company would be of immense benefit and value to the Company.

The Company has received following declaration / disclosures from Mrs. Kanchan U. Chitale:

- Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014;
- Intimation in Form DIR-8 in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under Section 164(2) of the Act and;
- A declaration to the effect that she meets the criteria of independence as provided under Section 149(6) of the Act and Rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations. The Board has taken it on record after due assessment.

Additional information in respect of her re-appointment as required under Regulation 36 of the SEBI Listing Regulations, 2015 and as per Secretarial Standards – 2 on General Meetings is provided at the end of the notice and form an integral part of this report.

In the opinion of the Board, she fulfills the conditions specified in the Act, the Rule thereunder and the SEBI Listing Regulations. Pursuant to Regulation 17(1A) of amended SEBI Listing Regulations, and considering the significant benefits reaped by the Company from her experience, expertise and mature advice to the business of the Company during her tenure as an independent director, the Board recommends continuation of directorship of Mrs. Kanchan U. Chitale as an Independent Director for a further period of five years (including for the period after she attains the age of 75 years i.e. from December 19, 2027 till March 31, 2029).

Further, she confirmed that she is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact her ability to discharge her duties as an Independent Director of the Company. Further, she also confirmed that she is not debarred from holding the office of a Director by virtue of any order passed by SEBI or any such authority and is not disqualified from being appointed as a Director in terms of Section 164 of the Act. She is in compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, with respect to registration with the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs ('IICA').

Mrs. Kanchan U. Chitale shall be entitled to sitting fees and/or other remuneration with other Independent Directors of the Company and/or as per the Nomination and Remuneration policy of the Company. The details of the remuneration paid to her during the FY 2022-23 are provided in the Corporate Governance Report.

None of the directors and Key Managerial Personnel of the Company or their respective relatives are in anyway concerned or interested financially or otherwise, except Mrs. Kanchan U. Chitale and her relative(s) to the extent of their shareholding interest, if any, are concerned or interested in the Resolution set out at item no. 6 of the Notice.

The Board recommends the Special Resolution set out at item no. 6 of the Notice, for approval by the Members of the Company.

Item No. 7

Mr. Ajit Venkataraman was appointed as Chief Executive Officer of the Company w.e.f. August 1, 2022 and on recommendation of Nomination and Remuneration

Committee at its meeting held on May 22, 2023, the Board appointed him as an additional Director of the Company with effect from June 1, 2023 subject to approval of members. He holds the office up to the date of the forty-second (42nd) Annual General Meeting of the Company. Further in terms of Regulation 17(1C) of the SEBI Listing Regulations the Company needs to ensure that the approval of shareholders for such appointment is obtained at the next general meeting or within a period of three months from the date of appointment whichever is earlier. Since this general meeting is scheduled within three months from the date of his appointment the resolution for approval of shareholders is proposed at item no. 7. The Notice in writing from a Member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company is received. Mr. Ajit Venkataraman has given his consent to act as Director of the Company, if appointed. He has also confirmed that he is not disqualified from being appointed as Director, in terms of the provisions of Section 164(1), 164(2) of the Act and is not debarred to hold the office of a Director by virtue of any order passed by SEBI or any other authority.

The additional information on additional Director recommended for the appointment as required under Regulation 36 of the SEBI Listing Regulations and as per Secretarial Standards – 2 is provided at the end of the notice and form an integral part of this report.

None of the directors and Key Managerial Personnel of the Company or their respective relatives are in any way concerned or interested financially or otherwise, except Mr. Ajit Venkataraman and his relative(s) to the extent of their shareholding interest, if any, are concerned or interested in the Resolution set out at item no. 7 of the Notice.

The Board recommends an Ordinary Resolution set out at item no. 7 of the notice for approval of the members.

Item No. 8

The Board, on recommendation of the Nomination and Remuneration Committee, at its meeting held on May 22, 2023 considered the appointment of Mr. Ajit Venkataraman, as a Managing Director of the Company for a period of five years with effect from June 1, 2023 on such terms and conditions including remuneration to be paid in case of inadequate profits or no profits in the manner set out in the draft Agreement to be entered into by the Company with Mr. Ajit Venkataraman subject to necessary approvals, sanctions or permissions. The draft agreement to be entered is open for inspection during working hours at the Registered Office of the Company.

Mr. Ajit Venkataraman fulfills the core skills / expertise / competencies identified and the criteria laid down by the Board in the Company's Nomination and Remuneration Policy for appointment as a Director of the Company as required in the context of the Company's business and the sector in which it operates. In the opinion of the Board, he fulfils the conditions for the aforesaid appointment and the same would be in the best interest of the Company taking into consideration his education, knowledge, background, experience, past performance and achievements.

The Company has received requisite consent/disclosure(s) as required under the Act and Rules made thereunder from Mr. Ajit Venkataraman for the said appointment. He satisfies the conditions as set out in Section 196 and Schedule V to the Act for being eligible for appointment. He has also confirmed that he is not disqualified from being appointed as Director, in terms of the provisions of Section 164(1), 164(2) of the Act and is not debarred to hold the office of a Director by virtue of any order passed by SEBI or any other authority and has given his consent to act as a Managing Director of the Company.

The main terms and conditions of the appointment and remuneration payable to him are as under, these conditions are subject to statutory modification(s) or re-enactment thereof, if any:

A. Period of appointment: For a period of five years from June 1, 2023 to May 31, 2028

B. Remuneration

The Company shall pay Mr. Ajit Venkataraman in consideration of his duties a basic salary currently at ₹11.00 lakhs per month and in the scale of ₹11.00 lakhs to ₹20.00 lakhs per month with annual increment as may be decided by the Board and/ or Nomination and Remuneration Committee within the above mentioned scale.

C. Commission

Commission as such percentage of the net profits of the Company computed in the manner laid down under Section 198 of the Companies Act, 2013 and relevant rules framed thereunder or such amount as the Board of Directors may determine subject to the maximum limits specified therein. The specific amount payable to him will be based on his performance as evaluated by the Board or the NRC and approved by the Board.

D. Perquisite and Allowances

In addition to the salary and commission as stated above, Mr. Ajit Venkataraman shall be entitled to the following allowances /perquisites as per policy of the Company:

- i. House rent allowance of 40% of basic salary.
- ii. Soft furnishing allowance as may be decided by the Board and/or Nomination and Remuneration Committee.
- iii. Conveyance allowance as per the rules of the Company.
- iv. Club fees: Clubs including admission and life membership fees.
- v. Bonus/Ex-gratia/performance incentive as announced by the Company as per its rule.
- vi. Medical allowance including reimbursement as per the rules of the Company.
- vii. Education allowance including reimbursement as per the rules of the Company.
- viii. Compensatory allowance as per the rules of the Company.
- ix. Leave with full pay and all allowances as per the rules of the Company.
- x. Yearly encashment of leave during the tenure of employment as per the rules of the Company.
- xi. Leave travel concession as per the rules of the Company.
- xii. Personal accident insurance as per the rules of the Company.
- xiii. Mediclaim insurance policy as per the rules of the Company.
- xiv. Company's contribution to provident fund and gratuity fund as per the rules of the Company.
- xv. Provision of motor car as per the rules of the Company and reimbursement of driver's salary as per the policy of the Company.

- xvi. Telephone: Free landline facility at residence and mobile phone facility that is to say all charges including rentals, call and internet charges etc. shall be paid by the company in full.
- xvii. Retirement and other benefits, as per the rules of the Company.

The Board shall have the authority to alter or vary the terms of appointment and remuneration including commission and perquisites payable to Mr. Ajit Venkataraman during his tenure with the Company within the overall limits specified in accordance with provisions of Section 197, Schedule V and other applicable provisions of the Act and relevant rules framed thereunder.

E. Minimum Remuneration

In the event of inadequate profits or no profits in any financial year during the tenure of the agreement entered into by the Company with Mr. Ajit Venkataraman, the salary mentioned in paragraph B and allowances/ perquisites mentioned in D above, shall be the minimum remuneration payable to Mr. Ajit Venkataraman subject to necessary approvals and other applicable provisions of the Act, and relevant rules framed thereunder.

F. Other terms and conditions

- i. Effective from June 1, 2023, Mr. Ajit Venkataraman will be entrusted with substantial powers of management and shall work under the superintendence, control and direction of the Board. He shall have the powers of general conduct and management of business and affairs of the Company except in the matters which may be specifically required to be done by the Board either by the Act or by the Articles of Association of the Company.
- ii. During his employment with the Company, Mr. Ajit Venkataraman shall devote such time and attention to the business and affairs of the Company as may be necessary and shall use his best endeavors to promote its interest and welfare.
- iii. Mr. Ajit Venkataraman, so long as he functions during his employment shall not be paid any sitting fees for attending the meetings of the Board or any Committees thereof.

- iv. Mr. Ajit Venkataraman would ceased to be a director, ipso facto, on the employment with the Company getting ceased or terminated or determined.
- v. Either party shall be entitled to determine or terminate the Agreement by giving to the other advance notice of three months or by giving the basic salary for three months in lieu of the notice.

The aforesaid may be treated as details of the terms and conditions of the appointment and remuneration, including revision thereof, payable to Mr. Ajit Venkataraman pursuant to Section 196 of the Act.

The additional information for appointment of Managing Director as required under Regulation 36 of the SEBI Listing Regulations, 2015 and as per Secretarial Standards – 2 on General Meetings is provided at the end of the notice and form an integral part of this report.

None of the directors and Key Managerial Personnel of the Company or their respective relatives are in anyway concerned or interested financially or otherwise except Mr. Ajit Venkataraman and his relative(s) to the extent of their shareholding interest, if any, are concerned or interested in the Resolution set out at item no. 8 of the Notice.

The Board recommends an Ordinary Resolution set out at item no. 8 of the notice for approval of the members.

Item No. 9

Earlier the Board of Directors on the recommendation of Audit Committee and Nomination and Remuneration Committee at its meetings held on August 10, 2019 appointed Ms. Gayatri P. Chhabria (daughter of Mr. Prakash Chhabria, Executive Chairman & Mrs. Ritu P. Chhabria, Non-Executive & Non-Independent Director of the Company) as Manager (MARCOM) w.e.f. September 12, 2019 and further considering her various contributions, achievements towards the business of the Company, promoted her to "General Manager – Strategy" in April, 2022 and revised the gross remuneration to ₹29.00 lakhs per annum (within the permissible limits prescribed under the Act. Ms. Gayatri P. Chhabria has six years of experience. Presently, she is drawing gross remuneration from the Company within the limits prescribed under the Companies (Meetings of

Board and its powers) Rules 2014 i.e. upto ₹30.00 lakhs per annum. However, considering her qualification, knowledge, responsibilities, expertise and invaluable contribution in the field of marketing, communication and brand building of the Company, the members are further appraised that the proposed revision in remuneration for the year 2023 is recommended basis the overall compensation philosophy of the Company. Accordingly, the recommendation for this financial year 2023-24, effective from the date of approval of members at 42nd AGM is 15.50% an increase from the previous gross remuneration. With this increase, she will be at 90 % of internal median at General Manager Level. The Board of Directors of the Company, on recommendation of the Audit Committee and Nomination & Remuneration Committee at its meeting held on May 22, 2023 have recommended the revision in the gross remuneration of Ms. Gayatri P. Chhabria from ₹29 lakhs to ₹33.50 lakhs per annum payable from date of members approval at 42nd Annual General Meeting with an authority to the Board to sanction such increments / revise her remuneration within the limits approved by Members during the period of next five years upto a maximum gross remuneration of ₹80 lakhs per annum which is in line with overall compensation philosophy of the Company and on the basis her performance and potential, subject to approval of members at the 42nd Annual General meeting.

The said approval is sought with further delegation of authority to the Board of Directors of the Company, (hereinafter referred to as the 'Board' which term shall, unless repugnant to the context or meaning thereof, be deemed to include any Committee thereof), to alter/

vary/revise the remuneration of Ms. Gayatri P. Chhabria, General Manager – Strategy of the Company within the overall limit of ₹80 lakhs (Rupees eighty lakhs only) per annum, subject to approval of members at the 42nd AGM, for financial year 2023-24 and subsequent financial years, by such amount as may be considered appropriate by the Board in accordance with the Company's overall compensation philosophy and all other terms and conditions of her appointment shall remain same as per the policies of the Company.

As per Section 188 of the Act, read with explanation and Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time, where the office or place of profit is held by an individual other than Director and such person receives from the Company anything by way of remuneration, salary, fee, commission, perquisites, any rent free accommodation or otherwise, it requires the prior approval of the shareholders if the monthly remuneration exceeds two and a half lakhs rupees, i.e. (₹ 2.50 lakhs) per month. Further, fourth proviso to Section 188(1) of the Act prescribes that nothing in this sub-section shall apply to any transactions entered into by the company in its ordinary course of business other than transactions which are not on an arm's length basis. Given the fact that her remuneration with this increase will be at 90% of the median for the same grade and designation in the Company and hence the above transaction is at arms' length and in ordinary course of business for the Company. The said approval of members is sought by way of an ordinary resolution as a good governance practice.

Given below is a statement of disclosures as required under the Companies (Meetings of Board and its Powers) Rules, 2014:

| | |
|---|---|
| Name of Related Party | Ms. Gayatri P. Chhabria |
| Name of Director or KMP who is related | Mr. Prakash P. Chhabria (Executive Chairman) & Mrs. Ritu P. Chhabria (Non- Executive & Non – Independent Director) |
| Nature of relationship | Daughter |
| Nature, material terms, monetary value and particulars of contract or arrangement. | <ul style="list-style-type: none"> • Ms. Gayatri P. Chhabria to hold the office or place of profit for a period of five years on a gross remuneration payable upto maximum limit of ₹ 80 lakhs (Rupees eighty lakhs Only) per annum in line with overall compensation philosophy of the Company, as may be approved by the Board or any committee thereof as may be authorised by the Board. • Other benefits, perquisites, allowances, amenities and facilities, as applicable / payable to the other employees occupying similar position in the said cadre, as per the applicable overall compensation philosophy of the Company. • Provident Fund: Company's contribution towards Provident Fund as per Provisions of Employees Provident Fund Act, 1952. • Gratuity: Company's contribution towards Gratuity Fund as per the Payment of Gratuity Act, 1972 • Leave encashment as per the applicable policy of the Company. • Reimbursement of actual traveling, boarding and lodging expenses and other amenities as may be incurred by her from time to time, in connection with the Company's business. • Increment and performance incentives in line with the Policy of the Company. • Promotion, change in cadre or role and responsibilities in line with the Policy of the Company. |
| Brief Profile and information relevant or important for the members to take a decision on the proposed resolution | <p>Gayatri Prakash Chhabria is the General Manager, Strategy at Finolex Industries, President at Mukul Madhav Foundation, India and Trustee at the Mukul Madhav Foundation, UK.</p> <p>As a third-generation entrepreneur, she is actively engaged in building a thriving multigenerational business at Finolex Industries. Working up the ladder she first proved her mettle in the Marketing function by initiating a structured and strategic foundation for Marketing and Communications, integrating long-term strategic goals to propel future growth.</p> <p>With a Bachelor's degree in Business Administration from Symbiosis Centre for Management Studies, India & a Specialised Master's Degree in Strategy & Marketing from Warwick Business School, UK she brings unique insights to inform purposeful decisions in her current role. Working closely with the MD & CEO, she drives corporate associations and heads multiple strategic initiatives to increase the brand & sales footprint, improve channel partner servicing, optimize the supply chain & logistics operations, and to digitalize the business. Building capability and cascading the company culture across new and existing territories, employees, and community partners remain her key focus areas. All of this while driving the ESG agenda to build a more sustainable future.</p> |

Brief Profile and information relevant or important for the members to take a decision on the proposed resolution

As a Trustee at Mukul Madhav Foundation, she remains true to its spirit of giving with dignity, caring and nurturing diverse communities by channelling resources in education, healthcare, sustainability, and social welfare initiatives. She ensures that each initiative further bolsters the core values of Finolex Industries - values which she is very passionate about and were instilled by her grandfather, Late Shri. Pralhad P. Chhabria into the very foundation of Finolex Industries. A responsible, sustainable business that values quality, trust and relationships as the core drivers of success.

This purpose-driven leadership with the passion to further build on an agile, resilient and strong future focused business has been the mainstay of Gayatri's journey so far. Contributing significantly and directly to the company's growth, she is truly an inspiration for new-gen entrepreneurs.

Ms. Gayatri P. Chhabria holds 3,74,125 shares (0.06%) of the Company and she is a part of Promoter and Promoter Group.

None of the directors and Key Managerial Personnel of the Company or their respective relatives are in anyway concerned or interested financially or otherwise, except Mr. Prakash P. Chhabria, Executive Chairman and Mrs. Ritu P. Chhabria, Non-Executive & Non- Independent Director and their relative(s) to the extent of their shareholding interest, if any, are concerned or interested in the Resolution set out at item no. 9 of the Notice.

The Board recommends an Ordinary Resolution set out at item no. 9 of the Notice for approval by the members.

By Order of the Board of Directors
For **Finolex Industries Limited**

Ashutosh B. Kulkarni
Company Secretary
M No.: A18549

Place: Pune
Date: May 22, 2023

Additional information of the Directors seeking appointment/ re-appointment as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard-2 on General Meetings (SS-2)



Mr. Saurabh S. Dhanorkar

(a) A brief resume

Mr. Saurabh S. Dhanorkar, aged 67, is a graduate from Sydenham College, Mumbai and is a Fellow Member of the Institute of Chartered Accountants of India. He is having vast experience of about 38 years in the fields of the finance, marketing and general management. After a brief stint with an international accounting firm, Mr. Dhanorkar had joined Finolex Industries Limited in 1983 in the Finance Department. After working as Head of Finance for 5 years, he took over as Marketing Head for PVC Resin Division when the Company went into backward integration with a project for manufacturing of PVC Resin. In 1996, he was appointed on the Board of Directors of the company as Whole-time Director designated as Director (Commercial). He was designated as an Assistant Managing Director (AMD) & Chief Operating Officer (COO) with effect from December 1, 2006. He worked as Managing Director of the Company from August 11, 2012 till his superannuation on November 30, 2016. He worked as a member of the core management team of the Company and has witnessed a transition from a small PVC Pipe manufacturer in Pune to a multi-location Petrochemical and Plastics processing Company. He has widely travelled and has presented papers in various national and international conferences.

(b) Nature of his expertise in specific functional areas

Expert in the field of finance, marketing and general management.

(c) Disclosure of relationships between directors inter-se

There is no inter-se relationship between Mr. Saurabh S. Dhanorkar and Directors and Key Managerial Personnel.

(d) Names of other entities in which the person also holds the directorship and the membership of Committees of the board of directors

Mr. Saurabh Dhanorkar does not hold any directorship or committee membership in any other company. Mr. Dhanorkar is a member of the Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee, Share Transfer Committee and Finance Committee of the Company.

(e) Name of listed entities from which the person has resigned in the past three years

Nil

(f) Shareholding in the Company including shareholding as a beneficial owner

Mr. Saurabh S. Dhanorkar holds 28,105 equity shares of the Company as on March 31, 2023.

Note: For other details such as date of first appointment on the Board, number of meetings of the board attended during the year, remuneration drawn, please refer to the corporate governance report which is a part of this Annual Report.

Additional information of the Directors seeking appointment/ re-appointment as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard-2 on General Meetings (SS-2)



Mrs. Kanchan U. Chitale

(a) A brief resume

Mrs. Kanchan U. Chitale, 70, is a fellow member of the Institute of Chartered Accountants of India (ICAI). She has worked as a chartered accountant since 1984 under the name of 'Kanchan Chitale & Associates'. Having completed her residential course on Management at the Indian Institute of Management, Ahmedabad (IIM-A) and a course of Lead Assessor of Quality System for ISO 9000, she has been a member of IIM-A Alumni Association and Ex-VP of Association of Women Industrialists of Maharashtra (WIMA) from 1992 to 1993 and has also been a member of ICAI, Bombay Chartered Accountants Society.

(b) Nature of her expertise in specific functional areas

With more than 34 years of experience in internal and management audits of corporate enterprises, specialized/concurrent audits and other assignments of commercial banks and financial institutions, she specializes in the internal audits of large construction companies.

(c) Disclosure of relationships between directors inter-se

There is no inter-se relationship between Mrs. Kanchan U. Chitale and Directors and Key Managerial Personnel.

(d) Names of other entities in which the person also holds the directorship and the membership of Committees of the board of directors

Mrs. Kanchan U. Chitale holds directorship in following Companies:

- (i) IDL Explosives Limited; (ii) IndusInd Media & Communications Limited; (iii) Hinduja Finance Limited, (iv) Hinduja Energy (India) Limited; (v) Hinduja National Power Corporation Limited; (vi) GOCL Corporation Limited; (vii) IN Entertainment (India) Limited; (viii) OneOTT Entertainment Limited; (ix) Hinduja Group Limited; & (x) Harkan Management Consultancy Services Private Limited.
- (ii) Mrs. Kanchan U. Chitale holds membership in following Committees:

| Name of Company | Name of Committee | Chairperson / Membership |
|---|-------------------------------------|---------------------------------|
| GOCL Corporation Limited | Audit Committee | Chairperson |
| | Nomination & Remuneration Committee | Chairperson |
| | Risk Management Committee | Member |
| IDL Explosives Limited | Nomination & Remuneration Committee | Chairperson |
| | Audit Committee | Member |
| | Investment Committee | Member |
| IndusInd Media & Communications Limited | Audit Committee | Chairperson |
| | Nomination & Remuneration Committee | Member |
| Hinduja Energy (India) Limited | Audit Committee | Chairperson |
| | Nomination & Remuneration Committee | Member |

| Name of Company | Name of Committee | Chairperson / Membership |
|--|---|---------------------------------|
| Hinduja National Power Corporation Limited | Audit Committee | Chairperson |
| IN Entertainment (India) Limited | Nomination & Remuneration Committee | Chairperson |
| | Audit Committee | Member |
| OneOTT Intertainment Limited | Audit Committee | Chairperson |
| | Corporate Social Responsibility Committee | Chairperson |
| | Nomination & Remuneration Committee | Member |
| Hinduja Group Limited | Audit Committee | Member |
| | Nomination & Remuneration Committee | Member |

(e) Name of listed entities from which the person has resigned in the past three years

Mrs. Kanchan U. Chitale had not resigned from the listed entities as Director in past 3 years

(f) Shareholding in the Company including shareholding as a beneficial owner

Mrs. Kanchan U. Chitale does not hold any equity shares of the Company and as a beneficial owner in the Company.

(g) Key terms and conditions of appointment and remuneration proposed to be paid

As per the resolution at Item No. 6 of this notice read with explanatory statement thereto.

Note: For other details such as date of first appointment on the Board, number of meetings of the board attended during the year, remuneration drawn, please refer to the corporate governance report which is a part of this Annual Report.

Additional information of the Directors seeking appointment/ re-appointment as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard-2 on General Meetings (SS-2)



Mr. Ajit Venkataraman

(a) Brief resume

Mr. Ajit Venkataraman aged 53 years, is an MBA from University of Michigan and brings in 28 years of rich experience across US, India & South East Asia. Mr. Ajit Venkataraman comes with diverse industry experience both national and global, and an impressive track record of delivering performance consistently through the years. He has been instrumental in running multicultural organizations in the Automobile and Logistics industry. His strength lies in strategic planning, managing JVs, new market entry, business turnaround, product development and management. Mr. Ajit Venkataraman is working with the Company as Chief Executive Officer since August 1, 2022. The Board at its meeting held on May 22, 2023 appointed him as Managing Director of the Company w.e.f. June 1, 2023.

Earlier, he was associated with some prominent companies like Tecumseh, Kearney, Tata Motors & APM Terminals Inland Services Asia and Greaves Cotton Limited

(b) Nature of his expertise in specific functional areas

Mr. Ajit Venkataraman is an C-Suite executive with experience in running multicultural organizations in automotive, industrial and logistics industries for over 25 years across US, India and SE Asia: Strong team builder with experience in greenfield projects, market entry and international business, managing JVs, business turnaround, business development, strategic planning.

(c) Disclosure of relationships between directors inter-se

There is no inter-se relationship between Mr. Ajit Venkataraman and Directors and Key Managerial Personnel.

(d) Names of other entities in which the person also holds the directorship and the membership of Committees of the board of directors

Mr. Ajit Venkataraman does not hold any Directorship, membership of any committee in any other Company. Mr. Ajit Venkataraman is member of Risk Management Committee, Corporate Social Responsibility Committee and Share Transfer Committee.

(e) Name of listed entities from which the person has resigned in the past three years

Mr. Ajit Venkataraman had resigned as a Whole-time Director from Greaves Cotton Limited with effect from the close of business hours on May 31, 2022 and as a Director from Greaves Technologies Limited with effect from the close of business hours on October 7, 2021.

(f) Shareholding in the Company including shareholding as a beneficial owner

Mr. Ajit Venkataraman does not hold any equity shares of the Company and as a beneficial owner in the Company.

(g) Key terms and conditions of appointment, remuneration drawn and remuneration proposed to be paid

As per the resolution at Item Nos. 7 & 8 of this notice read with explanatory statement thereto.

During the financial year 2022-23, the Company has paid a remuneration of ₹1.96 crore as the Chief Executive Officer of the Company.

Note: For other details like remuneration drawn etc. please refer to the respective section of annual report.

By Order of the Board of Directors
For **Finolex Industries Limited**

Ashutosh B. Kulkarni
Company Secretary
M No.: A18549

FINOLEX PIPES



PLUMBING | SANITATION | AGRICULTURE



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