

31st Annual Report 2011-2012

NOTICE

NOTICE is hereby given that the thirty-first annual general meeting of the members of Finolex Industries Limited will be held on Saturday, 11th day of August, 2012 at 10.30 a.m. at Training Centre of Finolex Cables Limited at and post Urse, Taluka Maval, District Pune 410 506 to transact the following business:

1. To receive, consider, approve and adopt the audited balance sheet as at 31st March, 2012 and the profit and loss account for the year ended on that date together with the reports of the directors' and the auditors' thereon.
2. To declare dividend for the financial year ended 31st March, 2012.
3. To appoint a director in place of Dr. Sunil U. Pathak, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a director in place of Mr. P. D. Karandikar, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a director in place of Mr. S. N. Inamdar, who retires by rotation and, being eligible, offers himself for reappointment.
6. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT subject to the provisions of sections 224, 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s. P. G. Bhagwat, Chartered Accountants (Firm Registration no. 101118W), Pune be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of next Annual General Meeting of the Company, in place of the retiring Statutory Auditors, M/s. B. K. Khare & Co., Chartered Accountants to examine and audit the accounts of the Company for the Financial Year 2012-13 at such remuneration which would be mutually agreed between the Board of Directors of the Company and the Auditors, plus service tax, and such other taxes as may be applicable, and reimbursement of all out of pocket expenses, in connection with the audit of the accounts of the Company for the year ending 31st March, 2013."

Special business:

7. To consider, and, if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:
"RESOLVED THAT Mr. D.N. Damania, who was appointed as an Additional Director of the Company by the Board of Directors of the Company under Article 118 of Articles of Association of the Company and who holds office up to the date of this Annual General Meeting under section 260 of the Companies Act, 1956 and in respect of whom the Company has under section 257 of the said Act received notices in writing 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. To consider, and, if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:
"RESOLVED THAT Mr. Sanjay Asher, who was appointed as an Additional Director of the Company by the Board of Directors of the Company under Article 118 of Articles of Association of the Company and who holds office up to the date of this Annual General Meeting under section

260 of the Companies Act, 1956 and in respect of whom the Company has under section 257 of the said Act received notices in writing proposing his candidature for the office of Director, be and is hereby appointed as a director of the Company, liable to retire by rotation.”

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

“**RESOLVED THAT** Mr. S.S.Math, who was appointed as an Additional Director of the Company by the Board of Directors of the Company under Article 118 of Articles of Association of the Company and who holds office up to the date of this Annual General Meeting under section 260 of the Companies Act, 1956 and in respect of whom the Company has under section 257 of the said Act received notices in writing proposing his candidature for the office of Director, be and is hereby appointed as a director of the Company, liable to retire by rotation.”

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

“**RESOLVED THAT** in accordance with the provisions of sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) read with Article 141 of Articles of Association of the Company and subject to such other approvals as are necessary, consent of the Company be and is hereby accorded to the:

- (i) re-appointment of Mr. Prakash P. Chhabria as Managing Director of the Company for the period from 1st December, 2011 to 30th November, 2016 on the remuneration and the terms and conditions including remuneration to be paid in case of inadequate profits or no profits as are set out in the Agreement dated 28th November, 2011 entered into by the Company with Mr. Prakash P. Chhabria and increase in the remuneration payable to him with effect from 1st April, 2012 till expiry of his present term of office as are set out in the draft Supplemental Agreement to be entered into by the Company with Mr. Prakash P. Chhabria;
- (ii) appointment of Mr. Prakash P. Chhabria as Whole-time director designated as Executive Chairman for the period from the close of business hours of 11th August, 2012 to 30th November, 2016, consequent upon the retirement of Mr. P. P. Chhabria as Chairman and Mr. K. P. Chhabria as Executive Vice Chairman of the Company with effect from the close of business hours 11th August, 2012, on the remuneration and the terms and conditions including remuneration to be paid in case of inadequate profits or no profits as are set out in the draft Agreement to be entered into by the Company with Mr. Prakash P. Chhabria.

RESOLVED FURTHER THAT the said Agreement dated 28th November, 2011, the said draft Supplemental Agreement and the said draft Agreement which are placed before this meeting be and are hereby specifically approved with liberty to the Board of Directors of the Company to alter and vary the terms and conditions of the same.

RESOLVED FURTHER THAT the remuneration (except commission) as mentioned in the agreement dated 28th November, 2011 as modified by the draft supplemental agreement/draft agreement from time to time shall be the minimum remuneration payable to Mr. Prakash P. Chhabria in case of inadequate profits or no profits in any financial year during the currency of his tenure as the Managing Director, and/or wholetime director designated as Executive Chairman, subject to such approvals as may be required.

RESOLVED FURTHER THAT the Board be and is hereby authorized to revise from time to time

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during the tenure of the appointment of Mr. Prakash P. Chhabria, the remuneration payable to him subject to overall limits laid down in sections 198, 309, 310 and Schedule XIII to the Act without further approval of the members of the Company but with such other approvals, sanctions or permissions, if any, required for such revision in the remuneration.

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

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

"RESOLVED THAT in accordance with the provisions of sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the "Act") read with Article 141 of Articles of Association of the Company and subject to such other approvals as are necessary, consent of the Company be and is hereby accorded to the:

- (i) Re-appointment of Mr.S.S.Dhanorkar as Whole-time director designated as Assistant Managing Director & Chief Operating Officer with effect from 1st December, 2011, to 30th November, 2016 on the remuneration and the terms and conditions including remuneration to be paid in case of inadequate profits or no profits as are set out in the Agreement dated 30th November, 2011 entered into by the Company with Mr.S.S. Dhanorkar and increase in the remuneration payable to him with effect from 1st April, 2012 till expiry of his present term of office as are set out in the draft Supplemental Agreement to be entered into by the Company with Mr.S.S.Dhanorkar;
- (ii) appointment of Mr.S.S.Dhanorkar as Managing Director for the period from the close of business hours of 11th August, 2012 to 30th November, 2016, consequent upon the elevation of Mr. Prakash P. Chhabria as Executive Chairman with effect from the close of business hours of 11th August, 2012, on the remuneration and the terms and conditions including remuneration to be paid in case of inadequate profits or no profits as are set out in the draft Agreement to be entered into by the Company with Mr. S. S. Dhanorkar.

RESOLVED FURTHER THAT the Agreement dated 30th November, 2011, the said draft Supplemental Agreement and the said draft Agreement which are placed before this meeting be and are hereby specifically approved with liberty to the Board of Directors of the Company to alter and vary the terms and conditions of the same.

RESOLVED FURTHER THAT the remuneration as mentioned in the agreement dated 30th November, 2011 as modified by the supplemental agreement/draft agreement from time to time shall be the minimum remuneration payable to Mr. S. S. Dhanorkar in case of inadequate profits or no profits in any financial year during the currency of his tenure as the wholetime director designated as Assistant Managing Director & Chief Operating Officer and/or Managing Director, subject to such approvals as may be required.

RESOLVED FURTHER THAT the Board be and is hereby authorized to revise from time to time during the tenure of the appointment of Mr. S. S. Dhanorkar, the remuneration payable to him subject to overall limits laid down in sections 198, 309, 310 and Schedule XIII and other applicable provisions, if any, of the Act, without further approval of the members of the Company but with such other approvals, sanctions or permissions, if any, required for such revision in the remuneration.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds,

matters and things as may be considered necessary, usual or expedient to give effect to the above resolution.”

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

“**RESOLVED THAT** in accordance with the provisions of sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) read with Article 141 of Articles of Association of the Company and subject to such other approvals as are necessary, consent of the Company be and is hereby accorded to the appointment of Mr. S. S. Math as Whole-time director designated as Director (Operations) with effect from 4th February, 2012, for a period of five years on the remuneration and the terms and conditions including remuneration to be paid in case of inadequate profits or no profits as are set out in the Agreement dated 4th February, 2012 (the “Agreement”) entered into by the Company with Mr. S. S. Math, which Agreement is placed before this meeting and is hereby specifically approved with liberty to the Board of Directors of the Company to alter and vary the terms and conditions of the Agreement.

RESOLVED FURTHER THAT the remuneration as mentioned in the agreement dated 4th February, 2012 as modified by the supplemental agreements from time to time shall be the minimum remuneration payable to Mr. S. S. Math in case of inadequate profits or no profits in any financial year during the currency of his tenure as the wholetime director designated as Director (Operations), subject to such approvals as may be required.

RESOLVED FURTHER THAT the Board be and is hereby authorized to revise from time to time during the tenure of the appointment of Mr. S. S. Math, the remuneration payable to him subject to overall limits laid down in sections 198, 309, 310 and Schedule XIII to the Act without further approval of the members of the Company but with such other approvals, sanctions or permissions, if any, required for such revision in the remuneration.

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

13. 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 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, Article 121 of Articles of Association of the Company, listing Agreements entered into by the Company with the stock exchanges and subject to the approval of the Central Government, as may be required, approval of the Company be and is hereby accorded for the payment and distribution of a sum not exceeding 1% of the net profits of the Company calculated in accordance with provisions of sections 198, 349 and 350 of the Companies Act, 1956, by way of commission to all the directors together who are neither in the wholetime employment nor managing director of the Company, in such amounts or proportion and in such manner as may be determined by the Board of Directors (“the Board”) of the Company from time to time and in absence of such determination equally and such payment be made out of the profits of the Company of each financial year during the period of five years commencing from 1st April, 2011.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to decide, from time to time, the quantum and manner of distribution of commission to each

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Non-wholetime Director within the limit aforesaid.

RESOLVED FURTHER THAT subject to the approval of Central Government, as may be required, approval of the Company be and is hereby accorded for payment of all fees/compensation to the Directors who are neither in the wholetime employment nor Managing Director of the Company, as may be determined by the Board from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, matters, deeds and things as may be necessary, desirable, usual or expedient for giving effect to this resolution.”

By Order of the Board of Directors
For Finolex Industries Limited

Mumbai
30th June, 2012

Anil B. Atre
AVP (Legal & Admin.)
& Company Secretary

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. An explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of Special Business as set out above is annexed hereto.
3. The register of members and the share transfer books of the Company will remain closed from 1st August, 2012 to 11th August, 2012, both days inclusive.
4. Dividend, if declared at the meeting, will be paid on or before 16th August, 2012 to those shareholders whose names appear on the register of members of the Company on 11th August, 2012 or on the register of beneficial owners maintained by the depositories as at the close of their business hours on 31st July, 2012.
5. Please refer to the Corporate Governance Report on page nos. from 20 to 22 for brief resumés of Directors being appointed and reappointed.
6. Members whose shareholding is in the dematerialized form are requested to direct the change of address notifications and updations of bank/mandate/ECS details to their respective depository participants. Members holding shares in physical form may please send such details to the Company at its Investor Relations Centre at P-14, Rajiv Gandhi Infotech Park, MIDC, Phase I, Hinjewadi, Pune 411 057 quoting their folio numbers.
7. Since the scrip of the Company is mandated for trading compulsorily in demat form, Members holding shares in physical form are requested to consider dematerializing the same.
8. Members who have not appointed nominees are requested to appoint nominees. The prescribed form for appointment of nominee will be made available on request.

9. Members desirous of obtaining any information concerning the accounts and operations of the Company for the Financial Year ended on 31st March, 2012 are requested to address their questions to the Company Secretary at the Registered Office of the Company so as to reach on or before 31st July, 2012 so that the requested information is made available at the meeting to the best extent possible.
10. Please ensure to enclose copies of PAN card(s) of all transferees/legal heirs while lodging requests for share transfer/transmission/name deletion of shares. In absence of such PAN card copies, Company cannot effect the requests for transfer/transmission/name deletion etc.
11. Pursuant to sections 205A and 205C of the Companies Act, 1956, all unclaimed/unpaid dividends up to the financial year 2003-04 have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Members who have not yet encashed dividend warrants for the subsequent periods are requested to obtain revalidated warrants/demand drafts from the Company by surrendering the expired warrants.
12. Members are requested to bring their copies of the annual reports and the attendance slips duly filled in with them to the annual general meeting.
13. Government of India, Ministry of Corporate Affairs vide its circular No.18/2011 dated 27th April, 2011 has clarified that a Company can send Annual Report by electronic mail to the members who have registered their e-mail addresses with the Company or with concerned depository. As such, members holding shares in physical form are advised to forward their e-mail addresses to the Company for registration at investors@finolexind.com and members holding shares in dematerialized form are requested to update their e-mail ids with the concerned depository participants to enable the Company to send the soft copy of the Annual Report by electronic mail. It is also clarified that in case any member insists for physical copy of Annual Report, the same would be sent to the member by post, free of cost. Members are further advised to mention their e-mail addresses and land-line and/or mobile nos. in all correspondence for quick communication.
14. Route map showing directions to the venue of the meeting is given on page 78.
15. All documents referred to in explanatory statement attached with the Notice are available for inspection of the members on any working day between 10.00 a.m. to 12.00 noon at the registered office of the Company upto 11th August, 2012.

EXPLANATORY STATEMENT IN RESPECT OF ITEM NOS. 6 TO 13 OF THE NOTICE PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 6

Although not required, an explanatory Statement is being given in respect of Item No.6 of the Notice.

M/s. B. K. Khare & Co., Chartered Accountants, who were re-appointed as auditors for the year 2011-12 by the Members at the 30th Annual General Meeting would be retiring at the conclusion of the ensuing Annual General Meeting. They have expressed their unwillingness to be reappointed as Auditors of the Company at the ensuing Annual General Meeting.

As required, the proposed auditors, M/s. P. G. Bhagwat, Chartered Accountants (Firm Registration no. 101118W), Pune have forwarded a certificate to the Company confirming that their appointment, if made at the ensuing Annual General Meeting, will be within the limits specified in the sub-section (1-B) of Section 224 of the Companies Act, 1956. Further they have confirmed that they are not disqualified to be appointed as auditors under Section 226(3) of the Companies Act, 1956.

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Item No. 7, 8 and 9

Mr. D. N. Damania was appointed as additional director by the Board of Directors ("the Board") with effect from 29th July, 2011. Mr. Sanjay Asher and Mr. S. S. Math were appointed as additional directors by the Board with effect from 4th February, 2012. All of them hold respective offices up to the date of the thirty-first annual general meeting of the Company. Notices have been received from some members of the Company in pursuance of section 257 of the Companies Act, 1956 along with a deposit of Rs.500 from each noticees proposing Mr. D. N. Damania, Mr. Sanjay Asher and Mr. S. S. Math as candidates for the offices of directors. Mr. D. N. Damania, Mr. Sanjay Asher and Mr. S. S. Math have given their consent, to act as directors of the Company, if appointed.

Brief resumés of the directors being appointed, nature of their expertise in specific functional areas and names of companies in which they hold directorships, memberships of the committees of the Board and their shareholding in the Company as required under clause 49 of the listing agreements entered into by the Company with stock exchanges are furnished in the Corporate Governance Report at page nos. 20 to 22.

Your Directors consider it to be in the interest of the Company to continue to receive the benefit of their advice and expertise and recommend their appointments.

None of the directors except Mr. D. N. Damania, Mr. Sanjay Asher and Mr. S. S. Math are respectively concerned or interested in the resolutions proposed at item Nos. 7, 8 and 9.

Item No. 10

Mr. P. P. Chhabria, Chairman and Mr. K. P. Chhabria, Executive Vice Chairman have announced their retirement effective from the close of business hours of 11th August, 2012 and the same was noted by the Board at its meeting held on 20th June, 2012. Further, the Board at its meeting held on 20th June 2012 has by partially modifying the resolution earlier passed on 21st October, 2011, subject to such approvals as may be necessary, appointed Mr. Prakash P. Chhabria as wholetime director and elevated him as Executive Chairman of the Company with effect from the close of business hours of 11th August, 2012 till the expiry of his present term of office viz. upto 30th November, 2016.

Earlier, Mr. Prakash P. Chhabria was reappointed as Managing Director of the Company with effect from 1st December, 2011 for a period of five years by the Board of Directors at its meeting held on 21st October, 2011 and has revised his remuneration at its meeting held on 28th April, 2012 with effect from 1st April, 2012 till expiry of his present term of office viz. 30th November, 2016 on the terms and conditions including remuneration to be paid in case of inadequate profits or no profits as are set out in the draft Supplemental Agreement and the draft Agreement to be entered into by the Company with Mr. Prakash P. Chhabria.

The main terms and conditions of the Agreement dated 28th November, 2011 and the draft Supplemental Agreement and the draft Agreement to be entered into by the Company with Mr. Prakash P. Chhabria are as under:

A. Period of reappointment as Managing Director:

1st December, 2011 to 30th November, 2016

Period of appointment as wholetime director designated as Executive Chairman:

From the close of business hours of 11th August, 2012 to 30th November, 2016.

B. Remuneration

The Company shall pay to Mr. Prakash P. Chhabria in consideration of his duties a basic salary as under in the scale of Rs. 5 lakhs to Rs. 15 lakhs per month with an annual increment as may be decided by the Board within the abovementioned scale:

Description Period	With effect from 01/12/2011 to 31/03/2012	With effect from 01/04/2012 onwards
Basic Salary – per month (Rs.)	5,20,000	5,80,500

C. Commission

Commission at such percentage of the net profits of the Company computed in the manner laid down under section 309 of the Companies Act, 1956 or such amount as the Board of Directors may determine subject to a minimum commission being equivalent to the annual salary.

D. Perquisites and Allowances

In addition to the Salary and Commission as stated above, Mr. Prakash P. Chhabria shall be entitled to the following allowances/ perquisites:

- i. Housing – Rent free furnished residential accommodation. In case no accommodation is provided by the Company, Mr. Prakash P. Chhabria shall be paid 30% of basic salary as House Rent Allowance.
- ii. Soft furnishing allowance of Rs.40,000 per month.
- iii. Re-imbursment of gas, electricity and water charges.
- iv. Bonus/Ex gratia as announced by the Company.
- v. Medical allowance including reimbursement as per the rules of the Company.
- vi. Club Fees: Subject to a maximum of two clubs including admission and life membership fees.
- vii. Leave with full pay and all allowances as per the rules of the Company, but not exceeding one month's leave for eleven months' service and in addition two weeks leave every third year.
- viii. Encashment of leave at the end of the tenure as per the rules of the Company.
- ix. Leave Travel Concession: For self and members of his family as per the rules of the Company.
- x. Personal Accident Insurance as per the rules of the Company.
- xi. Company's contribution to provident fund, superannuation fund and gratuity fund as per the rules of the Company.
- xii. Free use of motor car with driver provided by the Company for business purposes and the Company paying for all expenses including running, maintenance expenses whatsoever incurred in respect thereof.
- xiii. Telephone: Free landline facility at residence and mobile phone facility that is to say all charges including rental, call charges etc. shall be paid by the Company in full. Personal long distance calls to be billed by the Company to Mr. Prakash P.Chhabria.
- xiv. Retirement and other benefits, as per the rules of the Company.

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E. Minimum Remuneration

- (a) In the event of inadequate profits or no profits in any financial year during the tenure of this agreement, the salary mentioned in paragraph B and allowances/perquisites mentioned in paragraph D above, shall be the minimum remuneration payable to Mr. Prakash P. Chhabria, subject to necessary approvals and other applicable provisions of the Companies Act, 1956, if any.

F. Other terms and conditions

- (i) Mr. Prakash P. Chhabria shall have the substantial powers of management of the affairs of the Company and shall exercise and perform such powers and duties as the Board from time to time determine;
- (ii) Mr. Prakash P. Chhabria is entrusted with substantial powers of management and shall work under the superintendence, control and direction of the Board of Directors. He shall have the powers of general conduct and management of business and affairs of the Company except in the matters which may be specifically required to be done by the Board either by the Act or by the Articles of Association of the Company.
- (iii) During his employment with the Company, Mr. Prakash P. Chhabria shall devote such time and attention to the business and affairs of the Company as may be necessary and shall use his best endeavours to promote its interest and welfare;
- (iv) Mr. Prakash P. Chhabria shall also be entitled to reimbursement of entertainment or other business promotion expenses actually incurred in the course of business of the Company;
- (v) Mr. Prakash P. Chhabria so long as he functions as Managing Director / Wholetime Director designated as Executive Chairman shall not be paid any sitting fees for attending the meetings of the Board or of any Committees thereof;
- (vi) Mr. Prakash P. Chhabria shall not, so long as he functions as Managing Director / Wholetime Director designated as Executive Chairman, become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company without the prior approval of the Central Government;
- (vii) For the purpose of leave accumulation, gratuity, provident fund, superannuation, commission and other benefits, the service of Mr. Prakash P. Chhabria under this Agreement with the Company will be considered continuous service in the Company from the date of his joining the services of the Company on 13th March, 1992, and expiration of Agreement and renewal of Agreement will not be considered as a break in service.
- (viii) Either party shall be entitled to determine the Agreement by giving to the other advance notice of six months or by giving in cash the basic salary for six months in lieu of the notice;

Your Directors recommend the resolution for the approval of the Members.

The aforesaid may be treated as an abstract of the terms and conditions of the reappointment and remuneration, including revision thereof, payable to Mr. Prakash P. Chhabria as Managing Director and appointment and remuneration payable to Mr. Prakash P. Chhabria as Wholetime Director designated as Executive Chairman of the Company pursuant to section 302 of the Companies Act, 1956.

Mr. Prakash P. Chhabria and Mr. P. P. Chhabria are concerned or interested in the resolution proposed at item No. 10 of the Notice. None of the other Directors are concerned or interested in the resolution.

Item Nos. 11 & 12

- (I) Mr. S. S. Dhanorkar was reappointed as Wholetime Director designated as Assistant Managing Director & Chief Operating Officer of the Company with effect from 1st December, 2011 for a period of five years by the Board of Directors at its meeting held on 21st October, 2011. Further, by way of partial modification of the resolution passed at the meeting of the Board held on 21st October, 2011, the Board at its meeting held on 20th June, 2012 has appointed Mr. S. S. Dhanorkar as Managing Director of the Company from the close of business hours of 11th August, 2012 to 30th November, 2016 on the terms and conditions set out in the draft Agreement to be entered into by the Company with Mr.S.S.Dhanorkar.

The Board at its meeting held on 28th April, 2012 has revised the remuneration payable to Mr. S. S. Dhanorkar with effect from 1st April, 2012 till expiry of his present term of office viz. 30th November, 2016.

The brief resume of Mr. S. S. Dhanorkar is given in the Corporate Governance Report at page no. 20 & 21.

- (II) Mr. S. S. Math was appointed as a wholetime director of the Company designated as Director (Operations) for a period of five years effective 4th February, 2012 by the Board at its meeting held on 4th February, 2012.

The brief resume of Mr.S.S.Math is given in the Corporate Governance Report at page no. 21.

The main terms and conditions of the following agreements viz.

- (a) Agreement dated 30th November, 2011 for reappointment of Mr. S. S. Dhanorkar as Wholetime Director designated as Assistant Managing Director & Chief Operating Officer;
- (b) Draft Supplemental Agreement for increase in remuneration payable to Mr. S. S. Dhanorkar;
- (c) The draft Agreement for appointment of Mr. S. S. Dhanorkar as Managing Director;
- (d) Agreement dated 4th February, 2012 for appointment of Mr. S. S. Math

are as under:

(i) Period of reappointment/appointment:

(a) Mr. S. S. Dhanorkar

Reappointment as Wholetime Director designated as Assistant Managing Director and Chief Operating Officer:

1st December, 2011 to 30th November, 2016

Period of appointment as Managing Director:

from the close of business hours of 11th August, 2012 to 30th November, 2016

(b) Period of appointment of Mr. S. S. Math:

4th February, 2012 to 3rd February, 2017.

(ii) Remuneration:

The Company shall pay to Mr.S.S.Dhanorkar and Mr. S.S.Math basic salary in the scale of Rs. 2

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lakhs to Rs.10 lakhs per month with an annual increment as may be decided by the Board and other prerequisites are as under:

Description Period	Mr.S.S.Dhanorkar		Mr.S.S. Math
	w.e.f. 1/12/2011 to 31/3/2012	w.e.f. 1/4/2012 onwards	4/2/2012 onwards
Basic salary – per month (Rs.)	243000	278000	200000
Conveyance allowance (including reimbursement) Per month (Rs.)	Nil	Nil	15000
Reimbursement of driver's salary – per month (Rs.)	5000	5000	7500
Compensatory allowance – per month (Rs.)	25500	30700	125000
Soft Furnishing allowance – per month (Rs.)	Nil	Nil	25000
Education allowance – per month (Rs.)	Nil	Nil	1000

Mr. S. S. Dhanorkar and Mr. S.S.Math shall also be entitled to:

(a) Performance incentive/bonus:

Mr. S. S. Dhanorkar is entitled to performance incentive of Rs.10 lac for each financial year commencing from 1st April, 2011.

Mr. S. S. Math will be entitled to Performance Bonus of 30% of basic salary for the financial year commencing from 1st April, 2012 (on pro-rata basis) on the terms and conditions as set out in the agreement dated 4th February, 2012.

- (b) House rent allowance of 30% of basic salary.
- (c) Bonus/ex gratia as per the rules of the Company.
- (d) Medical allowance (including reimbursement) as per the rules of the Company.
- (e) Leave with full pay and all allowances as per the rules of the Company.
- (f) Leave travel concession as per the rules of the Company.
- (g) Yearly encashment of leave during the tenure of employment as per the rules of the Company.
- (h) Benefit of group personal accident insurance policy taken out by the Company.
- (i) Contribution to provident fund, superannuation fund and gratuity fund as per the rules of the Company for Mr.S.S.Dhanorkar and Contribution to provident fund and gratuity fund as per the rules of the Company for Mr.S.S.Math.
- (j) Encashment of leave at the end of the tenure as per the rules of the Company.
- (k) Provision of car without driver.
- (l) Free landline facility at residence and mobile phone that is to say all charges including rental, call charges, etc. shall be paid by the Company in full. Personal long distance calls to be billed by the Company.
- (iii) Mr. S. S. Dhanorkar and Mr. S. S. Math would cease to be directors, ipso facto, on their employment with the Company getting terminated.

- (iv) Either party shall terminate the respective agreement by giving to the other advance notice of three months, provided that the Company may waive the notice by giving in cash the basic salary for three months as per rules of the Company which Mr.S.S.Dhanorkar and Mr.S.S.Math would have received had they remained in office for the said three months.

This may be treated as an abstract of the terms of

- a) re-appointment as wholetime director designated as Assistant Managing Director and Chief Operating Officer and appointment as Managing Director and remuneration payable to Mr.S.S.Dhanorkar and
- b) appointment and remuneration payable to Mr. S. S. Math for his appointment as wholetime director designated as Director (Operations).

pursuant to section 302 of the Companies Act, 1956.

Your Directors recommend these resolutions for your approval.

Mr. S. S. Dhanorkar and Mr.S.S.Math are respectively concerned or interested in the resolutions proposed at item nos.11 and 12 of the Notice. None of the other Directors are concerned or interested in these resolutions.

Item No. 13

With a view to adequately compensate for the time devoted and the valuable contributions made by the non-executive directors of the Company, the Board of directors at its meeting held on 28th April, 2012 has recommended to the members for approval the payment of remuneration by way of commission to non-executive directors of the Company for five financial years commencing from 1st April, 2011, as set out in the special resolution at item No. 13.

Under the provisions of section 309 of the Companies Act, 1956 and Article 121 of Articles of Association of the Company, matters regarding payment of commission to non-executive directors of the Company require approval of the members of the Company by special resolution in a general meeting. Further, the listing Agreements entered into with the stock exchanges also require prior approval of the shareholders for payment of any compensation/fees to non-executive directors.

Your Directors recommend the resolution for your approval.

All non-executive directors of your Company are concerned or interested in this resolution.

Mr. K. P. Chhabria, Executive Vice Chairman and Mr. Prakash P. Chhabria, Managing Director, being related to Mr. P. P. Chhabria, are concerned or interested in the resolution relating to payment of commission and/or Compensation/fees payable to Mr. P. P. Chhabria.

By Order of the Board of Directors
For Finolex Industries Limited

Anil B. Atre
AVP (Legal & Admin.) &
Company Secretary

Mumbai
30th June, 2012