

5th October 2017

17s/43

To,

General Manager,
Listing Department,
The Bombay Stock Exchange Limited,
P.J. Towers, Dalal Street,
Mumbai – 400 001

Company code: 533333

The Manager,
Listing & Compliance Department
The National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra East, Mumbai - 400051

Company code: FCL

Sub.: 14th Annual Report 2016-17

Dear Sir/Madam,

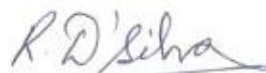
In accordance to regulation 34(1) of the SEBI Listing Obligation and Disclosure Requirements, Regulations 2016, the 14th Annual Report of the Company for the year 2016-17 is hereby enclosed for your perusal.

Kindly take this in your records.

Thanking you,

Yours faithfully,

For FINEOTEX CHEMICAL LIMITED



Raina D'Silva
Company Secretary



14TH ANNUAL REPORT 2016-17



FCL

FINEOTEX CHEMICAL LIMITED

Where Dependability Counts...



Surendrakumar Tibrewala
Chairman & Managing Director



Sanjay Tibrewala
Executive Director & CFO

BOARD OF DIRECTORS



Ritu Gupta
Director



Navin Mittal
Director



Manmohan Mehta
Director



Alok Dhanuka
Director

COMPANY SECRETARY AUDITORS & BANKERS

BANKERS

Indian Bank
Oriental Bank of Commerce
Kotak Mahindra Bank

AUDITORS

UKG & Associates
Chartered Accountants

COMPANY SECRETARY

Raina D'Silva

REGISTRARS AND SHARE TRANSFER AGENTS:

(For shares and dividend related queries)
Bigshare Services Private Ltd.,
1st Floor, Bharat Tin Works Building,
Opp. Vasant Oasis, Makwana Road,
Marol, Andheri (E)
Mumbai - 400 059
Tel: (+91-22) 62638200
E-mail : investor @bigshareonline.com

REGISTRARS &
SHARE TRANSFER
AGENTS

PLANTS &
OFFICES

REGISTERED OFFICE

42,43 Manorama Chambers, S V Road, Bandra (West),
Mumbai 400050.
Tel: (+91-22) 26559174 - 77
Fax: (+91-22) 26559178
info@fineotex.com
grievances@fineotex.com

PLANT LOCATION

Plot nos: A699 / 700
TTC Industrial Area, MIDC, Mahape,
Navi Mumbai - 400 705

CHAIRMAN SPEECH

Dear Shareholder,

"Growth is never by mere chance; it is the result of forces working together."
- James Cash Penney

It gives me immense pleasure in sharing with you the details of continued success led momentum of your Company in 2016-17 despite demonetization impact on the Indian economy. In this challenging business environment, Fineotex Chemical Limited delivered a steady performance in 2016-17, the credit of which goes to our vibrant organization which takes proactive measures

Fineotex Chemical Limited has grown steadily in these 13 years delivering better performance as the years go by and competing to its fullest potential. I express my gratitude for having placed your trust in us which motivates us to perform better.

Highlights of your Company's performance last year is as follows:

- The Board of Directors during the year declared an interim dividend of Rs. 0.10 per Equity Share of face value Rs.2/- each.
- The Board of Directors authorized buy-back of its fully paid-up equity shares of face value of Rs. 2/- (Rupees Two only) each at a price not exceeding Rs. 40/- per equity shares for a maximum amount of Rs. 3,99,24,400 (Rupees Three Crores Ninety Nine Lakhs Twenty Four Thousand Four Hundred only) (excluding brokerage, Transactional charges and taxes, if any) subject to maximum of 9,98,110 equity shares from the existing equity shareholders/ beneficial owners, other than the promoters/ persons who are in control of the Company, from the open market purchases through BSE Limited and National Stock Exchange of India Limited. I am glad to state that the buyback of 9,98,110 Equity Shares was completed on 31st January 2017. The equity capital now stands reduced at crsthus improving the valuation for the shareholders.
- Your Company continues to do well globally by adding new geographies, the exports for the year has risen by 21% of the topline. Domestically the Company has widened its distributor network and currently has 85 agents all over India. The consolidated revenue growth of your Company was 18%
- From the Standalone Financial Perspective we have seen consistent improvement for the consecutive past years, your Company has achieved EBITDA of Rs. 1,920 Lakhs, a growth of 5% and Profit after Tax of Rs.1,595 Lakhs, a growth of 5.6% .The strong track record of cash generation was sustained. The company continues to be cash surplus.
- Fineotex Malaysia Limited, the foreign subsidiary of Fineotex Chemical Limited, launched its new product **"AquaStrike VCF– A Non Toxic & Ecofriendly Mosquito Killer Liquid"**. It is a non toxic, non polluting, Eco-friendly solution, produced in Malaysia with European design engineering.

It is approved by Ministry of Health in Malaysia and declared as Non-Pesticide by the Pesticide Board and allowed to be used freely by consumers. The Singapore PUB (Public Utility Board) has approved it and it even has the EU approval for shipment to Europe. NSF had also confirmed its Non Toxicity in drinkable water. The Vietnam and Cambodia bodies have also approved and soon it will be under WHO registration application.

Our Company has managed to grow consistently, thanks to our value added products with high entry barriers and ongoing Research and Development. It is our constant endeavour to deliver innovative products and services pertaining to the needs of the industry we service. We continuously strive to increase our corporate client list by providing custom textile solutions as well as trouble shooting in critical situation, thus improving our wallet share permanently. Your Company manufactures predominantly chemicals for the entire value chain for the textile industry including pretreatment, dyeing, printing and finishing process. The company also manufactures other chemicals for various industries like agro, adhesives, construction, water treatment etc. Your Company witnessed a CAGR growth of 32% in last 5 years .

In the coming years, your Company will continue to provide thrust to the core business of Specialty Chemicals. Enhancing customer profitability and satisfaction, identifying appropriate textile solutions will rank in high priority. International business will be a very important lever of growth for the group with new geographies along with sale of AquaStrike in Asia and European Countries. Your Company will continue to target market penetration, increase of market share, service delivery and profitability. Looking ahead, your Company anticipates many developments in the economic and business environment, some of which are local phenomena and some triggered by global trends. The Indian Economy is on the threshold of the next phase of growth through government sponsored "Make-In-India" programmes and other investment-led strategies In addition, the forthcoming GST is expected to make operations simpler and seamless and convert unorganized market into organized, thus improving our customer reach.

We appreciate the confidence and trust that you have shown in our Board, management and our employees. I can assure you that we will continue our intense focus on the value creation for shareholders. We continue to keep our commitments to our shareholders and unlock the value within our Company. I look forward to a year of value creation with you, our shareholders. I also extend my gratitude to the board, Auditors, Executives, Employees, Our Associates, Statutory Authorities, our Customers and Suppliers for their continued trust in the business.



A handwritten signature in dark ink, appearing to read 'S. Tibrewala', with a long horizontal line extending from the end of the signature.

(Surenrakumar Tibrewala)



- ISO 9001:2008
- ISO 14001:2004
- OHSAS 18001:2007
- GOTS Compliance
- Public Listed Company
- Star Export House
- Exports to 33 Countries
- Plants in INDIA & MALAYSIA



Speciality Textile Chemicals for

- ▶ Pretreatment
- ▶ Dyeing
- ▶ Printing
- ▶ Finishing



**Manufacturers of
Speciality Chemicals
in India**

OUR JOURNEY

- Fineotex Chemical Limited came up with their first buyback

2017

2015

- Bonus declared on 1:1 basis
- Accredited with ISO 14001:2004 & OHSAS 18001:2007 certifications

- Listed on NSE
- Incorporated a Wholly Owned Subsidiary in UAE, Fineotex Specialities FZE
- Received Star Export House Recognition

2014

2011

- Acquisition of Fineotex Chemical Industries by Fineotex Chemical Limited

- Listed on BSE
- Incorporated a Wholly Owned Subsidiary in Malaysia
- Acquired major stake in Biotex Group

2007

2004

- Incorporation of Fineotex Chemical Private Limited

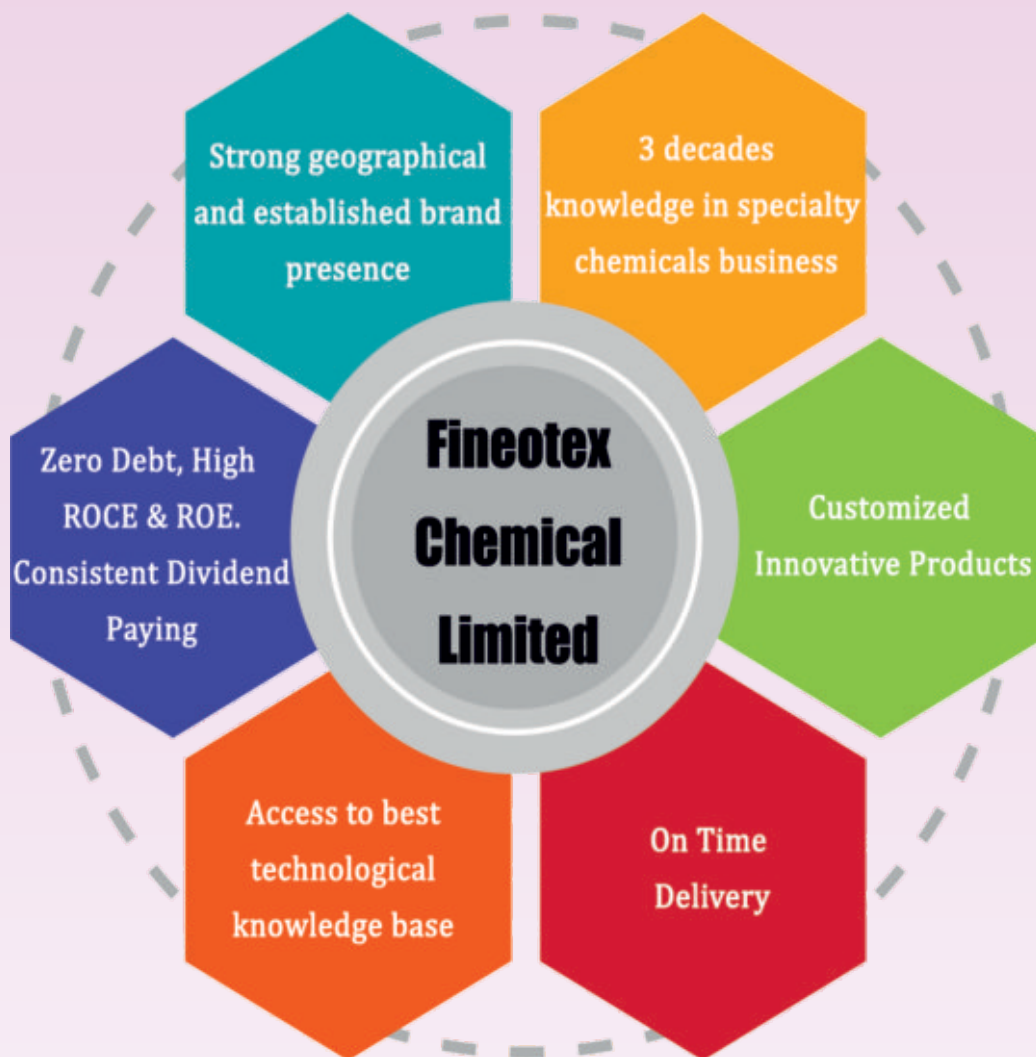
- Accredited with ISO 9001:2008
- Registered Trademark for "FINEOTEX"

2003

1995

- Incorporation of Fineotex Chemical Industries (FCI)

WHAT DIFFERENTIATES US IN THE INDUSTRY



Our Objective

- ❖ To grow consistently through innovation and develop value added products.
- ❖ To achieve customer satisfaction by catering to customer needs
- ❖ To expand our market share in all geographies of the World.
- ❖ To contribute and deal ethically with our stakeholders, employees, customers, supplies, financial institution and the society



- The Company manufactures chemicals for the entire value chain for the textile industry including pretreatment, dyeing , printing and finishing process.
- The company is one of the strongest players in finishing chemicals segment in India, with a higher focus on dyeing and finishing chemicals which have higher applicability on textiles and are more profitable.
- FCL also manufactures other specialty chemicals like adhesives, food additives, foundry chemicals, defoamers, elastomers, cosmetic additives, flavours and fragrances across industries like construction & paper and wood & handicraft.

INNOVATIVE PRODUCT

Low Temperature Washing off Agent



Finocon 6065W

- High affinity to hydrolysed dyes and improves soaping efficiency
- Excellent dispensability and prevents the staining back to fiber and fabrics
- Low sensitive to salts, Electrolytes and Hardware and gives excellent soaping
- High soaping efficiency at 60 - 70 °C and improves fastness properties
- No effect on fabric shades
- Easily biodegradable

INNOVATIVE PRODUCT

Anti Back Staining



Finocon MED

- FINOCON MED has an excellent dispersing and anti re-deposition properties minimizing staining of pocketing and labels and keeping filling whiter
- The dispersing properties of FINOCON MED minimizes likelihood of agglomeration, scaling and re-deposition of process / solubilized contaminants
- FINOCON MED is compatible with α -amylase and cellulase enzymes in garment process applications and is in powder form
- FINOCON MED can be used as both wetting and dispersing in desize, abrasion and clean up after enzymatic abrasion / bleaching

ANNUAL REPORT

2016-17

14th Annual Report

CONTENTS

| | |
|---|----|
| Notice | 1 |
| Directors' Report | 7 |
| Management Discussion & Analysis | 12 |
| Report on Corporate Governance | 14 |
| Independent Auditors' Report on Standalone Financial Statements | 39 |
| Standalone Financial Statements | 42 |
| Independent Auditors' Report on Consolidated Financial Statements | 64 |
| Consolidated Financial Statements | 68 |

NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of the members of Fineotex Chemical Limited will be held at 4.00 p. m. on Monday, 25th September, 2017 at Rajpuria Baugh/Hall, Navinbhai Thakkar Marg, Vile Parle (East), Mumbai 400057 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2017, Statement of Profit and Loss and Cash Flow Statement for the financial year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Ms Ritu Gupta who retires by rotation at the conclusion of this meeting and being eligible offers herself for reappointment.
3. To ratify the appointment of M/s UKG Associates, a firm of Chartered Accountants, (Firm Registration No. 123393W) for the Financial year 2017-18 as approved by the members at the Eleventh Annual General Meeting as Statutory Auditors of the Company and to fix their remuneration for the financial year ending 31st March, 2018.

SPECIAL BUSINESS

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

“**RESOLVED THAT** pursuant to the provisions of Section 20 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, consent of the members of the Company be and is hereby accorded to charge from a member in advance, a sum equivalent to the estimated actual expenses of delivery of the documents through a particular mode if any request has been made by such member for delivery of such document to him through such mode of service, provided such request along with the requisite fee has been duly received by the Company at least one week in advance of the dispatch of the document by the Company.”

“**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, proper or expedient to give effect to this resolution.”

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

RESOLVED THAT in compliance with the provisions of Section 94 read with Sections 88 and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as “the Act”) and the Companies (Management and Administration) Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force and corresponding of the erstwhile Companies Act, 1956], the consent of the members of the Company be and is hereby accorded to keep, maintain and preserve the Register and Index of Members under Section 88 of the Act, at the office of the Company’s Registrar and Transfer Agent (R&T Agent) Bigshare Services Private Limited at 1st Floor, Bharat Tin

Works Building, Opp.Vasant Oasis, Makwana Road, Marol, Andheri (E), Mumbai - 400059 instead of being kept at the Registered Office of the Company or at such other place within Mumbai, where the R&T Agent may shift its office from time to time.

RESOLVED FURTHER THAT the Register and Index of Members, Returns required to be maintained and kept for inspection under the provisions of the Act, be kept open for such inspection, at the above mentioned place for persons entitled thereto, to the extend and in the manner and on payment of fees, if any, specified in the Act, between 10.30 a.m. and 12.30 p.m. on any working day (Monday to Friday) except when the Registrars and Books are closed under the provisions of the Act or the Articles of Association of the Company, provide however, that the Register required to be maintained under Section 170 of the Act shall be kept open for inspection of the Members at the Registered Office of the Company during the hours mentioned above during the period mentioned under Section 171(1) of the Act;

RESOLVED FURTHER THAT the Board of Directors (including a Committee thereof, if any, constituted by the Board) and/or the Company Secretary be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution”

By Order of the Board

Surendrakumar Tibrewala
(Chairman & Managing Director)
00218394

Place : Mumbai
Date : 24.05.2017

Registered Office:

Fineotex Chemical Limited
(CIN: L24100MH2004PLC144295)
42/43, Manorama Chambers
SV Road, Bandra (West),
Mumbai 400050

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON HIS/HER BEHALF ON A POLL ONLY. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

As per provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

A Proxy form, in order to be effective, must be deposited at the Registered Office of the Company, duly completed and signed not less than forty eight hours before the commencement of the aforesaid meeting i.e. before 4.00 p.m. on 23rd September, 2017.

2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
4. Details under Regulation 36(3) of the Listing Regulation with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at this Annual General Meeting, forms integral part of the Notice and is given under the Explanatory Statement. The Directors have furnished the requisite declarations for their appointment.
5. The register of members and share transfer books of the Company will remain closed from Thursday 21st September 2017 to Monday 25th September, 2017 (both days inclusive) for the purpose of 14th Annual General Meeting.
6. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents, Bigshare Services Private Limited ("Bigshare") cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the members. Members are requested to check that the correct account number has been recorded with the depository.
7. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / Bigshare.
8. Members are requested to :
 - a. Notify any change in their address to the Registrar and

Share Transfer Agents, Bigshare Services Private Limited, 1st Floor, Bharat Tin Works Building, Opp.Vasant Oasis, Makwana Road, Marol, Andheri (E), Mumbai - 400059 or their Depository Participant.

- b. Bring the attendance slips along with the copies of the annual report to the meeting.
9. In compliance with Sections 124 of the Companies Act, 2013, unpaid/unclaimed dividend will be transferred to the "Investor Education and Protection Fund" according to the statutory stipulations. Members are requested to contact the Company at its Registered office, in respect of their outstanding dividends if any for the succeeding years. Unclaimed Dividend for FY 2010-11 will be transferred to IEPF in September 2018. Shareholders are requested to send the requisite details to the Company/BigShare Services Private Limited to claim the amount before the date.
10. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 20th September, 2016 (date of last Annual General Meeting) on the website of the Company – www.finecotex.com and also on the website of the Ministry of Corporate Affairs.
11. The notice of the 14th Annual General Meeting of the Company along with printed Attendance Slips is being dispatched to all Members. Electronic copy of the Annual Report for the year ended March 31, 2017 is being sent to all the members whose e-mail address is registered with the Company / Depository Participant(s) unless any member has requested for a hard copy of the same. For members who have not registered their e-mail address, the Annual Report for the year ended March 31, 2017 is physically sent along with the Notice. Members who have not yet registered their e-mail address are encouraged to submit their request with their respective Depository Participant Bigshare Services Pvt. Ltd the RTAs of the Company, as the case may be. Members may also note that the Notice of the 14th Annual General Meeting and the Annual Report for the year ended March 31, 2017 will also be available on the Company's website – www.finecotex.com for their download. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon receipt of request for the same to the Company.
12. All the documents referred to in the notice are open for inspection at the registered office of the Company at 42/43, Manorama Chambers, S V Road, Bandra (West), Mumbai 400050 between 10.00 a.m. to 12.00 noon on all days except Sunday and Holidays, prior to the date of the meeting and at the venue of the annual general meeting during the meeting hours.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Bigshare.\

14. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form is also available on the website of the Company.
15. Non-Resident Indian Members are requested to inform Bigshare, immediately of:
- Change in their residential status on return to India for permanent settlement.
 - Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
16. Voting through electronic means
- In compliance with the provisions of Section 108 of the Companies Act, 2013, and the Rules made thereunder, the Company is pleased to provide its shareholders with the facility to exercise their right to vote at the 14th Annual General Meeting of the Company by electronic means and the business may be transacted through e-Voting services provided by the Central Depository with the Company / Depository Participant Services Limited (CDSL).
The instructions for members for voting electronically are as under:-
 - The voting period begins on Friday 22nd September 2017 at 9.00 a.m. IST and end on Sunday 24th September 2017 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Monday 18th of September 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - Log on to the e-voting website www.evotingindia.com
 - Click on Shareholders / Members
 - Now Enter your User ID
 - For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - Next enter the Image Verification as displayed and Click on Login.
 - If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
 - If you are a first time user follow the steps given below:

| | |
|--|--|
| | For Members holding shares in Demat Form and Physical Form |
| PAN* | <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (refer serial no. printed on the name and address sticker/Postal Ballot Form/ mail) in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with serial number 1 then enter RA00000001 in the PAN field. |
| Dividend Bank Details OR Date of Birth (DOB) | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv). |

- After entering these details appropriately, click on "SUBMIT" tab.
- Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <FINEOTEX CHEMICAL LIMITED> on which you choose to vote.
- On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly

modify your vote.

- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system
- (xviii) **Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xix) **Note for Non – Individual Shareholders and Custodians**
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

b. In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xix) above to cast vote.
- (B) The voting period begins on Friday 22nd September 2017 at 9.00 a.m. IST and end on Sunday 24th September 2017 at 5.00 p.m. During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Monday 18th September 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

- c. The Voting rights of shareholders shall be in proportion to their shares of the paid up capital of the Company as on the cutoff date of 18th September 2017.
- d. Mr Nitin A Sarfare, Practicing Company Secretary (Membership No. ACS 36769/ C.P No.13729) has been appointed as a Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- e. Poll Process at Annual General Meeting (AGM)
The voting on the agenda items shall be done by e-voting as well as at the AGM. Those who do not exercise the option of e-voting shall be entitled to participate and vote at the AGM/Poll if required at the AGM. Ballot papers will be issued immediately after an announcement in this regard by the Chairman of the meeting and will continue till all the shareholders present and who want to vote have cast their votes. The number of votes will be equivalent to the number of shares held by them as on the Cut-off Date i.e., 18th September, 2017
- f. The Scrutinizer shall within a period not exceeding 2 (two) working days from the conclusion of the E-Voting period unlock the votes in the presence of at least two witnesses not in the employment of the Company and make a scrutinizer’s report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
The results declared along with the scrutinizers report shall be placed on the Company’s website www.fineotex.com and on the website of CDSL within 2 (two) days of the passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges where the shares of the Company are listed.
- 17. Any person acquiring shares after dispatch of this notice and holds shares as on 18th September, 2017 can vote using their registration with CDSL. Those who are not registered may obtain the details by sending a request to www.evotingindia.co.in.

By Order of the Board

Surendrakumar Tibrewala
(Chairman & Managing Director)
00218394

Place : Mumbai
Date : 24.05.2017

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013.

Resolution No. 3

M/s UKG Associates, a firm of Chartered Accountants, having registration no 123393W allotted by the Institute of Chartered Accountants of India were appointed at the 11th Annual General Meeting to hold office till the conclusion of the 16th Annual General Meeting to be held in 2019. However it will be essential to ratify the appointment for the year 2016-17 and fix their remuneration.

None of the Board Members or Key Managerial personnel or their relatives are interested in the resolution. The Board recommends the resolution for members' approval.

Resolution No. 4

As per provisions of Section 20 of the Companies Act, 2013, a document may be served on any member by sending it to him by post or by registered post or by speed post by courier or by delivery at his office or residence address or by such electronic or other mode as may be prescribed. Further, proviso to sub-section (2) of Section 20 states that a member may request for delivery of any document through a particular mode, for which he shall pay such fees in advance as may be determined by the Company in its Annual general Meeting.

Accordingly, the Board of Directors have proposed that a sum equivalent to the estimated actual expenses of delivery of the documents through a particular mode, if any request has been made by any member for delivery of such documents to him through such mode of service, be taken to cover the cost of such delivery.

None of the Directors or Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested in the Ordinary Resolution set out at Item No. 4 of the Notice.

Resolution No. 5

The Shareholders pursuant to Section 163(1) of the Companies Act 1956 at the Extraordinary General Meeting of the Company held on 24th December 2007 appointed Bigshare Services Pvt Ltd as Registrar and Transfer Agents to carry out the duties, functions and obligations of the share department of the Company and to perform all matters, deeds, acts, incidental/ ancillary thereto and to maintain the Register of Members and Index of Members at the Office of Registrar and Transfer Agents, Bigshare Services Pvt Ltd. Pursuant to the provisions of Section 94 of the Companies Act, 2013 and Rule 14 of the Companies (Management and Administration) Rules, 2014, the Register and Index of Members maintained pursuant to Section, shall be open for inspection during business hours at such reasonable time on every working day as the Board may decide, by any member, debenture holder, other security holder or beneficial owner without payment of fee and by any other person on payment of such fee as may be specified in the Articles of Association of the Company but not exceeding fifty rupees for each inspection. The Company may, by a Special Resolution, authorise that all or any of such registers, indexes and other documents may, instead of being kept at the Registered office of a Company, be kept at any other place within the city in which the Registered office of the Company is situated.

After obtaining the Members' approval under Section 94 of the Companies Act, 2013 and Rule 14 of the Companies (Management and Administration) Rules, 2014, the aforementioned registers will be

kept at the office of the Company's Registrar & Share Transfer Agent, Bigshare Services Private Limited at 1st Floor, Bharat Tin Works Building, Opp.Vasant Oasis, Makwana Road, Marol, Andheri (E), Mumbai - 400059 or at such other place within Mumbai, where the Company's Registrar & Share Transfer Agent may shift its office from time to time. Accordingly, the approval of Members is sought by way of a Special Resolution as set out at Item No. 5 of the accompanying Notice for keeping the Register and Index of Member/s and such other documents as decided by the Board from time to time at the office of Bigshare Services Private Limited. The time for inspection of the aforementioned documents by the Members or such persons as are entitled to such inspection at the office of Bigshare Services Private Limited, will be between 10.30 a.m. and 12.30 p.m. on any working day.

A certified copy of the Special Resolution will be delivered to the Registrar of Companies, Mumbai, Maharashtra.

None of the Directors or Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested in the Special Resolution set out at Item No. 5 of the Notice.

Details of Director seeking reappointment (as per regulation 36(3) of the Listing Regulation with the Stock Exchanges)

| No. | Particulars | Reappointment of Ms. Ritu Gupta as Director |
|-----|--|--|
| 1 | Name of the Director | Ms Ritu Gupta |
| 2 | Date of Birth | 11-Oct-1984 |
| 3 | Relationship with Directors | Daughter of Mr. Surendrakumar Tibrewala and sister of Mr. Sanjay Tibrewala |
| 4 | Date of Appointment | 13-Aug-2014 |
| 5 | Expertise in Specific Functional Areas | Finance |
| 6 | Number of Equity Shares held in the Company | 11000 |
| 7 | Directorship in other Public Limited Company as on 31-Mar-2017 | Nil |
| 8 | Chairmanship/Membership of Committees of other Indian Public Limited Companies as on 31-Mar-17 | Nil |
| 9 | Director Identification Number | 00218561 |

By Order of the Board

Surendrakumar Tibrewala
(Chairman & Managing Director)
00218394

Place : Mumbai
Date : 24.05.2017

Google Map for AGM Venue



DIRECTORS' REPORT

Your Directors hereby present their Fourteenth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March 2017.

1. HIGHLIGHTS

Standalone Profit After Tax for the year was 1594.76 as against Rs 1513.05 Lakhs for 2015-16 an increase of 5.6%

Earnings per share of Rs. 2 was Rs. 1.43 for the year as against Rs. 1.35 for 2015-16 an increase of 6.00 %

Consolidated Profit after Tax for the year was Rs. 2063.47 as against 1704.04 Lakhs for 2015-16 an increase of 21.09%.

2. FINANCIAL RESULTS

(Rs. in Lakhs)

| | Standalone | | Consolidated | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | Year ended 31-3-2017 | Year ended 31-3-2016 | Year ended 31-3-2017 | Year ended 31-3-2016 |
| Total Income (net of Excise duty) | 8005.57 | 7,260.70 | 13,202.65 | 11,205.14 |
| Less: Expenditure | 5645.69 | 4,983.37 | 9,785.41 | 8,171.83 |
| Less: Depreciation | 58.85 | 51.82 | 62.97 | 55.91 |
| Less: Finance Costs | 28.41 | 26.57 | 39.08 | 38.85 |
| Net Profit before Tax | 2272.62 | 2,198.94 | 3315.19 | 2,938.55 |
| Provision for Tax (including short provision for Previous Year) | 677.86 | 685.89 | 925.38 | 914.44 |
| Profit after tax | 1594.76 | 1,513.05 | 2389.82 | 2024.11 |
| Appropriations | | | | |
| Dividend on Equity Shares | 111.30 | 224.60 | | |
| Tax on Dividend | -- | -- | | |

3. SHARE CAPITAL

The Board of Directors in their meeting held on 14th November 2016 authorized buy-back of its fully paid-up equity shares of face value of Rs. 2/- (Rupees Two only) each at a price not exceeding Rs. 40/- per equity shares for a maximum amount of Rs. 3,99,24,400 (Rupees Three Crores Ninety Nine Lakhs Twenty Four Thousand Four Hundred only) (excluding brokerage, Transactional charges and taxes, if any) subject to maximum of 9,98,110 equity shares from the existing equity shareholders/ beneficial owners, other than the promoters/ persons who are in control of the Company, from the open market purchases through BSE Limited and National Stock Exchange of India Limited using their nationwide Electronic Trading terminals.

The buyback of 9,98,110 Equity Shares was completed on 31st January 2017 utilizing a total of Rs. 2,92,34,846 (excluding Transaction Costs) which represents 73.23% of the Maximum Buy-back Size with a balance of Rs. 1,06,89,554. The Paid-up Share Capital of the Company post buyback is Rs. 2,226.00 Lakhs divided into 1,113.00 Lakhs equity shares of Rs.2/- each.

4. DIVIDEND

The Board of Directors had declared interim dividend of Rs. 0.10 paise on equity share of face value Rs. 2/- each in the meeting held on 10th February 2017. The Board recommends that this Interim Dividend be treated as the Final Dividend.

5. SUBSIDIARIES

The summary of performance of the subsidiary companies is provided below:

a. Foreign Subsidiaries :

Fineotex Malaysia Limited (FML), a Limited Company, was incorporated in Labuan Malaysia in 2011. FML in turn has controlling interest in 3 other companies in Malaysia that have established manufacturing and trading activities. These Companies are BT Biotex Sdn Bhd, BT Chemicals Sdn Bhd and Rovatex Sdn Bhd. The synergy of the businesses has helped all the companies. These investments will complete 6 years in June 2017.

Fineotex Specialities FZE was incorporated in the Region of UAE on 25th January 2015.

b. Indian Subsidiaries :

FCL Landmarc Private Limited was incorporated in 2013. It was a subsidiary until 22nd September 2016. Since it did not carry any activity the Board of Directors in their meeting held on 22nd September 2016 sold off investments in FCL Landmarc Private Limited. Consent of shareholders was obtained by passing special resolution in the 12th Annual General Meeting held on 28th September 2015.

Manya Steels Private Limited is the only Indian subsidiary. It was acquired for diversification. The Company would commence commercial operations in the future.

None of the Indian Subsidiaries is/was a material Subsidiary Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing salient features of financial statements of subsidiary companies in Form AOC 1 is attached to the financial statements. The separate audited financial statements in respect of each of the subsidiary companies shall be kept open for inspection at the Registered Office of the Company during working hours for a period of 21 days before the date of the Annual General Meeting. Your Company will also make available these documents upon request by any Member of the Company interested in obtaining the same. The separate audited financial statements in respect of each of the subsidiary companies is also available on the website of your Company at <http://fineotex.com/Investor-Relation.aspx>

6. FINANCE

There have been no significant changes or commitments affecting the financial position of the Company which has occurred after the Balance Sheet date and the date of adoption of the Board Report.

During the year under review and till the date of the Board Report, there are none material / significant orders passed by the regulators or appellate authorities that may affect the going

concern status of the Company's future operations.

7. INTERNAL FINANCIAL CONTROLS

The Company has in place a well defined and adequate internal control system to ensure, adherence to Company's policies, assets are safeguarded, and that transactions are accurate, complete and properly authorized prior to recording. Information provided to management is reliable and timely, and statutory obligations are adhered to. The internal control system is supplemented by extensive internal audits.

8. CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company along with its subsidiaries – both foreign and Indian - for the year ended 31st March, 2017 form part of this Annual Report. The same are prepared as per the applicable Accounting Standards prescribed by the Institute of Chartered Accountants of India, and as required by the Listing Agreements.

9. PUBLIC DEPOSITS, LOANS AND ADVANCES.

The Company has not accepted any deposits from the public or the shareholders during the year or in the previous year. Security Deposits have been taken from the customers as a security against dues for goods sold to them and are not, in the opinion of the Board, in the nature of Public Deposits. Rent Deposit given to Subsidiary Company is disclosed in the financial statements as required under the Accounting Standards and Listing Agreements.

10. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS.

The Particulars of loans, guarantees and investments under Section 186 of the Companies Act 2013 as at the end of the Financial Year 2016-17 are provided in the standalone financial statements and the same are also given in Annexure '1' forming part of this report.

11. RELATED PARTY TRANSACTIONS / CONTARCTS.

All Related Party Transactions entered into during the year were on arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are approved by the Audit Committee. Prior omnibus approval is obtained from the Audit Committee in respect of transactions which are repetitive in nature.

The shareholders have also given the approval to these contracts and transactions at the 12th and 13th Annual General Meeting of the Company.

Details of related party transactions are given in Annexure '2' giving the details as per AOC-2

The policy on Related Party Transactions as approved by the Board is available on the website of the Company www.fineotex.com and may be accessed through the web link <http://fineotex.com/Investor-Relation.aspx>

12. DIRECTORS

Mrs Ritu Gupta is liable to retire by rotation at the ensuing

Annual General Meeting and being eligible she offers herself for re-appointment. She is related to the Whole-time Directors of the Company and therefore a Non-Independent Director liable to retire by rotation and being eligible she offers herself for re-appointment.

13. BOARD MEETINGS

The Board of Directors of the Company met six times during the financial year. The details of various Board Meetings are provided in the Corporate Governance Report.

14. EMPLOYEES

Key Managerial Personnel (KMP)

The following have been designated as the Key Managerial Personnel of the Company Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

- a) Mr. Surendrakumar Tibrewala – Chairman & Managing Director
- b) Mr. Sanjay Tibrewala – Whole-time Director & Chief Financial Officer
- c) Ms. Raina D'Silva – Company Secretary

Particulars of Employees and related disclosures

None of the employees who were employed throughout the financial year was in receipt of remuneration of more than Rs. 1,20,00,000 during the year ended 31st March, 2017, nor was their remuneration in excess of that drawn by the Managing Director or Wholetime Director.

There were no employees employed for any part of the financial year 31st March 2017 in receipt of remuneration more than Rs.8,50,000 nor was their remuneration in excess of that of Managing Director and Wholetime Director.

Disclosure with respect to the remuneration of Directors, KMPs and employees as required under section 197 of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in Annexure '3' to this Report.

15. DECLARATION OF INDEPENDENT DIRECTORS:

The Independent Directors have submitted their disclosures to the Board that they fulfil all the requirements as stipulated in Section 149(7) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

16. POLICY RELATING TO DIRECTORS, KMP AND OTHER EMPLOYEES

In line with the principles of transparency and consistency, your company has adopted the Nomination and Remuneration Policy which, inter alia, include criteria for determining qualifications, positive attributes and independence of a Director. The Remuneration policy is set out in the Annexure '4' to the Director's Report and is also available on the Company's website.

17. FAMILIARISATION PROGRAMME FOR THE INDEPENDENT DIRECTORS

In compliance with the requirements of the erstwhile Listing Agreement with the stock exchange ("Listing Agreement")

and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 the Company had conducted a Familiarization Programme on 9th February 2017 for the Independent directors to familiarize them with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, entitlement of sitting fees to independent directors etc. The details of such programme is available on the website of the Company <http://fineotex.com/Investor-Relation.aspx#InvestorRelation>

18. BOARD EVALUATION

Pursuant to the provision of the Companies Act 2013 and Regulations 17 (10) and 25(4)(a) of the Listing Regulations, the Nomination and Remuneration Committee formulated a framework containing, inter-alia, the criteria for performance evaluation of the entire Board of Directors of the Company including independent directors. The performance evaluation of Audit Committee was also carried out.

The Evaluation of Board and its findings were shared by the Chairman individually with the Board Members. The Directors expressed their satisfaction with the evaluation process.

19. AUDITORS AND AUDIT REPORT

Messrs UKG Associates, the auditors of the Company, bearing ICAI Firm Registration No. 123393W, were appointed, at the 11th General Meeting, as Auditors for a period of five years – i.e. till the conclusion of 16th Annual General Meeting to be held in 2019. As per the provisions of Section 139 of the Companies Act, 2013 and Rules made there under, their appointment is to be ratified at each Annual General Meeting. The Audit Committee has recommended their reappointment which the Board has accepted. Board recommends their appointment. Your approval is required to ratify their appointment for 2017-18 and fix their remuneration for the said year.

20. COST ACCOUNTING RECORDS AND COST AUDIT

With the notification of Companies (Cost Records and Audit) Rules, 2014, the Company is advised that it is not liable to Cost Audit since the turnover as per standalone financial statements of the Company is below Rs. 100 crores.

21. SECRETARIAL AUDIT

As per Section 204 of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 it is mandatory for the Listed Company, like yours, to have the secretarial records audited. The Board of Directors had appointed HS Associates, Company Secretaries as Secretarial Auditors for 2016-17.

The Secretarial Audit Report is annexed herewith as Annexure '5'.

The Secretarial Audit Report for 2016-17 does not contain any qualification, reservation or adverse remark

22. CORPORATE SOCIAL RESPONSIBILITY

In compliance with the requirements of section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules 2014 mandates that your Company spends

at least 2% of its average last 3 years net profit after tax on Corporate Social Responsibility (CSR) Activities and explained therein. This was the third year of compliance for your Company, the Company has formed a Committee which has gone through the requirements and decided to carry out the same through the Trust who carry out these activities. The Company had to Spend Rs. 27.37 Lakhs in 2016-17. However it has spent Rs. 22 Lakhs till 31st March, 2017. The shortfall will be made good in preceding year.

Details of CSR is annexed herewith as Annexure '6'.

23. RISK MANAGEMENT COMMITTEE

As per Regulation 21 of (Listing Obligation and Disclosure Requirements) Regulation 2015, the provisions of Risk Management Committee. is not applicable for your Company. However the management of the Company is determining various aspects so as to be able to minimise the risk in all spheres of the Company's business from finance, human resources to business strategy, growth and stability.

24. AUDIT COMMITTEE

The details pertaining to composition of audit committee are included in the Corporate Governance Report which forms a part of this Report.

25. WHISTLE BLOWER POLICY/VIGIL MECHANISM:

The Company has established a vigil mechanism for Directors and employees to report their genuine concerns, details of which have been given in the Corporate Governance Report annexed to this Report. The copy of the Policy is available on the website of the Company and may be accessed through the web link <http://fineotex.com/Investor-Relation.aspx#InvestorRelation>

No complaints/suggestions were received during the year.

26. HUMAN RESOURCES

The Company has 72 employees at the year end including whole time Directors. We consider our employees as our most valuable asset and have been working towards keeping them engaged and inspired. The current workforce structure has a good mix of employees as all levels. During the year free health check-up initiative for employees was carried out. The Company is aware that the success of its business depends upon its technical expert's co-coordinating with research and development staff on the one hand and marketing on the other. Necessary training and orientation is provided to our employees to equip them in providing productive and committed results.

27. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO

Information as required by the provisions of Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 is annexed and forms part of this report. Refer Annexure A

28. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013.

Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under the policy.

The following is a summary of sexual harassment complaints and disposed off during the year 2016-17

No of Complaints received; NIL

No of Complaints disposed off: NIL

29. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis on the operations of the Company as prescribed under Schedule V read with regulation 34 (3) of the SEBI (LODR) Regulations, is provided in a separated section and forms a part of this report. Refer Annexure B

30. CORPORATE GOVERNANCE

Your Company would strive to set and achieve appropriate Corporate Governance practices. In accordance with the requirements of Schedule V read with Regulation 34(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015 with the Stock Exchange, a report on the status of compliance of corporate governance norms is also attached. (Annexure 'C'). The Auditors certificate on the same is also attached.

31. EXTRACT OF ANNUAL RETURN

Pursuant to sub-section 3(a) of section 134 and sub-section (3) of section 92 of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2017 in Form No. MGT.9 is attached herewith as Annexure '7' and forms part of this Report.

32. OPERATIONS & ECONOMIC SCENARIO

The economic scenario is expected to improve in the current year with the introduction of Goods & Services Tax which is to be introduced from 1st July, 2017. The classification and rates that will be declared will also affect the turnover. The Company is cautious about the emerging situation and the teething problems the new regime will unfold. The Company is gearing up to face the new challenges.

The Company's thrust continues to concentrate on new markets and pioneering new products to enhance the operational efficiency of the customers. This commitment coupled with its focused drive to achieve growth through better management of both materials and overheads. The Company has recorded an increase in turnover of 10% on standalone basis as against 18% increase on consolidated basis.

The sales were affected due to certain major monetary decisions taken by the government. The Company target exports which resulted in additional earnings of over 22%. The exports contribute over 20% of its operations on a standalone basis. The Company has also reached an advance stage in production of products which would foray the Company's operations in to new sector thereby widening and diversifying its activities.

33. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and explanation and information obtained by them and as required under Section

134(3)(c) of the Companies Act, 2013, your Directors confirm that:

- (i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departure, if any;
- (ii) they have selected such accounting policies as mentioned in Note 2 to the Notes to Financial Statements and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) they have taken proper and sufficient care for the 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; and
- (iv) they have prepared the annual accounts on a going concern basis
- (v) the proper internal controls were in place and that the financial controls were adequate and were operating effectively
- (vi) the systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

34. ACKNOWLEDGEMENTS

Your Directors wish to thank the Company's stakeholders, Bankers and employees for their support extended to it throughout the year.

For and on behalf of the Board

| | |
|----------------------------|--------------------------------|
| Sanjay Tibrewala | Surendrakumar Tibrewala |
| (Executive Director & CFO) | (Chairman & Managing Director) |
| 00218525 | 00218394 |

Place : Mumbai

Dated: 24-May-2017

Annexure A
FORM 'A'

| Power & Fuel Consumption | | 2016-17 | 2015-16 |
|-------------------------------------|--|----------------|----------------|
| 1. Electricity | | | |
| a) Purchased Units (Nos) | | 1,66,379 | 1,43,325 |
| Total Cost (Rs.) # | | 13,75,990 | 11,75,260 |
| Rate / Unit (Rs.) # | | 8.27 | 8.20 |
| 2. Diesel Oil | | | |
| Quantity (K.Ltrs) | | 60,573 | 53,210 |
| Total Cost (Rs.) | | 29,83,414 | 25,71,738 |
| Average rate per K Ltr. (Rs.) | | 49.25 | 48.33 |

Annexure – I

Particulars required under 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 measure taken – Energy consumption is not very high for the Company's business. However efforts are being continuously made of monitoring the consumption and reduction of losses to reduce energy costs.
- (b) Total energy consumption and energy consumption per unit of production as per Form 'A' attached hereto

B. TECHNOLOGY ABSORPTION

- (c) Efforts made in technology absorption – as per Form B given below

Form B

Research and Development (R & D)

- Specific areas in which the research and development (R & D) is being carried out by the Company – There has been no major expenditure in what is generally understood as Research and Development. However it is our continuous endeavour to improve the performance of products as well as develop new products mainly as required by the customers.
- Benefits derived as a result of the above R & D – Developed few products as well as improved performance of certain products to meet the customer requirements
- Future plan of action – No major plan is on anvil but development to suit the customer's requirements and satisfaction is the main back bone of our business activity.
- Expenditure on R & D – Not significant during the year on in immediate future.

Technology absorption, adoption and innovation

- Efforts, in brief, made towards technology absorption, adoption and innovation – the initiatives leading to development or improvement and continuously adopted into production process The Company has not taken any technical knowhow from outsiders.
- Benefits derived as a result of the above efforts – there are improvement in process, cost reduction, reduction in the production process cycle time.
- Information regarding Imported Technology – We have no imported technology

C. FOREIGN EXCHANGE EARNING AND OUTGO

Activities relating to export, initiatives to increase exports developments of New export markets for products.

| Sr.No | Particulars | 2016-17 | 2015-16 |
|-------|-------------------------------|-----------------|---------|
| | | Rupees in Lakhs | |
| (a) | Total Foreign exchange earned | 1701.01 | 1547.07 |
| | i. Sales - Export | 1565.53 | 1282.73 |
| | ii. Dividend | 135.48 | 264.34 |
| (b) | Total Foreign exchange used | 656.99 | 450.40 |
| | i. Loan Repaid | - | 76.85 |
| | ii. Interest | - | 0.35 |
| | iii. Expenses | - | 16.50 |
| | iv. Import | 656.99 | 356.70 |

Annexure 'B' to the Directors Report MANAGEMENT DISCUSSION AND ANALYSIS REPORT INDUSTRY STRUCTURE AND DEVELOPMENTS

Global Specialty chemicals

Globally, specialty chemicals are driven by extensive product R&D and innovation, which is a significant over the commoditized chemical industry. However, in the Indian context, this line of emarcation is almost non-existent due to the “genericized” nature of the specialty industry. This also leads to a visible difference in margin structure of global and Indian specialty chemical companies.

Specialty chemicals can be sub-divided based on end-user industries. In addition to end-use driven segments, there are a few categories of specialty chemicals which are used across several end-user segments for similar applications. Our whitepaper breaks down the specialty chemicals industry into a mix of end-use driven segments (agrochemicals, personal care ingredients, polymer additives, water chemicals, textile chemicals and construction chemicals) and application-driven segments (surfactants, flavours and fragrances and dyes and pigments). These are the largest constituents of the specialty chemicals industry and cumulatively constitute over 80% of the specialty chemicals universe.

Segments within specialty chemicals vary in attractiveness and witness varying levels of competitive intensity, margin profiles, defensibility against raw material cost movements, and growth (including growth of the end-user segment in many cases)

Textile Chemicals

The global market for Textile Chemicals is estimated to be USD 20.3 bn, and is expected to reach USD 24.3 bn in 2019. The market for textile chemicals is driven by the growth of apparels and technical textiles. The textile chemicals market is expected to grow at a CAGR of 3.6% for the next 5 years.

Coating and sizing chemicals are closely followed by colorant auxiliaries with 29% of the market. These chemicals enable dyeing or printing to be carried out more effectively and help give effects like colour deepening. Finishing agents constitutes 19% of the market, though the share is expected to increase in future years. Finishing refers to the method whereby deficiencies in textiles are corrected or specific properties are introduced. Surfactants, desizing agents, bleaching agents and yarn lubricants together form the remaining 22%.

The Indian textile chemicals market is estimated at USD 1.1 bn in 2014. It is expected to reach USD 1.9 bn by 2019, growing at 11.9% p.a. Growth is driven by domestic demand and exports of high quality textiles. The latter has been growing at a CAGR of 11.6%. Increasing penetration of solutions such as negative ion therapy, stain releases, anti-microbial effect (growing at 20% CAGR over FY11 to 17) are additionally driving market growth.

Opportunity for Specialty chemicals / Market growth drivers

Low cost labour and raw material availability have been the advantages enjoyed by Indian manufacturing companies traditionally. Increasingly, though, specialty chemicals companies are focusing beyond these traditional cost advantages. In agrochemicals, for instance, the focus is largely on branding and distribution. Product development capabilities have become increasingly important across segments and account for the difference between top and bottom performers. Surfactants and dyes are areas where scale and operational efficiency are still the success factors – these segments correspondingly have lower margins.

A large domestic demand for textiles, growth in branded apparel, strength in exports and opportunities for technical textiles, together provide a large and growing market for textile chemicals. However, the

supply base continues to remain fragmented with moderate margins. An increase in regulatory standards is likely to cause some reduction in fragmentation, but we do not foresee any major shifts in the near future. Due to the commoditization of existing textile chemicals, major players are focusing on innovation in eco-friendly and functional textile chemicals. As far as general textile chemicals are concerned, players need to remain cost competitive and offer differentiated products.

Threats

Despite the demand side growth drivers, several challenges still remain. While some are segment specific issues, there are three systemic challenges the sector is confronted with – fragmentation and lack of scale, commoditization and regulations.

- **Fragmented industry structure with few scaled up Indian players :** Most players operating in India are still small in scale. At the global level, however, there is significant level of concentration. Most segments in India witness a dominating presence of a few global leaders. This has implications on the competitiveness of Indian players. Only a few Indian players have the scale or capabilities to compete with the global giants on product development and innovation. As the global companies enter and strengthen their presence in the Indian market, they will also invest in marketing, distribution and production systems that local companies may struggle to match.

- **Commoditisation :** Several mature products in the sector have already been commoditised or are at risk of the same. Specialty chemical manufacturers need to strengthen their focus on niche applications and product innovation in order to protect their margins.

- **Regulations:** Cost of compliance might make operations increasingly economically unviable for small players.

- **Similar products, little differentiation**

A majority of the Indian players sell chemicals with little differentiation, thus competing largely on price. As a result they find it difficult to compete with MNCs who have an advantage with regard to access to high quality raw materials as well as being able to sell a quality product at a premium.

- **Cyclicality of textile business**

Another challenge for Indian players is to deal with the cyclicality in the textile manufacturing business. There are hot and cold cycles. Surviving through periods of low demand is tough for the small players.

- **Single product dependencies**

Many Indian players concentrate on manufacturing a single chemical or a small basket of chemicals. As a result, they are vulnerable to shift in regulations and/ or market trends. For example, banning formaldehyde resulted in a major loss for Chemipol.

Company Operations

Fineotex Chemical Limited is one of India's largest and most progressive specialty textile chemical manufacturers. The Company has a unique in-house development technical expertise in production of specialty Chemical with over several decades of experience. The Company manufactures over 400 specialty chemicals and enzymes to Textile, Garment, Construction, Leather, Agrochemicals, Adhesive and Water Treatment.

The Company has manufacturing facilities in India, located at Mahape, Navi Mumbai and Malaysian Facility located at Bander Baru Bangi with combined production capacity of 22,000MT/p.a.

The Company has a global presence across 33 countries and caters to well known companies in India and overseas. The Company has received Star Export House recognition with its increase in exports.

Majority of our revenues are coming from the Textile segment, we undertake manufacturing of entire range of products for Pretreatment, Dyeing, Printing and Finishing process. Our product and process innovations pertaining to the textile segment would include few of the innovative products which bring in efficiency.

The main competitive advantage includes:

- High Entry Barriers
- Sticky Customer Profile
- Customer doesn't focus on pricing but on reliability & technical superiority.
- The Fineotex brand is well established since 3 decades and known for its superior quality
- Network of 68 distributors pan-India, offering higher returns to them to ensure better market share
- Products catering to the entire value chain in textile manufacturing process
- Products are unique & efficient concentrated products with low dosage, transport and storage costs.

Having built a solid reputation for quality and reliability and shipping to different countries, our Company success is based on Quality, Continuity, Flexibility, Reliability, Competitive Pricing, Technology Upgradation and New Product Development.

Outlook

A large domestic demand for textiles, growth in branded apparel, strength in exports and opportunities for technical specialty textiles, together provide a large and growing market for textile specialty chemicals. We do not foresee any major shifts in the near future. Due to the commoditization of existing textile chemicals, major players as well as a few scaled up Indian players, we are focusing on innovation in eco-friendly nontoxic solution for Mosquito outbreak.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONS

During the year, the turnover of the Company has grown to Rs. 7566.88 Lakhs, as compared to Rs. 6806.30 Lakhs for FY 2015-16 resulting in growth of 11.17%. The Company's performance during the year shows a jump of 5.40 % in profit after tax over the last year. The increase in profits is due to Company's conscious effort to improve quality of the products as per customers' requirements which has helped in enhancing margins as well as increase in the market share. The Company is a zero debt Company with no borrowings for its local operations. Short term borrowings are restricted to need based working capital requirements. Employee benefit expense increased to Rs. 340.75 Lakhs during the year as against 244.25 Lakhs in the previous FY 2015-16. The increase is mainly due to salary hike given to employees and appointment of new employees.

The salient indicators are as under :-

(Rs. In lakhs)

| | Standalone | | Consolidated | |
|-------------------------------|------------|---------|--------------|----------|
| | 2016-17 | 2015-16 | 2016-17 | 2015-16 |
| Income from Operations | 7569.87 | 6848.56 | 12806.77 | 10991.93 |
| PBDIT | 2359.83 | 2277.33 | 3021.36 | 2820.1 |
| PAT (after Minority Interest) | 1594.76 | 1513.05 | 2063.47 | 1756.79 |

| | Standalone | | Consolidated | |
|-----------------------------------|------------|---------|--------------|---------|
| | 2016-17 | 2015-16 | 2016-17 | 2015-16 |
| EPS (of Rs 2/-) (Basic & Diluted) | 1.42 | 1.35 | 1.85 | 1.56 |

During the year under review the plant had smooth operations.

As per the Accounting Standard 17 issued by the Institute of Chartered Accountants of India and Companies (Accounting Standards) Rules, 2006, the Company has only one segment i.e. specialty or auxiliary chemicals and preparations which are mainly used in textile processing. The Company's products play an important role in the textile manufacturing processes. With the cautious growth expected in the textile industry in the coming year with increasing demand for chemicals needed for this industry based on the increasing expectation of quality and fashionable textile products, the Company expects a growth in turnover for the current year. However the margins continue to be under stress. The total quantitative sales in 2016-17 were 90,772 MT against 8,275 MT in 2015-16. It is pertinent to note that quantity is not a very indicative criteria to evaluate performance as the quantity may vary depending upon the concentration level of products sold.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Internal Control System is reviewed in the light of changed circumstances. Your Company has an effective system of receipt, storage, and utilization of materials –especially in the environment in which the Company operates. This is reflected in its Internal Financial Controls. The interventions of the Top Management in the Control processes is significantly required and this is provided by them. Its products are not standardized but each supply has to meet the requirements of the customer on his shop floor. This is backed by quality control at each stage of production, finished product storage and dispatch. It has also in place adequate accounting, administrative and adequate system of internal check and controls to ensure safety and proper recording of all assets of the Company and their proper and authorised utilisation. The Company constantly reviews its adherence to the environmental norms. The Company has its own Internal Control system and the Audit Committee reviews its adequacy from time to time. Measures are taken to strengthen the same and check its effectiveness.

HUMAN RESOURCE

The Company has 72 employees at the year end including whole time Directors. We consider our employees as our most valuable asset and have been working towards keeping them engaged and inspired. The current workforce structure has a good mix of employees as all levels. During the year free health check-up initiative for employees was carried out. The Company is aware that the success of its business depends upon its technical expert's co-coordinating with research and development staff on the one hand and marketing on the other. Necessary training and orientation is provided to our employees to equip them in providing productive and committed results.

For and on behalf of the Board

Surendrakumar Tibrewala
(Chairman & Managing Director)
00218394

Sanjay Tibrewala
(Executive Director)
00218525

Mumbai
Dated: 24-May-2017

Annexure 'C' to the Directors Report

FINEOTEX CHEMICAL LTD.

CORPORATE GOVERNANCE REPORT

In compliance with regulation 34(3) of the SEBI (Listing Obligations and Disclosure requirements) Regulation, 2015 ('SEBI (LODR) Regulations'), the Company submits the report for the year ended 31st March, 2017 on the matters mentioned in the said regulation and lists the practices followed by the Company in compliance with the SEBI (LODR) Regulations .

1. Company's Philosophy on Corporate Governance

The Company's philosophy on Corporate Governance relates to creating an organization intended to maximise wealth of shareholders, establish productive and lasting relationship with all shareholders with emphasis laid on fulfilling the responsibility towards entire community and society. The Company's products are marketed not only in India but also across the globe. The Company is, therefore conscious of the fact that the management and the employees need to work ethically to achieve success.

2. Board of Directors

The composition of the Board of Directors and other details as on 31st March, 2017 are given below:

| Name of the Director | Composition & Category | ***No of other directorship in other Companies | No of other Committee Chairman/ | Inter-se Relationship between Directors |
|--|---------------------------------------|--|---------------------------------|---|
| Mr. Surendrakumar Tibrewala (DIN 00218394) | Promoter Chairman & Managing Director | Nil | Nil | Father of Mr.Sanjay Tibrewala and Mrs. Ritu Gupta |
| Mr.Sanjay Tibrewala (DIN 00218525) | Promoter Executive Director | Nil | Nil | Son of Mr.Surendrakumar Tibrewala and Brother of Mrs. Ritu Gupta |
| Mr.Manmohan Mehta* (DIN 00391964) | Non Executive Independent Director | Nil | Nil | -- |
| Mr.Navin Mittal* (DIN 03555295) | Non Executive Independent Director | Nil | Nil | -- |
| --Mr.Alok Dhanuka* (DIN 06491610) | Non Executive Independent Director | Nil | Nil | -- |
| Mrs Ritu Gupta** (DIN 00218561) | Promoter Non Executive Director | Nil | Nil | Daughter of Mr.Surendrakumar Tibrewala and Sister of Mr. Sanjay Tibrewala |

*Independent Director as per section 149 of the Companies Act 2013

**Women Director

*** The above list does not include Directorship, Committee Membership and Committee Chairmanship in Private, Foreign and Section 8 companies

The Board consists of 6 members – 2 Non retiring Directors as per the Articles of Association of the Company, 3 Independent Directors as per Section 149 of the Companies Act 2013 constituting more than one third of the Board's strength and director who is not liable to retire by rotation. The Board also has one women director as required under section of the Companies Act, 2013.

During the year under review, 6 meetings of the Board of Directors were held and the Directors attending the same as well as the Annual General Meeting are as under:

| Type of Meeting | Board | Board | Board | Board | Board | Board | AGM |
|-----------------------------------|----------|----------|----------|----------|----------|----------|----------|
| Director's Name / Date of Meeting | 25/05/16 | 13/08/16 | 22/09/16 | 14/11/16 | 27/01/17 | 10/02/17 | 20/09/16 |
| Mr. Surendrakumar Tibrewala | P | P | P | P | P | P | P |
| Mr. Sanjay Tibrewala | P | P | P | P | P | P | P |
| Mr. Manmohan Mehta | P | P | P | P | P | P | P |
| Mr. Navin Mittal | P | P | P | P | P | P | P |
| Mr. Alok Dhanuka | P | P | P | P | P | P | P |
| Mrs. Ritu Gupta | A | P | P | P | P | P | P |

P = Present A= Absent

The meetings of the Board of Directors are generally held at least once in a quarter and are scheduled well in advance unless it is necessary to convene the same for urgent purposes. A detailed agenda is prepared in consultation with the Chairman & Managing Director which is circulated to the members of the Board in advance.

Details of Equity Shares held by Non – Executive Directors as on 31st March 2017:

| Name of Director | No. of Shares |
|------------------|---------------|
| Mrs. Ritu Gupta | 11000 |

The details of familiarization programmes imparted to the independent Directors are available on the website of the Company and can be accessed through the web link <http://fineotex.com/Investor-Relation.aspx>

Profile of the Directors

Mr Surendrakumar Tibrewala is the Chairman and Managing Director of the Company. He is B. Com LLB and has four decades of experience in the Company's business. He was instrumental in growing the business from scratch to one of the leading companies in this sector. He continues to contribute strategically to guide the Company on its growth path.

Mr. Sanjay Tibrewala is associated with the Company's Business for the last 17 years. He is a B. Com and has completed higher studies in Textile processing. His missionary zeal has helped the Company to develop new products which have received acceptance in domestic as well as internationally. The Company's products have a growing acceptance internationally and has helped the Company achieve the Star Exporter credentials.

Mr. Manmohan Mehta was appointed as a Director of the Company on 31st December, 2007 liable to retire by rotation as per the provisions of Companies Act 1956. At the 11th Annual General Meeting held on 23rd September, 2014 he was appointed as an Independent Director within the provisions of section 149(4) of the Companies Act 2013 for a period of five years. He has given the necessary declaration confirming his eligibility and willingness to act as such as required under the Act. He has an expertise in textile processing and reality business – the main focus areas of the business. He is a member of various Committees of the Board including Chairman in few cases.

Mr. Navin Mittal is a graduate with experience in steel business which the Company has benefitted in the expansion activity. He was appointed as Director on 2nd September 2011. He is a member on various Committees of the Board. He has been appointed as a Independent Director for a period of 5 years at the 12th Annual General Meeting held on 28th September 2015.

Mr. Alok Dhanuka was appointed as Director of the Company on 11th February, 2013 as Independent Directors as per the Listing Agreement with Bombay Stock Exchange Limited. He was re-appointed as Independent Directors as per the provisions of Section 149(4) of the Companies Act 2013 for a period of 5 (Five) years at the 11th Annual General Meeting. He has given the necessary declaration confirming his eligibility and willingness to act as such as required under the Act. Mr. Alok Dhanuka is an MBA Finance with experience of exports business. He is a

member of various Committees of the Board including Chairman in few cases.

Mrs. Ritu Gupta was appointed as Additional Director on 13-August-2014. She is Non-Executive and Promoter Director Liable to retire by rotation. She is MBA Finance from SP Jain Centre of Management Dubai and has experience in Finance and Management. She was also associated with the Company earlier. She has given her consent and eligibility for reappointment. Her appointment as Director would be of tremendous value to the Company being aware of the operations of the Company. Her appointment also meets the obligation of the Company under section 149(1) of the Companies Act, 2013. She is a member of various Committees of the Board.

The profile of Director to be reappointed is given separately in this notice.

3. Code of Conduct

The Board of Directors has laid down a code of conduct for all the Board members and senior management of the Company in compliance with the requirements of the listing Agreement and regulation 17(5) of the SEBI (LODR) Regulations. All the Board of Directors and senior management have affirmed with the code of conduct as approved and adopted by the Board of Directors and a declaration to this effect signed by the Chairman & Managing Director has been annexed to the Corporate Governance Report. The code of conduct may be accessed through the web link <http://fineotex.com/Investor-Relation.aspx>

4. Audit Committee

The Company has a qualified Audit Committee. The terms of reference of the Committee were in accordance with the provisions of the Companies Act, 1956 and Listing Agreement. The same are being reviewed and enlarged in terms of the Companies Act, 2013 and the new Listing Regulation which became effective from 1st December 2015. The terms of reference have been approved by the Board. The terms have been enlarged to have a better review of the internal control systems as well as the Risk Management process.

The present members of the Audit Committee are Mr Alok Dhanuka is the Chairman of the Committee. Mr. Sanjay Tibrewala is the Executive Director and Mr. Manmohan Mehta is the Independent Non-Executive Directors. Company Secretary of the Company is the secretary of the Audit Committee.

The Committee met 4 times during the year and the attendance is given below.

Attendance at the Audit Committee Meetings.

| Name of Director | 25-May-16 | 13-Aug-16 | 14-Nov-16 | 10-Feb-17 |
|----------------------|-----------|-----------|-----------|-----------|
| Mr. Alok Dhanuka | P | P | P | P |
| Mr. Manmohan Mehta | P | P | P | P |
| Mr. Sanjay Tibrewala | P | P | P | P |

P = Present A= Absent

5. Nomination & Remuneration Committee

The Company has a Nomination and Remuneration Committee

to recommend/review the remuneration package of the Managing Director and the Executive Directors as well as to the other members of the Board.

Mr. Manmohan Mehta is the Chairman of the Committee with Mr. Navin Mittal and Mr. Alok Dhanuka as members. All members are Independent and Non-Executive Directors.

The Committee met thrice during the year and the attendance is given below.

| Name of Director | 25-May-16 | 22-Sept-16 | 14-Nov-16 |
|--------------------|-----------|------------|-----------|
| Mr. Alok Dhanuka | P | P | P |
| Mr. Manmohan Mehta | P | P | P |
| Mr. Navin Mittal | P | P | P |

P = Present A= Absent

Evaluation of Performance of the Board and Committees

In compliance with provision of Companies Act 2013 the directors evaluated the performance of the Board of Directors and the Audit committee. An objective questionnaire was given and the ratings in the grade of 1 to 5 were sought. They were compiled by an Independent person and the consolidated rating was informed to the Board / Committee.

6. Remuneration of Directors

Payment of remuneration to the Managing Director and Executive Director is governed by the terms and conditions approved by the shareholders at the contained in the Agreement entered into with them which incorporated remuneration within the limit stipulated by the provisions of the Companies Act, 2013. The remuneration structure comprises of salary, consolidated allowance and other perquisites such as house rent allowance, medical benefits, leave travel concession, club subscription, contribution to provident, superannuation and gratuity funds and provision of car and telephone. The other provisions are as per the agreement. At the 13th Annual General Meeting held on 20th September, 2016, the shareholders had approved, by a Special Resolution, remuneration within the limits prescribed under the Schedule V of the Companies Act 2013 with the provision to increase the same if the limits are increased either by the Central Government and any other enactment. The approval is for a period of 3 years from 1st October, 2016.

There is no provision for performance based incentives or stock options.

The agreements can be severed by either party by giving 6 months' notice to the other party. The Company has an option to terminate the contract by payment of six months' remuneration in lieu of notice.

Committee also recommended that the payment of sitting fees to the Independent Directors. However the Independent directors decided not to take the sitting fees at present.

The details of remuneration paid/provided to the Executive Directors form part of the Extract of the Annual Report given in form MGT-9 as an attachment to this report.

7. Stakeholders Grievances Committee

The Company has a Stakeholders Grievances Committee of

the Board of Directors under the Chairmanship of Mr. Alok Dhanuka, Non-Executive Independent Director, to look into the redressal of investors' grievances with Mr. Sanjay Tibrewala and Mr Manmohan Mehta. Ms. Raina Dsilva, Company Secretary is the Secretary to Stakeholders Grievances Committee.

The Board of Directors has delegated power of approving transfer/ transmission of shares to senior executives of the Company.

During the year 2016-17 no complaints were received by the Registrar and Transfer agents. There were no complaints on the 'SCORES' hosted on the website of Securities and Exchange Board of India (SEBI). Certain grievances regarding re-validation of dividend warrants were received and were attended accordingly and no grievance was outstanding as on 31st March, 2017. No share transfers/transmissions/issue of duplicate share certificates was pending as on 31st March, 2017.

Ms. Raina D'Silva Company Secretary is the Compliance Officer of the Company.

8. Corporate Social Responsibility Committee

Our Company being a listed company is required to have a Corporate Social Responsibility Committee (CSR) as per Section 135 of the Companies Act, 2013. Accordingly a Committee has been constituted consisting of Mr Surendrakumar Tibrewala, Mr Sanjay Tibrewala and Mr Manmohan Mehta as members. Ms. Raina D'Silva, Company Secretary is the secretary to the CSR Committee. Mr Surendrakumar Tibrewala and Mr. Manmohan Mehta have lot of experience in service to the society.

Two meeting were held on 13th August 2016 and on 10th February 2017 during the financial year 2016-17.

All the members were present for the meeting.

The Corporate Social Responsibility Policy had been adopted by the Company. There was a lack of guidance with regard to the implementation of this policy. The Committee recommended that instead of starting a separate activity for this policy, the same may be implemented through the eligible Trusts established in this field.

Your Company contributes to eligible trust established in the field of CSR. The Company had to spend Rs. Approx 27.37 Lakhs during the current year It has spend Rs 22.00 Lakhs for the financial year in review.

These trusts are pursuing activities in the areas of educational institutions, hospitals and welfare clinics and women empowerment The Committee will also monitor the usage of the funds in the desired activities on a regular basis.

The other details about the Corporate Social Responsibility are given in Annexure 6.

9. Risk Management Committee

Our Company's business is in a way very specialised with no standard product. The products are in the nature of specialties which enhance the processing performance which in the end increases the final utility of the products of the customers. The risks are therefore a bit higher than the standard business risks. But the strength of the Company is based on the ability to continuously innovate as per customers' needs and grow.

As per the requirement of the Revised Listing Regulation, Regulation 21 of the (Listing Obligation and Disclosure Requirements), Regulation 2015 with the Stock Exchanges, the Company is not required to have a Risk Management Committee.

10. Meeting of Independent Directors

The Independent Directors met once during the year on the 12th of February 2017 to review the working of the Company, its Board and Committees. The meeting decided on the evaluation of the Audit Committee. The evaluation of the Board and of the Audit committee by Independent Directors was completed. The same was compiled by Independent authority and informed to the members.

11. Committee for Prevention of Sexual Harassment at workplace

The Company has constituted a Committee of Mr. Surendrakumar Tibrewala, Mrs. Ritu Gupta and two lady employees of the local workplace on the Committee. The Company endeavours safety of all its employees and to provide equal opportunity on merit basis irrespective of gender.

No complaint was received.

12. Whistle Blower Policy

As required by the Listing Agreement, the Company has a whistle blower policy. The same is being informed to all the employees. The Contact persons are the Chairman of the Audit committee and/or General Manager at the Registered Office of the Company.

13. Disclosures

- (a) The Company did not enter into any materially significant related party transactions with its promoters, directors or the management, their subsidiaries, relatives etc, during the year that may have a potential conflict with the interest of the Company at large except that are disclosed in the accounts. The Company got some processing done from an entity where the Executive Director is a significant shareholder and taken premises and production facilities on rent from a relative of the Directors. Some sales have been made to the proprietary concern of the Executive Director. These have been disclosed in the accounts and other public documents. Wherever required, the approval of the Central Government is also obtained.
- (b) There was no pecuniary relationship or transactions with Non-Executive Directors.
- (c) The details of related party policy are available on the website of the Company and can be accessed through the web link <http://fineotex.com/Investor-Relation.aspx>

14. Details of General Body Meetings

Details of location and time of last three Annual General Meetings are as follows:

| Year | Venue | Date | Time |
|---------|---|-------------|------------|
| 2014-15 | Rajpuria Bagh, Navinbhai Thakkar Road, Vile Parle (E), Mumbai 400057. | 28-Sep-2015 | 10.00 A.M. |

| | | | |
|---------|---|--------------|------------|
| 2015-16 | Rajpuria Bagh, Navinbhai Thakkar Road, Vile Parle (E), Mumbai 400057. | 20-Sept-2016 | 10.00 A.M. |
| 2016-17 | Rajpuria Bagh, Navinbhai Thakkar Road, Vile Parle (E), Mumbai 400057. | 25-Sept-2017 | 04.00 P.M. |

Special Resolutions were proposed at the 13th Annual General Meeting held on 20th September, 2016 and were approved unanimously.

No Extra-Ordinary General Meeting was convened during the year 2016-17.

Means of Communication.

The Company has a website www.fineotex.com. The Company's Email Id is info@fineotex.com. Individual communication of the half yearly results is not made to the shareholders.

The Company has 9623 shareholders as on 31st March, 2017 and the total holding is in dematerialised form except for 15 shareholders holding physical shares.

The Annual Report consisting of Directors' Report, Auditors' report and detailed accounts form an integral part of communication sent annually to the shareholders in physical or via email where the depository provide email addresses whereas the Annual General Meeting is a means for face to face communication.

The quarterly unaudited financial results would be published in Free Press Journal (English) and Navashakti (Marathi) as per the requirements of the listing agreement.

The presentations made to institutional investors or to the analysts are uploaded on the website and can be viewed on the web link <http://fineotex.com/Investor-Relation.aspx>

General Shareholder Information

- a. 14th Annual General Meeting:

| | |
|---------------|---|
| Date and Time | : Monday 25 th September 2017 at 4.00 p.m. |
| Venue | : Rajpuria Bagh, Navinbhai Thakkar Road, Vile Parle (E), Mumbai 400057. |
- b. Financial Calendar : The Company's Financial Year is a 12 months period from April to following March.

| | |
|------------------|---------------------------------------|
| Period | Dates for Unaudited/ Audited Results. |
| April- June 2017 | 1st Fortnight of August 2017 |
| July-Sept. 2017 | 1st Fortnight of November 2017 |
| Oct-Dec 2017 | 1st Fortnight of February 2018 |
| Jan-Mar -2018 | before 30th May 2018 |
- c. Book Closure : Thursday 21st September 2017 - Monday 25th September 2017
- d. Dividend payment date : N.A.

- e. List of Stock Exchanges where applications for listing of shares have been made
Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers,
Mumbai Dalal Street, Mumbai-400 023
National Stock Exchange of India Limited BKC, Bandra (E), Mumbai 400051
- f. Stock Code & Scrip Id
Bombay Stock Exchange Ltd, Mumbai Code 533333
National Stock Exchange of India Limited Id FCL
- g. Market Price Data The shares of the Company were traded as under during 2016-17.

| Month | BSE | | | NSE | | |
|----------------|------------|----------|-----------------------|------------|----------|-----------------------|
| | High (Rs.) | Low (Rs) | Turnover (Rs.in Lakh) | High (Rs.) | Low (Rs) | Turnover (Rs.in Lakh) |
| April 2016 | 35.50 | 29.00 | 385.98 | 34.8 | 29.30 | 2349.634 |
| May 2016 | 36.8 | 28.5 | 344.95 | 36.6 | 31.60 | 1444.42 |
| June 2016 | 32.85 | 24.6 | 768.01 | 33.00 | 29.15 | 2421.40 |
| July 2016 | 29.7 | 25.1 | 741.52 | 29.70 | 25.00 | 2404.42 |
| August 2016 | 28.25 | 22.8 | 1004.098 | 28.50 | 22.55 | 3216.46 |
| September 2016 | 29.4 | 24.5 | 340.94 | 29.25 | 24.75 | 1131.51 |
| October 2016 | 36.25 | 26.65 | 1121.31 | 36.25 | 26.50 | 3340.53 |
| November 2016 | 41.3 | 23.6 | 1132.84 | 41.30 | 23.70 | 3049.69 |
| December 2016 | 31.4 | 26.6 | 191.91 | 31.50 | 26.65 | 797.33 |
| January 2017 | 33.3 | 27.5 | 283.65 | 33.25 | 27.60 | 1058.22 |
| February 2017 | 35.9 | 29.85 | 570.53 | 36.10 | 28.40 | 3363.75 |
| March 2017 | 37.35 | 31.1 | 416.48432 | 37.10 | 30.55 | 1221.41 |

- h. Market Price variation in relation to BSE Sensex during 2016-17
The monthly high and low share prices of the Company in comparison with the BSE Sensex during the year are as under:

| Month | High (Rs.) | Low (Rs) | BSE Sensex (High) | BSE Sensex (Low) |
|----------------|------------|----------|-------------------|------------------|
| April 2016 | 35.50 | 29.00 | 26100.54 | 24523.2 |
| May 2016 | 36.8 | 28.5 | 26837.2 | 25057.93 |
| June 2016 | 32.85 | 24.6 | 27105.41 | 25911.33 |
| July 2016 | 29.7 | 25.1 | 28240.2 | 27034.14 |
| August 2016 | 28.25 | 22.8 | 28532.25 | 27627.97 |
| September 2016 | 29.4 | 24.5 | 29077.28 | 27716.78 |
| October 2016 | 36.25 | 26.65 | 28477.65 | 27488.30 |
| November 2016 | 41.3 | 23.6 | 28029.8 | 25717.93 |
| December 2016 | 31.4 | 26.6 | 26803.76 | 25753.74 |
| January 2017 | 33.3 | 27.5 | 27980.39 | 26447.06 |
| February 2017 | 35.9 | 29.85 | 29065.31 | 27590.10 |
| March 2017 | 37.35 | 31.1 | 29824.62 | 28716.21 |

- i. Market Price variation in relation to NSE Nifty during 2016-17
The monthly high and low share prices of the Company in comparison with the NSE Nifty during the year are as under:

| Month | High (Rs.) | Low (Rs) | NSE Nifty (High) | NSE Nifty (Low) |
|----------------|------------|----------|------------------|-----------------|
| April 2016 | 34.8 | 29.30 | 7992.00 | 7516.85 |
| May 2016 | 36.6 | 31.60 | 8213.60 | 7678.35 |
| June 2016 | 33.00 | 29.15 | 8308.15 | 8252.05 |
| July 2016 | 29.70 | 25.00 | 8674.70 | 8287.55 |
| August 2016 | 28.50 | 22.55 | 8819.20 | 8518.15 |
| September 2016 | 29.25 | 24.75 | 8968.70 | 8555.20 |

FINEOTEX CHEMICAL LIMITED

| | | | | |
|---------------|-------|-------|---------|---------|
| October 2016 | 36.25 | 26.50 | 8806.95 | 8506.15 |
| November 2016 | 41.30 | 23.70 | 8669.60 | 7916.40 |
| December 2016 | 31.50 | 26.65 | 8274.95 | 7893.80 |
| January 2017 | 33.25 | 27.60 | 8672.70 | 8133.80 |
| February 2017 | 36.10 | 28.40 | 8982.15 | 8537.50 |
| March 2017 | 37.10 | 30.55 | 9218.40 | 8860.10 |

j. Share Transfer System

99.99% shares are held in dematerialised form and hence the transfer is done through the depository participants.

Shareholders are advised that in case transfer, transmission, rematerialisation, dividends, change of address, alterations in bank mandates, email ids, nominations and other forms of inquires should be addressed only to the depository participant with whom the shareholder has an account as the Company cannot alter the details and have to act on the data available with National Securities Depository Limited and Central Depository Services Limited.

k. Dematerialisation of shares

99.99 % of total Equity Share Capital is held in dematerialised form with NSDL and CDSL as at 31st March 2017.

Members can hold shares in electronic form and trade the same in Depository system. However, they may hold the same in physical form also.

International Securities Identification Number INE045J01026

l. Shareholding Pattern as on 31st March, 2017

| Category | No. of shareholders | No. of Equity Shares held | Percentage of Shareholding |
|---------------------------|---------------------|---------------------------|----------------------------|
| Promoters (Non Corporate) | 8 | 76509020 | 68.74 |
| Promoters (Corporate) | 2 | 4028000 | 3.62 |
| Bodies Corporate | 227 | 9917707 | 8.91 |
| Clearing Members | 141 | 1099896 | 0.99 |
| Non Resident Indians | 299 | 1335910 | 1.20 |
| Non Nationalised Bank | 1 | 67122 | 0.06 |
| Financial Institutions | 1 | 62338 | 0.06 |
| Public | 8944 | 18280007 | 16.42 |
| Total | 9623 | 111300000 | 100.00 |

m. Distribution of shareholding as on 31st March, 2017

| Category (no. Of shares) | No of shareholders | Shares held | % of shareholding |
|--------------------------|--------------------|-------------|-------------------|
| 1-5000 | 8401 | 8686794 | 3.90 |
| 5001-10000 | 558 | 4193574 | 1.88 |
| 10001-20000 | 308 | 4521670 | 2.03 |
| 20001-30000 | 107 | 2709674 | 1.22 |
| 30001-40000 | 58 | 2052212 | 0.92 |
| 40001-50000 | 30 | 1352156 | 0.61 |
| 50001-100000 | 78 | 5687920 | 2.56 |
| 100001> 9999999999 | 83 | 193396000 | 86.88 |
| Total | 9623 | 222600000 | 100 |

n. Distribution of shares held in physical form and with depositories as on 31st March, 2017 :

| Held with | No of shareholders | No of shares |
|--|--------------------|--------------|
| Physical | 15 | 6,970 |
| National Securities Depository Limited | 5408 | 98417368 |
| Central Depository Services (I) Ltd | 4200 | 12875662 |
| Total | 9623 | 111300000 |

o. Company Registration number with

ROC/ Ministry of Corporate Affairs

L24100MH2004PLC144295

p. Plant location-

A-699/700, TTC Industrial Area Mahape, New Mumbai

q. Address for correspondence

i) Registrars and Share Transfer Agents: (For shares and dividend related queries)

Bigshare Services Private Ltd.,
1st Floor, Bharat Tin Works Building,
Opp.Vasant Oasis, Makwana Road, Marol,
Andheri (E), Mumbai - 400059
Phone : (022) 62638200

ii) Company

(For any other matter, unresolved complaints)

Company Secretary
Fineotex Chemical Limited
42/43, Manorama Chambers,
S V Road, Bandra West
Mumbai 400050

| | |
|-------------------------|--|
| r. E-mail | info@fineotex.com |
| s. Investors Grievances | grievances@fineotex.com |
| t. Phone No: | 022-26559174-75 |
| u. Fax No. | 022-26559178 |
| v. Website : | www.fineotex.com |

For and on behalf of the Board

| | |
|----------------------------|--------------------------------|
| Sanjay Tibrewala | Surendrakumar Tibrewala |
| (Executive Director & CFO) | (Chairman & Managing Director) |
| 00218525 | 00218394 |

Mumbai
Date: 24-May-2017

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To Board of Directors,
Fineotex Chemical Limited.

- A. We, the undersigned, in our respective capacities as Chief Executive Officer and Chief Financial Officer of Fineotex Chemical Limited ('the Company') have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
- 1) These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
 - 2) These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. They are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- D. We have indicated based on our most recent evaluation, wherever applicable, to the Auditors and the Audit Committee
- i. Significant changes, if any, in the internal control over financial reporting during the year;
 - ii. Significant changes, if any, in accounting policies during the year and that the same has been disclosed in the notes to the financial statement; and
 - iii. Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Surendrakumar Tibrewala
(Chairman and Managing Director)

Sanjay Tibrewala
(Executive Director & CFO)

Mumbai 24-May-2017

ANNEXURE TO CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31ST MARCH 2017

DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT

All Directors and Senior Management of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended 31st March, 2017.

For and on behalf of the Board

Surendrakumar Tibrewala
(Chairman & Managing Director)

Mumbai: 24-May-2017

Annexure 1

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT

Amounts outstanding as on 31st March, 2017

1. Loans Given
2. Guarantees given
3. Investments made

Loans, deposits, guarantees and investments made during the Financial Year 2016-17

| Name of Entity | Relation | Amount | Particulars | Purpose for which given |
|---------------------|----------|-------------|------------------|-------------------------|
| Manya Steels P.Ltd | WOS | 6,50,000 | Deposit for Rent | Business Purpose |
| Mutual Funds (net) | | 1,04,08,214 | Investments | Cash Management |
| Equity Shares (net) | | 5,84,70,491 | Investments | Cash Management |
| FCL Landmark P.Ltd | WOS | 1,00,000 | Disinvestments | Disinvestments |

FORM AOC -2

(Pursuant to clause (h) of sub-section(3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014) Form of disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

| 1 | Details of Contracts or arrangements or transactions not at arm's length basis | | | | | |
|----|--|--|--|--|--|---|
| a. | Name of Related Party and Relationship | Surendrakumar Tibrewala CMD | Sanjay Tibrewala Wholetime Director | Kanaklata Tibrewala Relative of Directors | Proton Biochem P Ltd Significant influence of Directors | Sanjay Exports - Significant influence by Director |
| b. | Nature of contracts/ arrangements// transactions | Remuneration & Rent for Office premises | Remuneration | Renting | Processing of chemicals & Interest on Deposit | Sale of goods for exports and purchase of its assets subsequent to taking over of export business |
| c. | Duration of the contract | 01.10.2013 to 30.09.2016 & 01.10.2016 to 30.09.2019 | 01.10.2013 to 30.09.2016 & 01.10.2016 to 30.09.2019 | 3 years | Continuing | Continuing |
| d. | Salient terms of contract including Value | Salary perquisites and retinals Rs.35,40,000/- (incl payable Rs. 1,97,323/- & Rent Rs 882000(incl Rs. 66150 payable) | Salary perquisites and retinals Rs.35,40,000/- (incl payable Rs. 1,97,325/-) | Rent of Office premises and Factory & Deposit Rs. 8,28,000 (incl Rs. 62,100 payable) and Deposit Rs. 1,95,00,000/- | Company gets the material processed from the party Rs. 2,09,41,373/- paid as processing fees, rent for premises Rs. 7,80,000/- and outstanding at the year end Rs. 37,39,471/- | Purchased car at WDV |
| e. | Justification of contracts | Requirement of section 269 of Companies Act, 1956 of The Act | Business needs | For business needs . Approved by shareholders | Business requirement. | Business arrangement on take over of export business |
| f. | Date of Board Approval | 5/15/2013 | 5/15/2013 | 2/11/2013 | 12/31/2012 | 9/22/2016 |
| g. | Amount paid as Advance | Nil | Nil | 19500000/- as deposit | | Nil |
| h. | Date of Special resolution | 9/27/2013 | 9/27/2013 | 9/23/2014 | 9/23/2014 | 9/20/2016 |

| 2 | Details of Contracts or arrangements or transactions at arm's length basis | | | | | | | |
|----|--|------------------------|--|--|---|-------------------------------|--|--|
| a. | Name of the related Party and relation | Fineotex Malaysia Ltd | BT Chemical SDN BHD | BT Biotex Sdn BHD | Fineotex Specialities FZE | Raina D'silva | FCL Landmarc P Ltd | Manya Steels P Ltd |
| | | WOS | 2nd Tier subsidiary | 2nd Tier subsidiary | WOS | Company Secretary | WOS | WOS |
| b. | Nature of transactions | Dividend | Sales / Purchase / expenses in normal course | Sales / Purchase / expenses in normal course | Capitalisation of subsidiary and normal operating transactions | Remuneration | | Deposit for Renting |
| c. | Duration of transactions | as and when | as and when | as and when | as and when | Full Year | | Continuing |
| d. | Salient terms of the contract and value | Dividend 1,35,47,629/- | Sales Rs. 45,64,515/-, Purchase of Rs. 45,22,881/-, Advance for Purchases Rs. 47,97,681/- and expenses of Rs. 1,34,490/- | Purchase of goods 3,71,25,008/- | Capital contribution Rs. 26,58,194/- and reimbursement of expenses. | Employment terms Rs. 3,83,667 | Reimbursement of expenses Rs. 4,950/-and return of loan of Rs. 10,000/-. The investments in the company were sold off. | Rent Deposit Rs. 1,00,00,000/- including Rs/ 6,50,000/- paid during the year, Advance at the time of Investments Rs. 72,94,311/-, Rent, Rs. 1,20,000/-, Advance Rent Rs. 40,000/- and reimbursement of expenses of Rs. 600/- |
| e. | Details of approval of the Board, if any | Not required | Not required | Not required | | 11/12/2015 | Not Applicable | Not required |
| f. | Amount paid as Advance if any Rs. | Nil | Rs. 47,97,681/- | Nil | Nil | Nil | Nil | Nil |

Sanjay Tibrewala
(Executive Director & CFO)
00218525

Surendrakumar Tibrewala
(Chairman & Managing Director)
00218394

Place : Mumbai
Dated: 24-May-2017

Annexure 3

Statement of Disclosure of Remuneration under section 197 of the Companies Act, 2012 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014

Ratio of the remuneration of each Executive Director to the median remuneration of the employees of the Company, the percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer and Company Secretary during the year 2016-17

| S . No | Name of Employee | Designation | Ratio of Remuneration of each Director to median employee | % increase in Remuneration |
|--------|------------------------|--------------------------|---|----------------------------|
| 1. | Suendrakumar Tibrewala | CMD | 15:1 | 9.25% |
| 2. | Sanjay Tibrewala | Executive Director & CFO | 15:1 | 9.25% |
| 3. | Raina D'Silva | Company Secretary | NA | |

Note

- a. No remuneration is paid to Non Executive Director
- b. The Remuneration has decreased as the Executive Directors have not claimed certain perquisites during the year.
 1. The percentage decrease in median employee for the financial year was 10.96%
 2. The Company has 72 permanent employees including Executive Directors
 3. Relationship between average increase in remuneration and Company's performance : The remuneration./ policy of the Company Employees is based on the philosophy to reward and drive performance culture. Every year the salary increases are decided to provide reward on the basis of market opportunity determined by benchmarking the rewards with similar profile organizations. Variable component is an important criteria which is dependent of individual performance rating, business performance and market competitiveness of the Company. The profits have increased over 5% while average increase in remuneration is 35% excluding Executive Directors.
 4. Comparison of the remuneration of the key managerial personnel against the performance of the Company: As per the policy increases are dependent on actual performance rating as well as the business performance and increase in scope of work entrusted. The profit after tax increased by over 5% during the year. During the year the increase in staffcost is over 12%
 5. The market capitalization has increased from Rs. 36328 Lakhs on 31-03-2016 to Rs.38065 Lakhs on 31-03-2017. In March 2011 the shares were issued at Rs. 70 per share of face value of Rs. 10 each. The corresponding price stood at Rs. 342.20 per share of Rs. 2 each.
 6. The average percentage increased in remuneration of employees other than Directors during the year is 6.18%
 7. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid Director during the year – NA
 8. The remuneration is paid as per the remuneration policy of the Company. The shortfall will be made goal in according you.

For and on behalf of the Board

Sanjay Tibrewala
(Executive Director & CFO)
00218525

Surendrakumar Tibrewala
(Chairman & Managing Director)
00218394

Place : Mumbai
Date : 24-May-2017

Annexure '4' Directors' Report

NOMINATION AND REMUNERATION POLICY

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the Listing Agreement, as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

APPLICABLE

This Remuneration Policy applies to directors, senior management including its Key Managerial Personnel (KMP) and other employees of the Company.

GUIDING PRINCIPLE

The guiding principle is that the remuneration and the other terms of employment should effectively help in attracting and retaining committed and competent personnel.

While designing remuneration packages, industry practices and cost of living are also taken into consideration.

APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend his / her appointment, as per Company's Policy.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution.

TERM / TENURE

a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

EVALUATION

The Committee shall carry out evaluation of performance of Director, KMP and Senior Management Personnel yearly or at such intervals as may be considered necessary.

REMOVAL

The Committee may recommend with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Companies Act, 2013, rules and regulations and the policy of the Company.

RETIREMENT

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL

1) Remuneration to Managing Director / Whole-time Directors:

- a) The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.

- b) The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.

2) Remuneration to Non- Executive / Independent Directors:

- a) The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- b) All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.
- c) An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.
- d) Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:
- i) The Services are rendered by such Director in his capacity as the professional; and
 - ii) In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

3) Remuneration to Key Managerial Personnel and Senior Management:

- a) The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
- b) The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from to time.
- c) The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

IMPLEMENTATION

- The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
- The Committee may Delegate any of its powers to one or

On behalf of Board of Directors

Surendrakumar Tibrewala
(Chairman & Managing Director)

Date: May 24, 2017

Place: Mumbai

SECRETARIAL AUDIT REPORT

Form No. MR-3

For Financial Year Ended On 31st March, 2017.

[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]

To,
The Members,
FINEOTEX CHEMICAL LTD.

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

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period ended on 31st March 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers and minute books, Forms and returns filed and other records maintained by Fineotex Chemical Limited ("The Company"), for the year ended on 31st March, 2017 according to the extent applicable provisions of:

- I. The Companies Act, 2013 ("**The Act**") and the Rules made thereunder, as applicable;
- 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, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**") to the extent applicable to the Company: -
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. 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, 2009;
 - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
 - e. The Company has complied with the requirements under the Equity Listing Agreements entered into with BSE Limited, National Stock Exchange of India Limited.
- VI. The Management has identified and confirmed the applicable Acts, Laws and Regulations specifically applicable to the Company being in Chemical Sector as given below:
 1. Air (Prevention and Control of Pollution) Act, 1981 and Rules issued by the State Pollution Control Boards
 2. Water (Prevention and Control of Pollution) Act, 1975 and Rules issued by the State Pollution Control Boards

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

- i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.
- ii) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015;
- iii) The Listing Agreements entered into by the Company with the BSE Limited and National Stock Exchange of India Limited.

During the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards and Listing Agreement/Obligations 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 year under review were carried out in compliance with the provisions of the Act.

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

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 the company has:

1. Declared Interim Dividend @ 5% i.e.Rs. 0.10 on equity shares of Face Value of Rs. 2 each and paid by the company was in compliance with the provisions of Section 123 of the Companies Act, 2013 read with rule 3 of the Companies (Declaration and Payment of Dividend) Rules, 2014.
2. Bought back 9,98,110 shares (Nine Lakh Ninety-Eight Thousand One Hundred & Ten) during the financial year pursuant to the provisions of Section 62 of The Companies Act, 2013 read with the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1988.
3. Re-appointed Mr. Surendrakumar Tibrewala as a Managing Director of the Company for a period of three years with effect from October 1, 2016 for a remuneration not exceeding Rs. 6,00,000/- p.m. in Annual General Meeting held on 20th September, 2016
4. Re-appointed Mr. Sanjay Tibrewala as an Executive Director of the Company for a period of three years with effect from October 1, 2016 for a remuneration not exceeding Rs. 6,00,000/- p.m. in Annual General Meeting held on 20th September, 2016
5. Appointed one of its employee, a commerce graduate as an Internal Auditor of the Company.
6. Taken Shareholders Approval for related party transactions for the period of five years pursuant to provisions of section 188 of Companies Act, 2013 (Act) and the Rules made thereunder.

For **HS Associates**
Company Secretaries

Hemant S. Shetye
Partner
FCS No.: 2827
CP No.: 1483

Date: 24th May, 2017
Place: Mumbai

Annexure 6 Directors' Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. Brief outline of Company's CSR Policy : The policy encompasses the company's philosophy for outlining its social responsibility lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large. It was adopted by the Board on 23rd September, 2014.
2. Composition of Committee
Mr. Surendrakumar Tibrewala Chairman
Mr. Sanjay Tibrewala
Mr. Manmohan Mehta Independent Director
The Committee met twice in the year
3. Average Net Profits of the Company for last 3 years : Rs. 1368.51 Lakhs
4. Prescribed CSR Expenditure (2% of Item 3) : Rs.27.37 Lakhs
5. Details of Amount spent : Rs. 22.00 Lakhs
6. Amount spent for following activities :
 - a. Education of any persons and enable them to earn an independent livelihood and thereby become useful and efficient citizen of India.
 - b. Rendering help/assistance to deserving persons by payment of fees, allowances, scholarship for the purpose of education.
 - c. Rendering help to deserving persons for medical purpose, to run hospitals, aushadalayas, maternity homes, sanitoriums, dispensaries, family welfare citizens.
 - d. Render financial help in establishing, conducting and maintaining houses for old aged and needy persons.
 - e. To provide financial assistance and supply items of necessity like food, clothing, medicine etc. for running and maintenance of houses for destitute, aged persons/retired needed persons.
 - f. Organize re-habilitation of destitute, old age persons wherever possible and provide assistance in cash.
 - g. To look after family planning centres and nursing homes/ run eye bank, blood bank, organ banks etc.
7. The funds have been given to recognized trusts which carry out these activities. The Committee would in co-ordination through the Trustees would make best efforts to keep track that the expenses are utilized on an overall basis towards the objectives for which they have to be used.
8. CSR Committee Responsibility statement
The CSR Committee confirms that the implementation and monitoring of the CSR activities of the Company are in compliance with the CSR objectives and CSR Policy of the Company. The shortfall will be made good in preceding year.

For and on behalf of the Board

Surendrakumar Tibrewala
(Chairman & Managing Director)
CSR Committee Member

Date: May 24, 2017
Place: Mumbai

Annexure 7 Directors' Report

EXTRACT OF ANNUAL RETURN

As on financial ended on 31st March, 2017

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

Form No. MGT-9

1 Registration and other details

| | |
|--|---|
| Company Identification Number (CIN) | L24100MH2004PLC144295 |
| Registration Date | 30 th January, 2004 |
| Name of the Company | Fineotex Chemical Limited |
| Category/Sub-category of the Company | Company Limited By Shares |
| Address of the Registered Office and Contact details | 42/43, Manorama Chambers, SV Road, Bandra (West), Mumbai 400050. 022-26559174-77 Fax 022-26559178 info@fineotex.com : www.fineotex.com |
| Whether Listed Company | Yes on Bombay Stock Exchange Limited & National Stock Exchange of India Limited |
| Name, Address & Contact Details of Registrar & Transfer Agents | Bigshare Services Private Limited 1st Floor, Bharat Tin Works Building, Opp.Vasant Oasis, Makwana Road, Marol, Andheri (E), Mumbai - 400059 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|---|----------------------------------|------------------------------------|
| 1 | Manufacture of chemical products or preparations of a kind used in the textiles, paper, leather and like industries | 20297 | 100 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:-

| Sr. No | Name And Address Of The Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|--------|---------------------------------|-----------------------|--------------------------------|------------------|--------------------|
| 1 | Fineotex Mayalsia Limited | | Subsidiary | 100 | 2(87) |
| 2 | Rovatex Shd Bhd | | Subsidiary | 57.14 | 2(87) |
| 3 | BT Biotex Sdn Bhd | | Subsidiary | 57.14 | 2(87) |
| 4 | BT Chemicals Sdn Bhd | | Subsidiary | 57.14 | 2(87) |
| 5 | Fineotex Specialities FZE | | Subsidiary | 100 | 2(87) |
| 6 | Manya Private Limited | U24200MH2009PTC195660 | Subsidiary | 99 | 2(87) |

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

i) Category-wise Share Holding

| Category of Shareholder | | No. of Shares held at the beginning of the year (As On 01.04.2016) | | | | No. of Shares held at the end of the year (As on 31.03.2017) | | | | % Change during the year |
|-------------------------|--------------------------------|---|----------|--------------|---------|---|----------|--------------|---------|--------------------------|
| | | Demat | Physical | Total Shares | Total % | Demat | Physical | Total Shares | Total % | |
| Indian | | | | | | | | | | |
| (a) | Individual / HUF | 76509020 | 0 | 76509020 | 68.13 | 76509020 | 0 | 76509020 | 68.74 | 0.61 |
| (b) | Central / State government(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (c) | Bodies Corporate | 4028000 | 0 | 4028000 | 3.59 | 4028000 | 0 | 4028000 | 3.62 | 0.03 |
| (d) | Financial Institutions / Banks | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (e) | Any Others (Specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (i) | Group Companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (ii) | Directors Relatives | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Sub Total (A)(1) : | 80537020 | 0 | 80537020 | 71.72 | 80537020 | 0 | 80537020 | 72.36 | 0.64 |

| Category of Shareholder | | No. of Shares held at the beginning of the year (As On 01.04.2016) | | | | No. of Shares held at the end of the year (As on 31.03.2017) | | | | % Change during the year |
|--------------------------------|--|---|----------|--------------|---------|---|----------|--------------|---------|--------------------------------|
| | | Demat | Physical | Total Shares | Total % | Demat | Physical | Total Shares | Total % | |
| Foreign | | | | | | | | | | |
| (a) | Bodies Corporate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (b) | Individual | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (c) | Institutions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (d) | Qualified Foreign Investor | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (e) | Any Others (Specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Sub Total (A)(2) : | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total holding for promoters | | | | | | | | | |
| | (A)=(A)(1) + (A)(2) | 80537020 | 0 | 80537020 | 71.72 | 80537020 | 0 | 80537020 | 72.36 | 0.64 |
| (B) Public shareholding | | | | | | | | | | |
| Institutions | | | | | | | | | | |
| (a) | Central / State Government(S) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (b) | Financial Institutions / Banks | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (c) | Mutual Funds / Uti | 0 | 0 | 0 | 0.00 | 129460 | 0 | 129460 | 0.12 | 0.12 |
| (d) | Venture Capital Funds | | | | | | | | | |
| (e) | Insurance Companies | | | | | | | | | |
| (f) | FII's | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| (g) | Foreign Venture Capital Investors | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (h) | Qualified Foreign Investor | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (i) | Any Others (Specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (j) | Foreign Portfolio Investor | 80000 | 0 | 80000 | 0.07 | 0 | 0 | 0 | 0.00 | (0.07) |
| (k) | Alternate Investment Fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Sub Total (B)(1) : | 80000 | 0 | 80000 | 0.07 | 129460 | 0 | 129460 | 0.12 | 0.05 |
| Non-institutions | | | | | | | | | | |
| (a) | Bodies Corporate | 9829713 | 0 | 9829713 | 8.75 | 9917707 | 0 | 9917707 | 8.91 | 0.16 |
| (b) | Individual | | | | | | | | | |
| (i) | (Capital Upto To Rs. 1 Lakh) | 7439164 | 6970 | 7446134 | 6.63 | 11786161 | 6970 | 11793131 | 10.60 | 3.97 |
| (ii) | (Capital Greater Than Rs. 1 Lakh) | 13388753 | 0 | 13388753 | 11.92 | 6486876 | 0 | 6486876 | 5.83 | (6.09) |
| (c) | Any Others (Specify) | | | | | | | | | 0 |
| (i) | Trusts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (ii) | Clearing Member | 673046 | 0 | 673046 | 0.60 | 1099896 | 0 | 1099896 | 0.99 | 0.39 |
| (iii) | Non Resident Indians (NRI) | 219534 | 0 | 2139534 | 0.20 | 1131215 | 0 | 1131215 | 1.02 | 0.82 |
| | Non Resident Indians (Repat) | 23850 | 0 | 23850 | 0.20 | 17013 | 0 | 17013 | 0.02 | (0.01) |
| | Non Resident Indians (Non Repat) | 100060 | 0 | 100060 | 0.09 | 187682 | 0 | 187682 | 0.17 | 0.08 |
| (iv) | Directors Relatives | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (v) | Employee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (vi) | Overseas Bodies Corporates | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (vii) | Unclaimed Suspense Account | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (d) | Qualified Foreign Investor | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Sub Total (B)(2) : | 31674120 | 6970 | 31681090 | 28.21 | 30626550 | 6970 | 30633520 | 27.52 | (0.69) |
| | Total Public Shareholding(B)=(B)(1) + (B)(2) | 31754120 | 6970 | 31761090 | 28.28 | 30756010 | 6970 | 30762980 | 27.64 | (0.64) |

FINEOTEX CHEMICAL LIMITED

| (C) Shares held by Custodians and against which Depository Receipts have been issued | | | | | | | | | | |
|--|-----------------------------|---|----------|--------------|---------|---|----------|--------------|---------|--------------------------|
| | Category of Shareholder | No. of Shares held at the beginning of the year (As On 01.04.2016) | | | | No. of Shares held at the end of the year (As on 31.03.2017) | | | | % Change during the year |
| | | Demat | Physical | Total Shares | Total % | Demat | Physical | Total Shares | Total % | |
| | Shares Held By Custodians | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Promoter and Promoter Group | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Public | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Sub Total (C)(1) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (C)=(C)(1) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Grand Total (A) + (B) + (C) | 112291140 | 6970 | 112298110 | 100 | 112291140 | 6970 | 112298110 | 100 | 0 |

(ii) Shareholding of Promoters

| Sl No. | Shareholder's Name | Shareholding at the beginning of the year (As on 01.04.2016) | | | Share holding at the end of the year (As on 31.03.2017) | | | % change in share holding during the year |
|--------|------------------------------------|---|----------------------------------|--|--|----------------------------------|--|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 | Surendra Tibrewala | 57190000 | 50.93 | 0 | 57190000 | 51.38 | 0 | 0 |
| 2 | Surendrakumar Deviprasad Tibrewala | 11965830 | 10.66 | 0 | 11965830 | 10.75 | 0 | 0 |
| 3 | Kanaklata Tibrewala | 3281700 | 2.92 | 0 | 3281700 | 2.95 | 0 | 0 |
| 4 | Kamal Chemicals Pvt Ltd | 2954500 | 2.63 | 0 | 2954500 | 2.65 | 0 | 0 |
| 5 | Sanjay Tibrewala | 3213990 | 2.86 | 0 | 3213990 | 2.89 | 0 | 0 |
| 6 | Proton Biochem Pvt Ltd | 1073500 | 0.96 | 0 | 1073500 | 0.96 | 0 | 0 |
| 7 | Surendra Tibrewala | 845500 | 0.75 | 0 | 845500 | 0.76 | 0 | 0 |
| 8 | Ritu Tibrewala | 11000 | 0.01 | 0 | 11000 | 0.01 | 0 | 0 |
| 9 | Nidhi Tibrewala | 1000 | 0.00 | 0 | 1000 | 0.00 | 0 | 0 |
| | Total | 80537020 | 71.72 | 0 | 80537020 | 72.36 | 0 | 0 |

(iii) Change in Promoters' Shareholding: NIL

[illegible]

FINEOTEX CHEMICAL LIMITED

| Sr. No. | Shareholder's Name | Shareholding | | Date wise increase/decrease on Share Holding during the year specifying the reason for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | | | Cumulative Shareholding during the year (01.04.2016 to 31.03.2017) | |
|---------|---------------------------------|---|----------------------------------|--|---------------------------------|----------|--|----------------------------------|
| | | No. of Shares at the beginning (01.04.2016)/ end of the year (31.03.2017) | % of total Shares of the company | Date* | Increase/ (Decrease) in holding | Reason | No. of Shares | % of total Shares of the company |
| 4. | Gulshan Investment Company Ltd | 20052 | 0.02 | 01.04.2016 | | | | |
| | | | | 13.05.2016 | 6792 | Transfer | 26844 | 0.01 |
| | | | | 27.05.2016 | -20000 | Transfer | 6844 | 0.90 |
| | | | | 21.10.2016 | 1000000 | Transfer | 1006844 | 0.90 |
| | | 1006844 | 0.90 | 31.03.2017 | | | | |
| 5. | Sushila Rambabu Mittal | 771880 | 0.69 | 01.04.2016 | | | | |
| | | 771880 | 0.69 | 31.03.2017 | | | | |
| 6. | JM Financial Services Pvt. Ltd. | 651251 | 0.59 | 01.04.2016 | | | | |
| | | | | 08.04.2016 | 8903 | Transfer | 660154 | 0.59 |
| | | | | 15.04.2016 | -9654 | Transfer | 650500 | 0.58 |
| | | | | 22.04.2016 | 1015 | Transfer | 651515 | 0.59 |
| | | | | 29.04.2016 | -1515 | Transfer | 650000 | 0.58 |
| | | | | 06.05.2016 | 500 | Transfer | 650500 | 0.58 |
| | | | | 13.05.2016 | -400 | Transfer | 650100 | 0.58 |
| | | | | 20.05.2016 | -100 | Transfer | 650000 | 0.58 |
| | | | | 27.05.2016 | 55 | Transfer | 650055 | 0.58 |
| | | | | 03.06.2016 | -649955 | Transfer | 100 | 0.00 |
| | | | | 10.06.2016 | 89900 | Transfer | 90000 | 0.08 |
| | | | | 17.06.2016 | -39148 | Transfer | 50852 | 0.05 |
| | | | | 24.06.2016 | -21643 | Transfer | 29209 | 0.03 |
| | | | | 30.06.2016 | 9610 | Transfer | 38819 | 0.03 |
| | | | | 01.07.2016 | -10057 | Transfer | 28762 | 0.03 |
| | | | | 08.07.2016 | -17113 | Transfer | 11649 | 0.01 |
| | | | | 15.07.2016 | -8089 | Transfer | 3560 | 0.00 |
| | | | | 22.07.2016 | -44 | Transfer | 3516 | 0.00 |
| | | | | 29.07.2016 | -2539 | Transfer | 977 | 0.00 |
| | | | | 05.08.2016 | -802 | Transfer | 175 | 0.00 |
| | | | | 12.08.2016 | 1025 | Transfer | 1200 | 0.00 |
| | | | | 19.08.2016 | 982 | Transfer | 2182 | 0.00 |
| | | | | 26.08.2016 | 3338 | Transfer | 5520 | 0.01 |
| | | | | 02.09.2016 | -3836 | Transfer | 1684 | 0.00 |
| | | | | 09.09.2016 | 51296 | Transfer | 52980 | 0.05 |
| | | | | 13.09.2016 | -39749 | Transfer | 13231 | 0.01 |
| | | | | 16.09.2016 | 12479 | Transfer | 25710 | 0.02 |
| | | | | 23.09.2016 | -24256 | Transfer | 1454 | 0.00 |
| | | | | 30.09.2016 | 2746 | Transfer | 4200 | 0.00 |
| | | | | 07.10.2016 | -3600 | Transfer | 600 | 0.00 |
| | | | | 14.10.2016 | 200 | Transfer | 800 | 0.00 |
| | | | | 21.10.2016 | 3814 | Transfer | 4614 | 0.00 |
| | | | | 28.10.2016 | 35416 | Transfer | 40030 | 0.40 |
| | | | | 04.11.2016 | -21860 | Transfer | 18170 | 0.02 |
| | | | | 11.11.2016 | 13362 | Transfer | 31532 | 0.03 |
| | | | | 18.11.2016 | 19420 | Transfer | 50952 | 0.05 |
| | | | | 25.11.2016 | 1568 | Transfer | 52520 | 0.05 |
| | | | | 02.12.2016 | -800 | Transfer | 51720 | 0.05 |
| | | | | 09.12.2016 | -500 | Transfer | 51220 | 0.05 |
| | | | | 16.12.2016 | -2828 | Transfer | 48392 | 0.04 |
| | | | | 23.12.2016 | 1000 | Transfer | 49392 | 0.04 |
| | | | | 30.12.2016 | -2418 | Transfer | 46974 | 0.04 |
| | | | | 31.12.2016 | -156 | Transfer | 46818 | 0.04 |
| | | | | 06.01.2017 | -63 | Transfer | 46755 | 0.04 |
| | | | | 13.01.2017 | 1515 | Transfer | 48270 | 0.04 |
| | | | | 20.01.2017 | -144 | Transfer | 48126 | 0.04 |
| | | | | 27.01.2017 | -131 | Transfer | 47995 | 0.04 |
| | | | | 03.02.2017 | -644 | Transfer | 47351 | 0.04 |
| | | | | 10.02.2017 | 3228 | Transfer | 50579 | 0.05 |
| | | | | 14.02.2017 | 100000 | Transfer | 150579 | 0.14 |
| | | | | 17.02.2017 | -100053 | Transfer | 50526 | 0.05 |
| | | | | 22.02.2017 | 1748 | Transfer | 52274 | 0.05 |
| | | | | 24.02.2017 | 648029 | Transfer | 700303 | 0.63 |
| | | | | 03.03.2017 | -651458 | Transfer | 48845 | 0.04 |
| | | | | 10.03.2017 | -1076 | Transfer | 47769 | 0.04 |
| | | | | 17.03.2017 | -619 | Transfer | 47150 | 0.04 |
| | | | | 24.03.2017 | 650095 | Transfer | 697245 | 0.63 |
| | | | | 31.03.2017 | -1513 | Transfer | 695732 | 0.63 |
| | | 695732 | 0.63 | 31.03.2017 | | | | |

| Sr. No. | Shareholder's Name | Shareholding | | Date wise increase/decrease on Share Holding during the year specifying the reason for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | | | Cumulative Shareholding during the year (01.04.2016 to 31.03.2017) | |
|---------|---------------------------------------|---|----------------------------------|--|--|--|---|--|
| | | No. of Shares at the beginning (01.04.2016)/ end of the year (31.03.2017) | % of total Shares of the company | Date* | Increase/ (Decrease) in holding | Reason | No. of Shares | % of total Shares of the company |
| 7. | Yash Management And Satellite Limited | 760000 | 0.68 | 01.04.2016 13.05.2016 27.05.2016 10.06.2016 09.09.2016 13.09.2016 11.11.2016 23.12.2016 06.01.2017 17.03.2017 24.03.2017 31.03.2017 | 95000 40000 5000 1800000 -1800000 50000 -190000 -298955 100000 50000 59581 | Transfer Split Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer | 855000 895000 900000 2700000 900000 950000 760000 461045 561045 611045 670626 | 0.77 0.80 0.81 2.43 0.81 0.85 0.68 0.41 0.50 0.55 0.60 |
| | | 670626 | 0.60 | 31.03.2017 | | | | |
| 8. | Globe Fincap Limited | 300000 | 0.27 | 01.04.2016 15.04.2016 06.05.2016 15.07.2016 02.09.2016 09.09.2016 04.11.2016 23.12.2016 06.01.2017 13.01.2017 20.01.2017 27.01.2017 31.03.2017 | 1000 -1000 500 -500 -300000 650000 10000 -10000 8000 -5000 -3000 0 | Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer | 301000 300000 300500 300000 0 650000 660000 650000 658000 653000 650000 | 0.27 0.27 0.27 0.27 0.00 0.58 0.59 0.58 0.59 0.59 0.58 |
| | | 650000 | 0.58 | 31.03.2017 | 0 | | | |
| 9. | Anoop Jain | 1473300 | 1.32 | 01.04.2016 02.09.2016 21.10.2016 31.03.2017 | 20000 -1020000 | Transfer Transfer | 1493300 473300 | 1.34 0.43 |
| | | 473300 | 0.43 | 31.03.2017 | | | | |
| 10. | Asian Markets Securities Pvt Ltd. | 661852 | 0.59 | 01.04.2016 09.09.2016 13.09.2016 09.12.2016 16.12.2016 30.12.2016 06.01.2017 20.01.2017 27.01.2017 10.02.2017 31.03.2017 | 1323704 -1323704 -105406 -179594 75000 -75000 -135000 -31000 -105852 75000 | Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer | 1985556 661852 556446 376852 451852 376852 241852 210852 105000 180000 | 1.78 0.59 0.50 0.34 0.41 0.34 0.22 0.19 0.09 0.16 |
| | | 180000 | 0.16 | 31.03.2017 | | | | |
| 11. | Amitabh Harivansh Rai Bachchan | 52,19,708 | 4.69 | 01.04.2016 22.04.2016 29.04.2016 27.05.2016 24.06.2016 01.07.2016 08.07.2016 15.07.2016 05.08.2016 12.08.2016 31.03.2017 | -200000 -86000 -200000 -100000 -100000 -863374 -923873 -600000 -2146461 | Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer | 5019708 4933708 4733708 4633708 4533708 3670334 2746461 2146461 0 | 4.51 4.43 4.25 4.16 4.07 3.30 2.47 1.93 0.00 |
| | | 0 | 0.00 | 31.03.2017 | | | | |

(iv) Shareholding of Directors and Key Managerial Personnel:

| Sr. No. | Name | Shareholding | | Date wise increase/decrease on Share Holding during the year specifying the reason for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | | | Cumulative Shareholding during the year (01.04.2016 to 31.03.2017) | |
|---------|-------------------------|--|----------------------------------|--|----------------------|--------|--|----------------------------------|
| | | No. of Shares at the beginning of the year (01.04.2016) / end of the year (31.03.2017) | % of total Shares of the company | Date* | Increase/ (Decrease) | Reason | No. of Shares | % of total Shares of the company |
| 1. | Surendrakumar Tibrewala | 69155830 69155830 | 61.59 62.13 | 01.04.2016 31.03.2017 | 0 | 0 | 0 | 0 |
| 2. | Sanjay Tibrewala | 3213990 3213990 | 2.86 2.89 | 01.04.2016 31.03.2017 | 0 | 0 | 0 | 0 |
| 3. | Ritu Gupta | 11000 11000 | 0.01 0.01 | 01.04.2016 31.03.2017 | 0 | 0 | 0 | 0 |
| 4. | Navin Mittal | -- | -- | | | | -- | -- |
| 5. | Manmohan Mehta | -- | -- | | | | -- | -- |
| 6. | Alok Dhanuka | -- | -- | | | | -- | -- |
| 7. | Raina D'Silva | -- | -- | | | | -- | -- |

V. INDEBTEDNESS

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

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 30447975 | Nil | Nil | 30447975 |
| ii) Interest due but not paid | Nil | Nil | Nil | Nil |
| iii) Interest accrued but not due | Nil | Nil | Nil | Nil |
| Total (i+ii+iii) | 30447975 | Nil | Nil | 30447975 |
| Change in Indebtedness during the financial year | | | | |
| Additions | Nil | Nil | Nil | Nil |
| Deletions | 20821710 | Nil | Nil | 20821710 |
| Net Change | 20821710 | Nil | Nil | 20821710 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 9626263 | Nil | Nil | 9626263 |
| ii) Interest due but not paid | Nil | Nil | Nil | Nil |
| iii) Interest accrued but not due | Nil | Nil | Nil | Nil |
| Total (i+ii+iii) | 9626263 | Nil | Nil | 9626263 |

Trade deposits from customers not considered as deposits u/s 2(31) of the Companies Act, 2013.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/Manager | | Total Amount (Rs.) |
|---------|---|---|--------------------------------|--------------------|
| | | Surendra Tibrewlala (Managing Director) | Sanjay Tibrewala (WTD and CFO) | |
| 1. | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 35,40,000 | 35,40,000 | 70,80,000 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961 | - | - | - |
| 2. | Stock Option | - | - | - |
| 3. | Sweat Equity | - | - | - |
| 4. | Commission: - as % of profit - others, specify | - | - | - |
| 5. | Others, please specify | - | - | - |
| | Total (A) | 35,40,000 | 35,40,000 | 70,80,000 |
| | Ceiling as per the Act | | | |

B. Remuneration to Other Directors:

| Sl. no. | Particulars of Remuneration | Name of Director | | | Total Amount (Rs.) |
|---------|--|------------------|--------------|--------------|--------------------|
| | | Manmohan Mehta | Navin Mittal | Alok Dhanuka | |
| 1. | Independent Director | | | | |
| | a. Fee for attending board / committee meetings. | NIL | NIL | NIL | NIL |
| | b. Commission | NIL | NIL | NIL | NIL |
| | c. Others, please specify | NIL | NIL | NIL | NIL |
| | Total (1) | | | | NIL |
| 2. | Other Non-Executive Directors | | | | |
| | a. Fee for attending board / committee meetings | NIL | | | NIL |
| | b. Commission | | NIL | | NIL |
| | c. Others, please specify | | NIL | | NIL |
| | Total (2) | | NIL | | NIL |
| | Total (B)=(1+2) | | NIL | | NIL |
| | Total Managerial Remuneration | | NIL | | NIL |
| | Overall Ceiling as per the Act | | | | |

C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|--|--------------------------|---------------------------------------|----------------------------|-----------------------|
| | | CEO | Raina D'Silva Company Secretary | Sanjay Tibtrewala (CFO) | Total Amount (Rs.) |
| 1. | Gross salary | | 3,83,667 | As in A above | 3,83,667 |
| | (a) Salary as per provisions | | | | |
| | contained in section 17(1) | | | | |
| | of the Income-tax Act, 1961 | | | | |
| | (b) Value of perquisites u/s | | | | |
| | 17(2) Income-tax Act, 1961 | | | | |
| | (c) Profits in lieu of salary | | | | |
| | under section 17(3) Income tax Act, 1961 | | | | |
| 2. | Stock Option | | | | |
| 3. | Sweat Equity | | | | |
| 4. | Commission - as % of profit - others, specify... | | | | |
| 5. | Others, please specify | | | | |
| | Total | | 3,83,667 | | 3,83,667 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

During the year, no penalties were levied against the Corporation, its directors or any of its officers under the Companies Act, 2013 nor was there any punishment or compounding of offences against the Corporation, its directors or any of its officers.

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Fineotex Chemical Limited

We have examined the compliance of the conditions of Corporate Governance by Fineotex Chemical Limited (“the Company”) for the year ended 31st March 2017 as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 (‘Listing Regulations’).

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 Corporate Governance. It is neither an audit nor an expression of opinion of 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 Agreement/Listing Regulations, as applicable.

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

For UKG & Associates
Chartered Accountants
Firm Registration No.:123393W

Place : Mumbai
Date : 24th May, 2017

Champak K. Dedhia
Partner
Membership No. 101769

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FINEOTEX CHEMICAL LIMITED
REPORT ON THE STANDALONE FINANCIAL STATEMENTS**

We have audited the accompanying standalone financial statements of Fineotex Chemical Limited ('the Company'), which comprise the balance sheet as at 31st March 2017, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**MANAGEMENT'S RESPONSIBILITY FOR THE
STANDALONE FINANCIAL STATEMENTS**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("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 and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and

give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2017 and its profit and its cash flows for the year ended on that date.

**REPORT ON OTHER LEGAL AND REGULATORY
REQUIREMENTS**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) on the basis of the written representations received from the directors as on 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 26 to the financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund.
 - iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 37 to the financial statements.

For UKG & Associates
Chartered Accountants
Firm Regn No : 123393W

Champak K. Dedhia
Partner
Membership No: 101769

Place: Mumbai
Date: 24th May, 2017

ANNEXURE - A TO THE AUDITORS' REPORT

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31st March 2017, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventory has been physically verified by the management during the year. On the basis of our examination of records of inventory, in our opinion, the Company is maintaining proper records of inventory and the discrepancies noted on physical verification between the physical stocks and the book records were not material.
- (iii) The Company has not granted loans to parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Hence clause (iii) of paragraph 3 of the said order is not applicable.
- (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, with respect to investments made. During the year under consideration the company has not given loans under the provisions of Section 185 and Section 186 of the Act.
- (v) The Company has not accepted any deposits from the public. Hence clause (v) of paragraph 3 of the said order is not applicable.
- (vi) The Company has prepared and maintained accounts and records for maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Act.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees state insurance, income-tax, sales tax, value added tax, duty of customs, duty of excise, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. Accordingly no statutory dues were in arrears as at 31st March 2017 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 material dues of sales tax, service tax, duty of customs, duty of excise and value added tax which have not been deposited with the appropriate authorities on account of any dispute except for the following:

| Name of the statute | Nature of dues | Amount (in Rs) | Period to which the amount relates | Forum where dispute is pending |
|----------------------|----------------|----------------|------------------------------------|--------------------------------|
| Income Tax Act, 1961 | Income tax | 1,65,210/- | A. Y. 2009-10 | Assessing Officer |

| | | | | |
|----------------------|------------|-------------|---------------|-------------------|
| Income Tax Act, 1961 | Income tax | 15,51,560/- | A. Y. 2011-12 | Assessing Officer |
| Income Tax Act, 1961 | Income tax | 2,03,820/- | A. Y. 2012-13 | ITAT, Mumbai |

- (viii) The Company has not defaulted in repayment of loans or borrowings from any financial institution, banks, government or debenture holders during the year.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For UKG & Associates
Chartered Accountants
Firm Regn No : 123393W

Champak K. Dedhia
Partner
Membership No: 101769

Place: Mumbai
Date: 24th May, 2017

ANNEXURE - B TO THE AUDITORS' REPORT**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Fineotex Chemical Limited ("the Company") as of 31st March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over

financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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 Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For UKG & Associates
Chartered Accountants
Firm Regn No : 123393W

Champak K. Dedhia
Partner
Membership No: 101769

Place: Mumbai
Date: 24th May, 2017

STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2017

(In Rs.)

| Particulars | Note No. | As At March 31, 2017 | As At March 31, 2016 |
|---|----------------|-------------------------|-------------------------|
| I. EQUITY AND LIABILITIES | | | |
| 1. SHAREHOLDERS' FUNDS | | | |
| -Share Capital | 3 | 222,600,000 | 224,596,220 |
| -Reserves and Surplus | 4 | 733,385,322 | 612,307,932 |
| | | 955,985,322 | 836,904,152 |
| 2. CURRENT LIABILITIES | | | |
| - Short Term Borrowings | 5 | 9,626,263 | 30,447,975 |
| - Trade Payables | | | |
| Dues to Micro and Small Enterprises | 6 | - | - |
| Dues to Others | 7 | 113,024,910 | 97,745,708 |
| - Other Current Liabilities | 8 | 4,049,841 | 3,430,838 |
| - Short Term Provisions | 9 | 996,054.00 | 1,273,911.20 |
| | | 127,697,068 | 132,898,432 |
| Total | | 1,083,682,390 | 969,802,584 |
| II. ASSETS | | | |
| 1. NON-CURRENT ASSETS | | | |
| - Fixed Assets | | | |
| Property Plant & Equipment | 10 | 163,347,298 | 120,531,566 |
| - Non-Current Investments | 11 | 531,692,774 | 483,730,547 |
| - Deferred Tax Assets (Net) | 12 | 3,956,173 | 5,005,787 |
| - Long Term Loans and Advances | 13 | 74,396,622 | 68,898,234 |
| | | 773,392,867 | 678,166,136 |
| 2. CURRENT ASSETS | | | |
| - Inventories | 14 | 65,339,432 | 57,292,306 |
| - Trade Receivables | 15 | 207,627,483 | 191,631,142 |
| - Cash and Cash Equivalents | 16 | 17,425,252 | 27,923,206 |
| - Short Term Loans and Advances | 17 | 16,272,003 | 13,519,899 |
| - Other Current Assets | 18 | 3,625,353 | 1,269,895 |
| | | 310,289,523 | 291,636,448 |
| Total | | 1,083,682,390 | 969,802,584 |
| Significant Accounting Policies | 2 | | |
| See accompanying notes to the financial statements | 1 to 42 | | |

As per our Report of even date

For Fineotex Chemical Limited

For UKG & Associates

Chartered Accountants

(Firm Registration No : 123393W)

Champak K. Dedhia

Partner

Membership No.: 101769

Mumbai, 24th May, 2017

Surendrakumar Tibrewala

Chairman & Managing Director

DIN : 00218394

Sanjay Tibrewala

Executive Director & CFO

DIN : 00218525

Mumbai, 24th May, 2017

Alok Dhanuka

Chairman - Audit Committee

DIN : 06491610

Raina D'Silva

Company Secretary

M No.: ACS 36901

FINEOTEX CHEMICAL LIMITED

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

(In Rs.)

| Particulars | Note No. | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|----------|--------------------------------------|--------------------------------------|
| INCOME | | | |
| - Revenue from Operations (Gross) | 19 | 830,639,280 | 753,615,432 |
| Less: Excise Duty | 19 | 73,652,428 | 68,758,893 |
| Revenue from Operations (Net) | | 756,986,852 | 684,856,539 |
| - Other Income | 20 | 43,570,470 | 41,213,202 |
| Total | | 800,557,322 | 726,069,741 |
| EXPENSES | | | |
| - Cost of Materials Consumed | 21 | 415,255,206 | 392,461,192 |
| - Purchase of Stock-in-Trade | | - | - |
| - Changes in Inventories of Work-in-Progress | 22 | 5,199,595 | (1,844,152) |
| - Employee Benefit Expenses | 23 | 34,075,184 | 24,425,207 |
| - Finance Costs | 24 | 2,841,306 | 2,656,509 |
| - Other Expenses | 25 | 110,038,904 | 83,294,759 |
| - Depreciation | 10 | 5,884,714 | 5,182,448 |
| Total | | 573,294,909 | 506,175,963 |
| Profit Before Tax and Exceptional Items | | 227,262,413 | 219,893,778 |
| Exceptional Items | | - | - |
| Profit Before Tax | | 227,262,413 | 219,893,778 |
| Less: Tax Expenses | | | |
| - Current Tax | | 66,800,000 | 68,745,000 |
| - Deferred Tax | | 1,049,614 | (155,907) |
| - Short / (Excess) Tax Provision for Earlier Years | | (63,219) | - |
| Profit after Tax | | 159,476,018 | 151,304,685 |
| Earning per Equity Share (Face value Rs. 2 each) | | | |
| Basic and Diluted | | 1.42 | 1.35 |
| Significant Accounting Policies | 2 | | |
| Notes on Financial Statements | 1 to 42 | | |

As per our Report of even date

For Fineotex Chemical Limited

For UKG & Associates

Chartered Accountants

(Firm Registration No : 123393W)

Champak K. Dedhia

Partner

Membership No.: 101769

Mumbai, 24th May, 2017

Surendrakumar Tibrewala

Chairman & Managing Director

DIN : 00218394

Sanjay Tibrewala

Executive Director & CFO

DIN : 00218525

Mumbai, 24th May, 2017

Alok Dhanuka

Chairman - Audit Committee

DIN : 06491610

Raina D'Silva

Company Secretary

M No.: ACS 36901

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

| Particulars | (In Rs.) | |
|--|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
| <u>A. Cash flow from Operating Activities</u> | | |
| Net Profit before tax as per Statement of Profit and Loss | 227,262,413 | 219,893,778 |
| Non-cash adjustments to reconcile profit before tax to net cash flows : | | |
| Depreciation/amortization on continuing operations | 5,884,714 | 5,182,448 |
| Loss on sale of fixed assets | 13,480 | - |
| Net gain on sale of Investments | (27,112,780) | (10,374,574) |
| Exchange Difference amortised | - | 739,856 |
| provision for taxes | - | - |
| Provision for diminution in value of investments | - | (31,622) |
| | <u>206,047,827</u> | <u>215,409,886</u> |
| Non-operating adjustments to derive net cash flow from operating activities : | | |
| Interest expense | - | 35,414 |
| Interest income | (816,204) | (1,093,189) |
| Dividend income | (13,931,615) | (27,506,522) |
| Operating profit before working capital changes | <u>191,300,008</u> | <u>186,845,589</u> |
| Movements in Working Capital : | | |
| Increase/(Decrease) in Trade Payables | 15,279,203 | 2,102,105 |
| Increase/(Decrease) in Short Term Provisions | 1,023,679 | 336,576 |
| Increase/(Decrease) in Other Current Liabilities | 619,003 | (584,924) |
| (Increase)/Decrease in Trade Receivables | (15,996,341) | (23,170,898) |
| (Increase)/Decrease in Trade Inventories | (8,047,126) | (9,811,313) |
| (Increase)/Decrease in Long Term Loans and Advances | (781,858) | 13,988,568 |
| (Increase)/Decrease in Short Term Loans and Advances | (2,852,104) | (1,438,957) |
| (Increase)/Decrease in Other Current Assets | (2,355,458) | 2,328,264 |
| Cash generated from operations | <u>178,189,006</u> | <u>170,595,009</u> |
| Direct taxes paid (Net of Refunds) | (72,754,849) | (78,753,193) |
| Net Cash Flow generated from Operating Activities (A) | <u>105,434,158</u> | <u>91,841,816</u> |
| <u>B. Cash flows from Investing Activities</u> | | |
| Purchase of fixed assets, including intangible assets, CWIP and capital advances | (48,713,925) | (14,992,150) |
| Proceeds on sale of Fixed Assets | - | - |
| (Investments) /Sales in subsidiary | 100,000 | (1,719,332) |
| Investments in securities | (287,097,460) | (197,965,384) |
| Proceeds from sale/maturity of securities | 266,148,013 | 111,577,682 |
| Interest received | 816,204 | 1,093,189 |
| Dividend received | 13,931,615 | 33,139,694 |
| Loans & Advances (given) / Recd Back | | |
| - Subsidiary Companies | 100,000 | (100,000) |
| - Others | - | 140,400 |
| Fixed Deposits with Bank Withdrawn / (Placed) | 2,621,239 | 7,796,154 |
| Net Cash Flow from/(used in) Investing Activities (B) | <u>(52,094,314)</u> | <u>(61,029,746)</u> |

FINEOTEX CHEMICAL LIMITED

| Particulars | (In Rs.) | |
|--|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
| <u>C. Cash flows from Financing Activities</u> | | |
| Proceeds / (Repayment) from Long term borrowings | - | (7,624,500) |
| Proceeds / (Repayment) from Short term borrowings | (20,821,712) | 20,298,453 |
| Buy back of equity shares | (29,264,848) | - |
| Interest paid | - | (35,414) |
| Dividends paid | (11,130,000) | (33,689,433) |
| Dividend distribution tax | - | (1,139,344) |
| Net Cash Flow from/(used in) Financing Activities (C) | (61,216,560) | (22,190,238) |
| Net increase/(decrease) in cash and cash equivalents (A+B+C) | (7,876,717) | 8,621,832 |
| Cash and cash equivalents at the beginning of the year | 18,801,283 | 10,179,450 |
| Cash and cash equivalents at the end of the year | <u>10,924,566</u> | <u>18,801,282</u> |
| Components of cash and cash equivalents | | |
| Cash on hand | 615,763 | 2,369,731 |
| With Banks- | | |
| in Current Accounts | 10,181,117 | 16,395,129 |
| in Earmarked Accounts | 127,686 | 36,423 |
| Total Cash and cash equivalents | <u>10,924,566</u> | <u>18,801,283</u> |

Notes:

- i. Refer Significant Accounting Policies - 2P
- ii. Figures in brackets represent outflows of cash and cash equivalents

As per our Report of even date

For Fineotex Chemical Limited

For UKG & Associates

Chartered Accountants

(Firm Registration No : 123393W)

Champak K. Dedhia

Partner

Membership No.: 101769

Mumbai, 24th May, 2017

Surendrakumar Tibrewala

Chairman & Managing Director

DIN : 00218394

Sanjay Tibrewala

Executive Director & CFO

DIN : 00218525

Mumbai, 24th May, 2017

Alok Dhanuka

Chairman - Audit Committee

DIN : 06491610

Raina D'Silva

Company Secretary

M No.: ACS 36901

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

1 CORPORATE INFORMATION

Fineotex Chemical Limited (The Company) is a public limited Company domiciled in India and incorporated under the Companies Act, 1956 with a Company Identification Number of L24100MH2004PLC144295. The Company was incorporated in 2004 and is listed on Bombay Stock Exchange Ltd and the National Stock Exchange of India Ltd. The Company is engaged in the business of manufacturing and trading of Chemicals. The Company is one of the leading manufacturers of chemicals for textiles, construction, water-treatment, fertilizer, leather and paint industry.

2 SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Preparation of Financial Statements:

These financial statements have been prepared to comply in all material aspects with applicable accounting principles in India, the applicable Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and other accounting principles generally accepted in India, to the extent applicable.

B. Use of Estimates:

The preparation of financial statements in conformity with Indian GAAP required judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Estimates and assumptions used in the preparation of the financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the Financial Statements, which may differ from the actual results at a subsequent date. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized.

C. Basis of Accounting:

The financial statements are prepared:

- i. On the historical cost convention.
- ii. On a going concern basis.
- iv. On mercantile system of accounting and recognizes income and expenditure on an accrual basis except those with significant uncertainties.
- v. In accordance with the relevant presentation requirements of Schedule III of the Companies Act, 2013 to the extent applicable.

D. Property, Plant & Equipment:

i. Tangible Assets

Property, Plant & Equipments are stated at their original cost of acquisition including incidental expenses related to acquisition and installation of the concerned assets. Property, Plant & Equipments are shown net of accumulated depreciation and amortization. Historical cost comprises of the acquisition price or construction price and all direct and indirect costs attributable to bring the asset to the working condition for intended use, but excluding any Cenvat/Service Tax / Value Added Tax credit available. Borrowing cost directly attributable to acquisition / construction of property plant & equipment which necessarily takes a substantial period of time to get ready for their intended use are capitalised.

Capital Work in Progress comprises the cost of property plant & equipments that are not yet ready for their intended use at the reporting date.

ii. Intangible Assets

Intangible Assets are stated at cost of acquisition less accumulated amortization. Amortization is done on Straight Line Method.

E. Depreciation:

- i. Pursuant to the enactment of Companies Act 2013, the company has applied the estimated useful lives as specified in Schedule II to the Companies Act, 2013. Accordingly, the unamortized carrying value is being depreciated / amortized over the revised / remaining useful lives. Lower useful lives considered are as under:

| Particulars | Useful Life (Years) |
|------------------------|---------------------|
| Leasehold Improvements | 20 |

- ii. Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/ installation.
- iii. Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis upto the date on which such assets are sold, discarded or demolished.
- iv. For assets costing Rs.5000/- or less, depreciation is fully provided.

F. Inventories:

- i. Cost of Inventories have been computed to include all cost of Purchases, Cost of Conversion and other costs incurred in bringing the inventories to their present location and condition.
- ii. Raw materials are valued at cost. The costs are ascertained using the FIFO method, except in case of slow moving and obsolete materials, at lower of cost or estimated realizable value. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
- iii. Work-in-progress and finished goods are valued at the lower of cost or estimated realizable value. Cost represents prime cost, and includes appropriate portion of overheads.
- iv. Scrap is valued at estimated realizable value.

G. Foreign Currency Transactions:

- i. Transactions in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.
- ii. Monetary items denominated in foreign currencies at the year end are restated at the year end rates.
- iii. Exchange difference arising on reporting of long term foreign currency monetary items (other than related to acquisition of depreciable property plant & equipments) at rates different from those at which they were initially recorded during the period or reported in previous financial statement which were until now being recognized in the statement of Profit and Loss are now being accumulated in "Foreign Currency Monetary Item Translation Reserve Account" and amortized in the statement of Profit and Loss over the remaining life of the long term foreign currency monetary items.
- iv. Non Monetary items denominated in foreign currencies are carried at cost.

H. Research and Development:

- i. Capital Expenditure, if any is shown separately in property plant & equipments.
- ii. Research and development cost (other than cost of property plant & equipments acquired) are charged as an expense in the year in which they are incurred.

I. Investments:

- i. Investments are stated at their cost of acquisition. Long term investments are carried at cost. In case there is any diminution of permanent nature in value of Investments, the same is provided for.
- ii. Current Investments are valued at cost of acquisition, less provision for diminution, as necessary, if any.
- iii. Unquoted current investments are stated at the lower of cost and fair value where available.

J. Revenue Recognition:

- i. The Company recognizes revenues on the sale of products when the products are delivered to the customer or when delivered to the carrier for exports sales, which is when risks and rewards of ownership pass to the customer. Sales are net of taxes on sales and sales returns.
- ii. Other income is accounted for on accrual basis when it is reasonably certain that the ultimate collection will be made.
- iii. Interest is accrued over the period of loan/ investment.
- iv. Dividend on shares and mutual funds is accounted as and when the right to receive is established.

K. Leases:

- i. Lease under which the lessee assumes substantially all the risks and rewards of ownership are classified as finance leases.
- ii. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Lease payments under operating lease are recognised as an expense on a straight line basis in the Statement of Profit & Loss over the lease term.

L. Impairment of Assets:

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

M. Borrowing Costs:

- i. Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of cost of such assets till such time as the assets are ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale.
- ii. All other borrowing costs are recognized as an expense in the period in which they are incurred.

N. Taxation:

Provision for taxation is made on the basis of the taxable profits computed for the current accounting period in accordance with the applicable tax rates and tax laws. Deferred Tax resulting from timing difference between Book Profits and Tax Profits is accounted for at the applicable rate of tax to the extent the timing differences are expected to crystallize, in case of Deferred Tax Liabilities with reasonable certainty and in case of Deferred Tax Assets with virtual certainty that there would be adequate future taxable income against which Deferred Tax Assets can be realized.

O. Employment Retirement Benefits:

- i. Benefits in the form of Provident Fund whether in pursuance of law or otherwise which are defined contributions is accounted on accrual basis and charged to Statement of Profit and Loss of the year.
- ii. Long term employee benefits under defined benefit scheme such as contribution to gratuity are determined at the close of the year at present value of the amount payable using actuarial valuation techniques. Actuarial gains and losses are recognized in the year when they arise.
- iii. Termination benefits such as compensation under voluntary retirement scheme are recognized as a liability in the year of termination.

P. Cash Flow Statements:

The Cash Flow Statement has been compiled from and is based on the Balance Sheet as at 31st March 2017 and the related Statement of Profit and Loss for the year ended on that date. The Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on Cash Flow Statement issued by the ICAI.

Q. Provisions, Contingent Liabilities and Contingent Assets:

Necessary provisions are made for present obligations that arise out of past events prior to the Balance Sheet date entailing future outflow of economic resources. Such provisions are not discounted to their present value and are determined based on the best estimates required to settle the obligation at the reporting date. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

R. Earnings per share:

- i. Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.
- ii. For the purpose of calculating the diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.
- iii. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issue, including for changes effected prior to the approval of the financial statements by the Board of directors.

S. Operating Cycle for current and non-current classification:

Operating cycle for the business activities of the Company covers the duration of product line/ service including the defect liability period, wherever applicable and extends up to the realization of receivables within the agreed credit period normally applicable to the respective lines of business.

FINEOTEX CHEMICAL LIMITED

3 - Share Capital

(In Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|---|--------------------|--------------------|
| Authorised | | |
| 115,000,000 (115,000,000) Equity shares of Rs. 2/- (Rs. 2/-) each | 230,000,000 | 230,000,000 |
| | 230,000,000 | 230,000,000 |
| Issued, Subscribed and Paid-up | | |
| Equity Share Capital | | |
| 111,300,000 (112,298,110) Equity Shares of Rs. 2/- (Rs. 2/-) each fully paid up | 222,600,000 | 224,596,220 |
| Total | 222,600,000 | 224,596,220 |

i. Shareholders holding more than 5 % of Equity Shares

| Name of the Shareholder | March 31, 2017 | | March 31, 2016 | |
|-------------------------|----------------|--------|----------------|--------|
| | No. of Shares | % held | No. of Shares | % held |
| Mr. Surendra Tibrewala | 70,001,330 | 62.89% | 69,155,830 | 61.58% |

ii. Reconciliation of the number of Equity Shares Outstanding

| Particulars | | | March 31, 2017 | March 31, 2016 |
|--|--|------------------|--------------------|--------------------|
| | | | No. of Shares | No. of Shares |
| Number of shares at the beginning of the year | | | 112,298,110 | 22,459,622 |
| Add: Bonus Shares issued | | | - | - |
| Add : Additions on account of sub division of shares | | (Refer Note iv) | - | 89,838,488 |
| Less : Buy Back of shares | | (Refer Note iii) | 998,110 | |
| Number of shares at the end of year | | | 111,300,000 | 112,298,110 |

- iii. Pursuant to approval of the Board of Directors of Company vide resolution dated 14th November, 2016, the Company has bought back 9,98,110 equity shares of Rs. 2/- each from the open market at an average price of Rs. 29.69/-. The Company has paid a total amount of Rs. 2,92,64,848/- for the said buyback of shares.
- iv. Pursuant to shareholders' approval dated 28th May, 2015, the Equity Shares of Rs. 10/- each of the Company were sub-divided into 5 Equity Shares of Rs. 2/- per share w.e.f. 12th June, 2015.
- v. The Company had allotted 1,12,29,811 fully paid-up equity shares of face value Rs. 10/- each during the year ended 31st March, 2015 pursuant to the bonus issue approved by the shareholders through postal ballot by capitalisation of Securities Premium. Bonus equity shares were issued in proportion of 1:1 i.e. 1 (one) equity share of Rs. 10/- each fully paid up for every one share held.
- vi. The Company has only one type of equity share. Each equity share is entitled to one voting right only.
- vii. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all the preferential amounts. The distribution would be in proportion of the number of equity shares held by the equity shareholders.

4 - Reserves and Surplus

(In Rs.)

| Particulars | | | March 31, 2017 | March 31, 2016 |
|---|--|---------------------|------------------|----------------|
| Capital Reserve | | | 1,085,354 | 1,085,354 |
| Capital Redemption Reserve | | | | |
| Balance at the beginning of the year | | | - | - |
| Add : Amount transferred on account of Buy Back of shares | | | 1,996,220 | - |
| Balance at the end of the year | | | 1,996,220 | - |
| Securities Premium Account | | | | |
| Balance at the beginning of the year | | | 122,020,880 | 122,020,880 |
| Less : Amount utilised for Buy Back of shares | | (Refer Note 3(iii)) | 29,264,848 | - |
| Balance at the end of the year | | | 92,756,032 | 122,020,880 |
| Foreign Currency Monetary Item Translation Reserve | | | | |
| Balance at the beginning of the year | | | - | (739,856) |
| Less : Amortised during the year | | (Refer Note 4(i)) | - | 739,856 |
| Balance at the end of the year | | | - | - |
| Profit and Loss Account | | | | |
| Balance at the beginning of the year | | | 489,201,698 | 360,356,635 |
| Add : Profit for the year | | | 159,476,018 | 151,304,685 |
| Less : Appropriations | | | | |
| Dividend on Equity Shares | | | 11,130,000 | 22,459,622 |

| | | | | |
|--------------------------------|--|--|--------------------|--------------------|
| Tax on Dividend | | | - | - |
| Balance at the end of the year | | | 637,547,716 | 489,201,698 |
| Total | | | 733,385,322 | 612,307,932 |

Note:

- The Company had exercised the option under paragraph 46A(1) of Accounting Standard - 11 (Revised 2003) 'The Effect of Changes in Foreign Exchange rates' as notified by Ministry of Company Affairs vide notification dated 29th December, 2011. Consequently the foreign exchange loss arising on reporting/settlement of long term foreign currency monetary items (other than relating to acquisition of depreciable fixed assets) had been accumulated in "Foreign Currency Monetary Translation Difference Account" and was amortized over the period of loan.

5 - Short Term Borrowings

(in Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|---------------------------|------------------|-------------------|
| Secured Borrowings | | |
| - Bank Overdraft | 9,626,263 | 30,447,975 |
| Total | 9,626,263 | 30,447,975 |

Note:

Bank Overdraft is secured against Fixed deposits and pledge/lien on securities held by the Company.

6 - Trade Payables - Dues to Micro and Small Enterprises

(in Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|--|----------------|----------------|
| i. Principal and interest amount remaining unpaid | - | - |
| ii. Interest due thereon remaining unpaid | - | - |
| iii. Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day | - | - |
| iv. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006 | - | - |
| v. Interest accrued and remaining unpaid | - | - |
| vi. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises | - | - |
| Total | - | - |

Note:

The above details are based on the intimation received from vendors and as confirmed by the management

7 - Trade Payables - Dues to Others

(in Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|--|--------------------|-------------------|
| Creditors other than Micro and Small Enterprises | 113,024,910 | 97,745,708 |
| Total | 113,024,910 | 97,745,708 |

8 - Other Current Liabilities

(in Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|------------------------------------|-----------------------|-----------------------|
| Advance from customers | 153,774 | 93,449 |
| Trade deposits | 2,284,695 | 1,684,695 |
| Interest payable on Trade deposits | 355,010 | 485,068 |
| Other | | |
| Unclaimed dividend | 127,686 | 36,423 |
| Statutory dues | 1,128,676 | 1,131,203 |
| Total | 4,049,841 | 3,430,838 |

Note:

- i. Current Maturities of Long Term Debt in respect of the previous year represents last installment of term loan from EXIM Bank carrying an interest rate of six months LIBOR plus 4.50% p.a. which has been repaid in the current year.

9 - Short Term Provisions

(in Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|---|-----------------------|-----------------------|
| Provision for Employee Benefits | | |
| Provision for Leave Encashment | 230,996 | 226,875 |
| Provision for Gratuity | 348,783 | 155,977 |
| Provision for Bonus | 416,275 | 378,270 |
| Others | | |
| Provision for Income tax (net of Advance Tax) | - | 512,789 |
| Total | 996,054 | 1,273,911 |

10 - Property Plant & Equipment
CURRENT YEAR:

| Sr. No. | Particulars | Gross Block | | | | Depreciation | | | Net Block | |
|---------|------------------------------|-----------------------|---------------------------|-----------------------|-----------------------|-----------------------|------------------|-----------------------|-----------------------|-----------------------|
| | | As on 01st April 2016 | Additions during the year | Deletion / Adjustment | As on 31st March 2017 | As on 01st April 2016 | For the year | Deletion / Adjustment | As on 31st March 2017 | As on 31st March 2016 |
| 1 | Freehold Land | 29,621,683 | - | - | 29,621,683 | - | - | - | 29,621,683 | 29,621,683 |
| 2 | Leasehold Land | 25,174,800 | - | - | 25,174,800 | - | - | - | 25,174,800 | 25,174,800 |
| 3 | Building | 38,015,253 | 41,028,923 | - | 79,044,176 | 2,681,130 | 2,353,924 | - | 74,009,122 | 35,334,124 |
| 4 | Renovation on Lease Premises | 4,376,699 | - | - | 4,376,699 | 894,036 | 268,236 | - | 3,214,427 | 3,482,663 |
| 5 | Plant and Machinery | 28,220,469 | 482,858 | 28,300 | 28,675,027 | 7,570,624 | 1,714,773 | 14,819 | 19,404,449 | 20,649,846 |
| 6 | Electric Fittings | 1,659,143 | 757,478 | - | 2,416,621 | 882,929 | 31,623 | - | 1,502,069 | 776,214 |
| 7 | Furniture and Fixtures | 2,104,647 | 1,133,578 | - | 3,238,225 | 954,485 | 352,050 | - | 1,931,690 | 1,150,162 |
| 8 | Computers | 1,696,089 | 570,739 | - | 2,266,828 | 1,603,524 | 58,872 | - | 1,662,396 | 92,565 |
| 9 | Vehicles | 7,526,250 | 4,098,852 | - | 11,625,102 | 3,661,544 | 948,566 | - | 7,014,992 | 3,864,706 |
| 10 | Office Equipments | 1,035,879 | 641,497 | - | 1,677,377 | 651,074 | 156,669 | - | 807,743 | 384,805 |
| | Total | 139,430,912 | 48,713,925 | 28,300 | 188,116,538 | 18,899,346 | 6,224,843 | 14,819 | 163,347,298 | 120,531,566 |
| | Previous Year | 118,926,207 | 20,504,705 | - | 139,430,912 | 13,716,897 | 5,182,448 | - | 120,531,566 | 105,209,310 |

11 - Non Current Investments

| | | <i>(in Rs.)</i> | |
|--|--------------------|--------------------|--|
| Particulars | March 31, 2017 | March 31, 2016 | |
| Long Term Investment - at cost | | | |
| A Trade Investments (Unquoted) | | | |
| In Equity Shares of Subsidiary Companies | | | |
| i. 1,890,218 (1,890,218) Shares Fineotex Malaysia Limited of US \$ 1 each fully paid | 83,868,940 | 83,868,940 | |
| ii. NIL (10,000) Shares FCL Landmarc Private Limited of Rs. 10/- each fully paid | - | 100,000 | |
| iii. 10,000 (10,000) Shares Many Steel Private Limited. of Rs. 10/- each fully paid | 7,294,311 | 7,294,311 | |
| iv. Fineotex Specialities FZE | 2,658,194 | 2,658,194 | |
| B Non - Trade Investments | | | |
| i. Investment in Equity Instruments (Quoted) | 64,331,177 | 74,739,391 | |
| ii. Investment in Mutual Funds | 335,683,552 | 277,213,111 | |
| C Other Investments | | | |
| i. Property Investment | 37,856,600 | 37,856,600 | |
| Total | 531,692,774 | 483,730,547 | |

BI -- Investment in Equity Instruments (Quoted)

| Particulars | Face Value | March 31, 2017 Numbers | March 31, 2016 Numbers | March 31, 2017 Rupees | March 31, 2016 Rupees | Particulars | Face Value | March 31, 2017 Numbers | March 31, 2016 Numbers | March 31, 2017 Rupees | March 31, 2016 Rupees |
|--|------------|---------------------------|---------------------------|--------------------------|--------------------------|---|------------|---------------------------|---------------------------|--------------------------|--------------------------|
| Art Nirman Limited | 10 | 54,000 | - | 1,350,000 | - | Sudbhav Engineering Limited | 1 | 5,000 | - | 1,335,581 | - |
| Asiatic Leyland Limited | 1 | 5,000 | - | 409,150 | - | Sakar Healthcare Limited | 10 | 51,000 | - | 2,550,000 | - |
| Sun Pharmaceuticals Industries Limited | 1 | 8,100 | 8,100 | 6,941,651 | 6,941,651 | Syranam Silk Mills Limited | 10 | - | 474 | - | 449,282 |
| Vinati Organics Limited | 10 | - | 5,282 | - | 2,296,359 | Sunpharma Advanced Research Company Limited | 1 | 2,129 | 3,000 | 832,647 | 1,192,140 |
| Ajanta Pharma Limited | 10 | - | 1,250 | - | 588,088 | Suzlon Energy Limited | 2 | 37,500 | 77,500 | 577,700 | 1,443,875 |
| Allied Digital Services Limited | 5 | - | 9,250 | - | 502,738 | Swaraj Engine Limited | 10 | - | 500 | - | 479,425 |
| Amtek Auto Limited | 2 | - | 40,000 | - | 1,994,500 | Tata Jewels Limited | 10 | - | 1,000 | - | 613,200 |
| Arow Greentech Ltd. | 10 | - | 650 | - | 504,257 | Tata Steel Limited | 10 | - | 600 | - | 285,522 |
| Asian Paints Limited | 1 | 5,900 | 3,400 | 4,473,606 | 3,171,894 | Tata Motors Limited | 1 | 1,000 | 2,985 | 445,550 | 1,015,268 |
| ACC Limited | 10 | - | 500 | - | 1,242,228 | TVS Srichakra Limited | 10 | 300 | - | 988,855 | - |
| Aurangabad Distillery Limited | 5 | 16,000 | - | 560,000 | - | Titagarh Waggon Ltd. | 2 | 18,500 | - | 2,008,470 | - |
| Aurobindo Pharma Limited | 1 | - | 1,100 | - | 1,477,113 | Torrent Pharmaceuticals Limited | 10 | - | 5,450 | - | 3,890,302 |
| Balsore Alloys Limited | 5 | 85,000 | - | 4,003,160 | - | TVS Motor Company Limited | 1 | - | 2,200 | - | 497,387 |
| Bodal Chemicals Limited | 2 | 7,500 | - | 938,618 | - | United Phosphorus Limited | 2 | 3,000 | 1,000 | 1,728,866 | 348,500 |
| Bajaj Auto Limited | 10 | - | 675 | - | 1,608,095 | United Spirits Limited | 10 | - | 150 | - | 458,436 |
| Balkrishna Industries Limited | 2 | - | 650 | - | 482,448 | Upsurge Investment Finance Limited | 10 | 150,000 | 150,000 | 4,090,900 | 4,090,900 |
| Coal India Limited | 10 | 5,500 | - | 1,739,360 | - | Uja Global Limited | 1 | 965,910 | 965,910 | 4,737,789 | 4,737,789 |
| Container Corp Limited | 10 | 1,750 | - | 2,216,536 | - | Vardhanna Acrylics Limited | 1 | - | 32,000 | - | 1,820,400 |
| Century Textile Industries Limited | 10 | - | 800 | - | 514,496 | Vidhi Dyes and Finishing Limited | 1 | 18,000 | 18,000 | 1,310,880 | 1,310,880 |
| Cipla Limited | 5 | 2,250 | 2,250 | 1,500,850 | 1,500,850 | Virtual Global Education Limited | 1 | 160,000 | 160,000 | 1,737,900 | 1,737,900 |
| City Union Bank Limited | 1 | - | 2,000 | - | 185,380 | | | | | | |
| Dix's Laboratories Limited | 1 | 750 | 300 | 483,008 | 517,698 | | | | | | |
| Dabur India Limited | 1 | 5,500 | - | 1,321,908 | - | | | | | | |
| Dhankota Realty Limited | 10 | 18,000 | - | 720,000 | - | | | | | | |
| Eicher Motors Limited | 10 | - | 30 | - | 478,678 | | | | | | |
| Global International Carriers Limited | 10 | 78,000 | - | 1,872,000 | - | | | | | | |
| Force Motors Limited | 10 | - | 750 | - | 1,233,702 | | | | | | |
| Fortune Financial Services (India) Limited | 10 | 9,747 | 11,890 | 1,311,017 | 2,572,808 | | | | | | |
| HDFC Bank Limited | 2 | - | 2,550 | - | 2,226,435 | | | | | | |
| Hero Motocorp Limited | 10 | - | 525 | - | 1,438,261 | | | | | | |
| Hindalco Industries Limited | 1 | - | 2,000 | - | 306,280 | | | | | | |
| HDFC Limited | 2 | - | 1,990 | - | 2,205,802 | | | | | | |
| ICICI Bank Limited | 1 | 3,000 | 4,650 | 962,340 | 1,559,244 | | | | | | |
| ILFS Transportation Networks Limited | 10 | - | 5,000 | - | 467,950 | | | | | | |
| Infineum Incorporation Limited | 10 | - | 500 | - | 212,550 | | | | | | |
| Infosys Limited | 10 | 500 | 400 | 453,670 | 412,512 | | | | | | |
| ITC Limited | 1 | - | 2,100 | - | 754,326 | | | | | | |
| Jammu Auto Industries Limited | 10 | - | 8,000 | - | 1,081,760 | | | | | | |
| Kotak Mahindra Bank Limited | 10 | 600 | 1,450 | 417,023 | 2,003,896 | | | | | | |
| Krishna Phoschem Limited | 10 | 12,000 | - | 360,000 | - | | | | | | |
| Mahindra Lifespace Developers Limited | 10 | 1,500 | - | 539,040 | - | | | | | | |
| Nelcast Limited | 2 | 10,000 | - | 529,900 | - | | | | | | |
| Larsen & Toubro Limited | 2 | - | 700 | - | 1,070,493 | | | | | | |
| Lupin Limited | 2 | - | 350 | - | 503,279 | | | | | | |
| MRF Limited | 10 | - | 12 | - | 499,759 | | | | | | |
| Multi Commodity Exchange of India Limited | 10 | - | 1,300 | - | 1,270,283 | | | | | | |
| Nitin Fire Protection Industries Limited | 2 | 46,500 | 11,500 | 1,628,485 | 503,585 | | | | | | |
| NITIT Limited | 2 | 15,000 | - | 1,108,350 | - | | | | | | |
| NITIT Technologies Limited | 10 | 1,250 | - | 524,625 | - | | | | | | |
| Pansari Developers Limited | 10 | 48,000 | - | 1,056,000 | - | | | | | | |
| Oil & Natural Gas Corporation Limited | 2 | - | 2,600 | - | 1,069,360 | | | | | | |
| P.I. Industries Limited | 2 | - | 1,000 | - | 433,240 | | | | | | |
| Pidilite Industries Limited | 1 | - | 500 | - | 710,887 | | | | | | |
| Prati Industries Limited | 2 | 15,000 | - | 1,213,470 | - | | | | | | |
| Sintex Industries Limited | 1 | 4,500 | 8,500 | 459,176 | 976,850 | | | | | | |
| Shalabhada Finance Limited | 10 | 82,000 | 82,000 | 2,693,096 | 2,693,096 | | | | | | |
| Shivam Autotech Limited | 2 | - | 2,000 | - | 155,360 | | | | | | |

Bii - Investment in Mutual Funds

| Particulars | Face Value | March 31, 2017 Numbers | March 31, 2016 Numbers | March 31, 2017 Rupees | March 31, 2016 Rupees | Particulars | Face Value | March 31, 2017 Numbers | March 31, 2016 Numbers | March 31, 2017 Rupees | March 31, 2016 Rupees |
|---|------------|---------------------------|---------------------------|--------------------------|--------------------------|---|------------|---------------------------|---------------------------|--------------------------|--------------------------|
| Equity Based Mutual Funds | | | | | | | | | | | |
| Birla Sun Life MNC Fund Growth | 10 | - | - | - | - | Birla Sun Life MNC Fund Growth | 10 | - | - | 15,585,095 | - |
| Birla Sun Life MNC Fund Growth Direct | 10 | - | - | - | - | Birla Sun Life MNC Fund Growth | 10 | - | - | 15,659,369 | - |
| Birla Sun Life MNC Fund Growth Direct | 10 | 19,686,921 | - | - | - | Birla Sun Life MNC Fund Growth Direct | 10 | 19,686,921 | - | 11,728,021 | - |
| Birla Sun Life Advantage Fund Direct | 10 | 25,146,191 | - | - | - | Birla Sun Life MNC Fund Growth Direct | 10 | 25,146,191 | - | 15,000,000 | - |
| Birla Sun Life Advantage Fund Direct | 10 | 25,214,028 | - | - | - | Birla Sun Life Advantage Fund Direct | 10 | 25,214,028 | - | 9,000,000 | - |
| BSL Balanced 95 Fund | 10 | 15,357,332 | - | - | - | BSL Balanced 95 Fund | 10 | 15,357,332 | - | 10,000,000 | - |
| Birla Sun Life Equity Fund Direct | 10 | 6,377,754 | - | - | - | Birla Sun Life Equity Fund Direct | 10 | 6,377,754 | - | 4,000,000 | - |
| Birla Sun Life Advantage Fund Direct-SIP | 10 | 22,687,808 | - | - | - | Birla Sun Life Advantage Fund Direct-SIP | 10 | 22,687,808 | - | 8,000,000 | - |
| DSP Blackrock Equity Fund Growth | 10 | - | - | - | - | DSP Blackrock Equity Fund Growth | 10 | - | - | 394,651,069 | - |
| Franklin India Prima Fund Growth | 10 | - | - | - | - | Franklin India Prima Fund Growth | 10 | - | - | 31,415,063 | - |
| Franklin Templeton MF High Value | 10 | 99,912,327 | - | - | - | Franklin Templeton MF High Value | 10 | 99,912,327 | - | 4,000,000 | - |
| Franklin India Build Fund Direct | 10 | 88,707,531 | - | - | - | Franklin India Build Fund Direct | 10 | 88,707,531 | - | 3,000,000 | - |
| Franklin India Prime Fund Direct | 10 | 31,417,788 | - | - | - | Franklin India Prime Fund Direct | 10 | 31,417,788 | - | 24,638,184 | - |
| HDFC Equity Growth Fund | 10 | - | - | - | - | HDFC Equity Growth Fund | 10 | - | - | 4,714,060 | - |
| HDFC Equity Growth Fund | 10 | - | - | - | - | HDFC Equity Growth Fund | 10 | - | - | 23,480,568 | - |
| HDFC Midcap Opportunities Fund Growth | 10 | - | - | - | - | HDFC Midcap Opportunities Fund Growth | 10 | - | - | 552,842,463 | - |
| HDFC Equity Fund Growth Direct | 10 | - | - | - | - | HDFC Equity Fund Growth Direct | 10 | - | - | 3,223,251 | - |
| HDFC Midcap Opportunities Fund Growth Direct | 10 | - | - | - | - | HDFC Midcap Opportunities Fund Growth Direct | 10 | - | - | 21,508,073 | - |
| HDFC Midcap Opportunities Fund Growth Direct | 10 | - | - | - | - | HDFC Midcap Opportunities Fund Growth Direct | 10 | - | - | 16,400,000 | - |
| ICICI Pru. Flexible Income Plan Direct | 10 | - | - | - | - | ICICI Pru. Flexible Income Plan Direct | 10 | - | - | 5,000,000 | - |
| ICICI Pru. Mid Cap Fund | 10 | - | - | - | - | ICICI Pru. Mid Cap Fund | 10 | - | - | 100,361,905 | - |
| ICICI Pru. Value Discovery Fund | 10 | - | - | - | - | ICICI Pru. Value Discovery Fund | 10 | - | - | 25,503,474 | - |
| ICICI Pru. Balanced Fund Direct | 10 | - | - | - | - | ICICI Pru. Balanced Fund Direct | 10 | - | - | 16,851,233 | - |
| ICICI Pru. Equity Arbitrage Fund Direct | 10 | - | - | - | - | ICICI Pru. Equity Arbitrage Fund Direct | 10 | - | - | 344,440,388 | - |
| Motilal Oswal Most Focused Mid Cap 30 Fund Growth | 10 | - | - | - | - | Motilal Oswal Most Focused Mid Cap 30 Fund Growth | 10 | - | - | 122,869,444 | - |
| Reliance Mid & Small Cap Fund Growth | 10 | - | - | - | - | Reliance Mid & Small Cap Fund Growth | 10 | - | - | 268,495,344 | - |
| SBI Bluechip Fund Growth | 10 | - | - | - | - | SBI Bluechip Fund Growth | 10 | - | - | 192,647,265 | - |
| SBI Bluechip Fund Growth Direct | 10 | - | - | - | - | SBI Bluechip Fund Growth Direct | 10 | - | - | 679,221,635 | - |
| LD 103G-15050342 | 10 | - | - | - | - | LD 103G-15050342 | 10 | - | - | 186,037,995 | - |
| SBI Magnum Global Fund | 10 | - | - | - | - | SBI Magnum Global Fund | 10 | - | - | 74,971,923 | - |
| SBI Magnum Global Fund Direct | 10 | - | - | - | - | SBI Magnum Global Fund Direct | 10 | - | - | 13,000,000 | - |
| SBI Magnum Multiplier Fund Direct | 10 | - | - | - | - | SBI Magnum Multiplier Fund Direct | 10 | - | - | 40,087,583 | - |
| SBI Magnum Multiplier Cap. Fund Direct | 10 | - | - | - | - | SBI Magnum Multiplier Cap. Fund Direct | 10 | - | - | 443,261,476 | - |
| SBI Pharma Fund Growth | 10 | - | - | - | - | SBI Pharma Fund Growth | 10 | - | - | 16,581,163 | - |

| Particulars | Face Value | March 31, 2017 | March 31, 2016 | Particulars | Face Value | March 31, 2017 | March 31, 2016 |
|---|------------|----------------|----------------|---|------------|--------------------|--------------------|
| SBI Pharma Fund Growth Direct | 10 | 52,474,347 | - | DSP BR Income Opp. Fund Growth | 10 | 241,393,128 | 241,393,128 |
| SBI Pharma Fund Growth Direct | 10 | 15,869,410 | - | HDTC Corporate Debt Opp. Fund Growth | 10 | 775,370,531 | 775,370,531 |
| LD103G-15050342 | 10 | 97,356,437 | - | HSBC Flexi Debt Fund - Growth | 10 | 123,223,270 | 123,223,270 |
| SBI Corporate Bond Fund | 10 | - | 2,512,594 | ICICI Prudential Regular Savings Fund Growth | 10 | 369,453,578 | 892,485,864 |
| Sundaram Select Focus Regular Plan Growth | 10 | - | 107,362,503 | Koak Income Opportunities Fund - Growth | 10 | 505,451,450 | 505,451,450 |
| Sundaram Select Midcap Appreciation Fund | 10 | 28,848,514 | 36,480,134 | Koak Credit Opportunity Fund - Growth | 10 | 542,370,886 | 542,370,886 |
| Sundaram S.M.I.L.E. Fund Growth | 10 | - | 63,970,096 | Reliance Regular Saving Fund - Debt PL Growth | 10 | 247,029,471 | 247,029,471 |
| Sundaram Select Midcap Fund Growth | 10 | - | 56,003,915 | Reliance Regular Saving Fund - Debt | 10 | 284,360,729 | 284,360,729 |
| Debt Based Mutual Funds | 10 | 389,285,359 | 389,285,359 | SBI Regular Saving Fund Regular Growth | 10 | - | 90,985,262 |
| BNP Paribas Bond Fund - Growth | 10 | 398,097,698 | 543,193,088 | UTI Bond Regular Fund Growth | 10 | 109,128,400 | 109,128,400 |
| BNP Paribas Flexi Debt Fund - Growth | 10 | 222,862,809 | 222,862,809 | UTI Credit Opportunity Fund Growth | 10 | 936,178,210 | 936,178,210 |
| DSP BR Bond Fund - Retail Plan (Growth) | 10 | 121,482,475 | 121,482,475 | Gross Investment in Mutual Funds | | 335,683,552 | 277,213,111 |
| DSP BR Income Opportunities Fund | 10 | - | - | | | | |

Notes:

| SN | Particulars | March 31, 2017 | March 31, 2016 |
|------|--|----------------|----------------|
| i. | Aggregate cost of quoted investments | 64,331,177 | 74,739,391 |
| ii. | Aggregate market value of quoted investments | 66,421,073 | 66,952,082 |
| iii. | Aggregate amount of unquoted investments | 429,504,997 | 37,113,455 |

iv. All the investments have been valued at cost. (Refer Note 2 I of Significant Accounting Policies).

v. Investments in Mutual funds amounting to Rs. 5,92,28,915/- (Rs. 5,92,28,915/-) are under lien against bank overdraft facility availed by the company.

FINEOTEX CHEMICAL LIMITED

12 - Deferred Tax Asset (Net)

(in Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|---|-------------------|-------------------|
| Deferred Tax Asset | | |
| Expenditure allowable u/s. 35D | 9,837,198 | 9,876,058 |
| Expenditure/Provisions allowable on payment basis - 43B Items | 344,713 | 209,429 |
| Sub-Total (A) | 10,181,911 | 10,085,487 |
| Deferred Tax Liability | | |
| Depreciation | 6,225,738 | 5,079,700 |
| Sub-Total (B) | 6,225,738 | 5,079,700 |
| Total (A - B) | 3,956,173 | 5,005,787 |

13 - Long Term Loans and Advances

(in Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|---|-------------------|-------------------|
| Unsecured, Considered good | | |
| Capital Advances | 36,960,000 | 36,960,000 |
| Security Deposits | | |
| - Related parties Refer Note (i and ii) below | 29,500,000 | 28,850,000 |
| - Others | 245,974 | 734,934 |
| Other Loans and Advances | | |
| -Trade Deposits | 986,588 | 1,736,207 |
| -Balance with VAT & Excise Authorities | 1,987,530 | 617,093 |
| -Balance with Income Tax Authorities (net of provision) | 4,716,530 | - |
| Total | 74,396,622 | 68,898,234 |

Notes:

- i. Interest Free deposit towards rented premises paid to relative of director Rs. 19,500,000/- (Rs. 19,500,000/-)
- ii. Deposit given to subsidiary Rs. 1,00,00,000/- (Rs. 93,50,000/-).

14 - Inventories

(in Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|---------------------|-------------------|-------------------|
| Raw materials | 52,607,624 | 39,058,779 |
| Work in progress | 10,208,657 | 15,408,252 |
| Packaging materials | 2,523,151 | 2,825,275 |
| Total | 65,339,432 | 57,292,306 |

Note:

Inventories are valued at lower of cost or net realizable value. (Refer Note 2F of Significant Accounting Policies).

15 - Trade Receivables

(in Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|---|--------------------|--------------------|
| Unsecured, Considered good | | |
| - Outstanding for a period exceeding six months | 3,263,582 | 1,059,473 |
| - Others | 204,363,901 | 190,571,669 |
| Total | 207,627,483 | 191,631,142 |

Note:

Out of above Rs. Nil/- (Rs.1,037,000/-) is due from a subsidiary.

16 - Cash and Cash Equivalents

(in Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|--|-------------------|-------------------|
| Cash and Cash Equivalents | | |
| Balance with bank | 10,181,117 | 16,395,129 |
| Cash on hand (As certified by the management) | 615,765 | 2,369,731 |
| Other Bank Balances | | |
| Balance Earmarked With banks | | |
| - Unclaimed dividends | 127,686 | 36,423 |
| Fixed Deposits with maturity of more than 3 months but less than 12 months | 6,500,684 | 9,121,923 |
| Total | 17,425,252 | 27,923,206 |

Note:

Fixed Deposits amounting to 65,00,684/- (Rs. 91,21,923/-) are under lien with Banks against borrowings and tender deposits.

17 - Short Term Loans and Advances

(in Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|---|-------------------|-------------------|
| Unsecured, Considered good | | |
| Security deposits - Others | 166,300 | 50,000 |
| Other Loans and Advances | | |
| - Balance with VAT and Excise Authorities | 7,236,015 | 11,566,699 |
| - Advance to Related Party | - | 100,000 |
| - Other loans & Advances | 500,000 | 500,000 |
| - Others | 8,369,688 | 1,303,200 |
| Total | 16,272,003 | 13,519,899 |

Note:

Others include Advance to vendors, Prepaid expenses and Loan to employees.

18 - Other Current Assets

(in Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|--------------------------------|------------------|------------------|
| - Interest accrued but not due | 260,886 | 518,580 |
| - Income Receivable | 3,364,467 | 751,315 |
| Total | 3,625,353 | 1,269,895 |

19 - Revenue from Operations

(in Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|----------------------------------|--------------------|--------------------|
| Sale of Products | 818,073,065 | 746,893,043 |
| Less: Excise Duty | 73,652,428 | 68,758,893 |
| | 744,420,637 | 678,134,150 |
| Other operating revenues | | |
| Duty Drawback / Other Incentives | 12,266,790 | 2,495,952 |
| Foreign Exchange Gain | 299,424 | 4,226,437 |
| Total | 756,687,428 | 680,630,102 |

20 - Other Income

(in Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|--|----------------|----------------|
| Dividend | | |
| Subsidiary | 13,547,629 | 26,433,840 |
| Others | 383,987 | 1,072,682 |
| Gain on sale of non current investments | 27,112,780 | 10,374,574 |
| Interest on deposits with banks and others | 1,414,833 | 2,567,136 |

FINEOTEX CHEMICAL LIMITED

| | | |
|---|-------------------|-------------------|
| Reversal of provision for dimunition of investments | - | 31,622 |
| Rent Income | 780,000 | 520,000 |
| Miscellaneous Income | 331,241 | 213,348 |
| Total | 43,570,470 | 41,213,202 |

21 - Cost of Materials Consumed

(in Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|---------------------|--------------------|--------------------|
| Raw materials | 363,531,476 | 342,322,360 |
| Packaging materials | 51,723,730 | 50,138,832 |
| Total | 415,255,206 | 392,461,192 |

22 - Changes in Inventories of Work-in-Progress

(in Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|---------------------|--------------------|------------------|
| Closing stock | 10,208,657 | 15,408,252 |
| Less: Opening stock | 15,408,252 | 13,564,100 |
| Total | (5,199,595) | 1,844,152 |

23 - Employee Benefit Expenses

(in Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|---|-------------------|-------------------|
| Salaries, Wages, Bonus and Leave Encashment | 32,165,155 | 22,965,000 |
| Contribution to Provident and Other Funds | 862,563 | 806,141 |
| Provision of Gratuity | 507,685 | 256,713 |
| Staff Welfare Expenses | 539,781 | 397,353 |
| Total | 34,075,184 | 24,425,207 |

Disclosures as defined in Accounting Standard 15 “Employee Benefits” are given below:

i. Defined Contribution Plan

Employer’s contribution to PF, ESIC and other funds.

ii. Defined Benefit Plan

The Company has taken a policy under Group Gratuity Scheme with the Life Insurance Corporation of India (LIC). The present value of obligation 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.

| Particulars | March 31, 2017 | March 31, 2016 |
|--|----------------|----------------|
| A) Table showing changes in the Present value of Obligation | | |
| Defined Benefit Obligation at the beginning of the year | 872,345 | 795,912 |
| Current Service Cost | 151,154 | 106,345 |
| Interest Cost | 69,788 | 63,673 |
| Actuarial (Gain)/ Loss | 366,571 | 162,857 |
| Benefit paid | (138,462) | (256,442) |
| Defined Benefit Obligation at year-end | 1,321,396 | 872,345 |
| B) Table showing changes in fair value of plan assets | | |
| Fair value of plan assets at beginning of the year | 716,368 | 831,645 |
| Expected return of plan asset | 79,826 | 76,162 |
| Actuarial (Gain)/ Loss | - | - |
| Employer Contribution | 314,878 | 65,002 |
| Benefit paid | (138,462) | (256,442) |
| Fair Value of plan assets at year end | 972,610 | 716,367 |
| Actual return on plan assets | - | - |
| C) Table showing fair value of plan assets | | |
| Fair Value of Plan asset at beginning of the year | 716,368 | 831,645 |
| Actual return on plan asset | 79,826 | 76,162 |

| | | | |
|-----------|--|-----------|-----------|
| | Employer Contribution | 314,878 | 65,002 |
| | Benefit Paid | (138,462) | (256,442) |
| | Fair Value of Plan asset at the end of the year | 972,610 | 716,367 |
| | Funded Asset/ (Liability) | (348,783) | (155,977) |
| D) | Actuarial Gain/Loss recognized | | |
| | Actuarial (Gain)/Loss for the year obligation | (366,571) | (162,857) |
| | Actuarial (Gain)/Loss for the year plan assets | - | - |
| | Total (Gain)/Loss for the year | (366,571) | (162,857) |
| | Actuarial (Gain)/Loss recognized for the year | (366,571) | (162,857) |
| E) | The amounts to be recognized in the balance sheet and statements of profit and loss | | |
| | Present value of obligations as at the end of year | 1,321,396 | 872,345 |
| | Fair Value of plan assets as at the end of the year | 972,610 | 716,367 |
| | Funded Status | (348,783) | (155,977) |
| | Net Asset/(Liability) recognized in balance sheet | (348,783) | (155,977) |
| F) | Expenses recognized in statement of profit and loss | | |
| | Current Service Cost | 151,154 | 106,345 |
| | Interest Cost | 69,788 | 63,673 |
| | Expected return of plan asset | (79,826) | (76,162) |
| | Net Actuarial (Gain)/loss recognised in the year | (366,571) | (162,857) |
| | Expenses recognised in statement of profit and loss | 507,685 | 256,713 |
| G) | Assumption | | |
| | Discount Rates | 8% | 8% |
| | Salary Escalation | 5% | 5% |

24 - Finance Cost

(in Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|-----------------------------|------------------|------------------|
| Interest on Trade deposits | 175,379 | 173,054 |
| Bank charges | 1,049,486 | 765,794 |
| Bank interest | 1,616,442 | 1,682,247 |
| <u>Other Borrowing Cost</u> | | |
| - Interest on loan | - | 35,414 |
| Total | 2,841,306 | 2,656,509 |

25 - Other Expenses

(in Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|-----------------------------------|----------------|----------------|
| Toll Conversion Charges | 24,398,824 | 23,471,912 |
| Power and Fuel | 2,605,032 | 2,195,043 |
| Rent | 2,985,000 | 2,490,000 |
| <u>Repairs and Maintenance of</u> | | |
| - Buildings | 363,251 | 714,291 |
| - Plant and machinery | 1,453,443 | 962,324 |
| - Others | 789,913 | 905,307 |
| Insurance | 408,941 | 416,342 |
| Rates and taxes | 869,279 | 1,799,600 |
| <u>Payment to auditors</u> | | |
| - As Auditor | 440,000 | 300,000 |
| - For Taxation matters | 106,000 | 101,000 |
| - For Other services | 229,000 | 231,250 |
| Commission | 35,134,220 | 24,771,848 |
| Advertisement | 1,343,179 | 993,980 |
| Legal and professional fees | 1,972,087 | 1,881,384 |

FINEOTEX CHEMICAL LIMITED

| | | |
|--------------------------------------|--------------------|-------------------|
| Transport charges | 11,839,973 | 4,595,042 |
| Technical Fees | 2,550,000 | 2,570,000 |
| Travelling expenses | 7,335,402 | 3,562,539 |
| Expenditure on CSR activities | 2,200,000 | 2,200,000 |
| Donation | 140,000 | 153,000 |
| Loss on sale of Fixed Asset | 13,478 | - |
| Loss on sale of shares in subsidiary | 84,725 | - |
| Miscellaneous expenses | 12,777,157 | 8,979,897 |
| Total | 110,038,904 | 83,294,759 |

26 Contingent Liabilities and Commitments

i. Contingent liabilities not provided for in respect of:

(in Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|---|----------------|----------------|
| (a) Guarantees given by bank | 1,152,888 | 1,714,202 |
| (b) Claims against the Company not acknowledged as debts (Income Tax) | 1,920,590 | 214,820 |

Future cash outflows in respect of the above matters are determinable only on receipt of judgements/decisions pending at the various forums/authorities. The management expect these claims to succeed and accordingly, no provision for the contingent liability has been recognized in the financial statements.

iii. **Commitments**

(in Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|---|----------------|----------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances). | 15,840,000 | 15,985,547 |

27 Value of Imported & Indigenous Material Consumed

(in Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|---------------------|--------------------|--------------------|
| <u>Raw Material</u> | | |
| Imported | 65,699,373 | 35,669,860 |
| (Proportion) | 15% | 9% |
| Indigenous | 362,802,554 | 359,444,761 |
| (Proportion) | 85% | 91% |
| Total | 428,501,927 | 395,114,621 |

28 Value of Imports on CIF Basis

(in Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|--------------|-------------------|-------------------|
| Raw Material | 65,699,373 | 35,669,860 |
| Total | 65,699,373 | 35,669,860 |

29 Expenditure in Foreign Currency

(in Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|--------------|------------------|------------------|
| Interest | - | 35,414 |
| Travelling | 2,178,071 | 1,219,888 |
| Commission | 464,387 | 394,282 |
| Total | 2,642,458 | 1,649,584 |

30 Earnings in Foreign Currency

(in Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|--------------------------|--------------------|--------------------|
| Sales | 156,533,366 | 128,273,279 |
| Dividend from Subsidiary | 13,547,629 | 26,433,840 |
| Total | 170,080,995 | 154,707,119 |

31 Earnings per share

| Particulars | March 31, 2017 | March 31, 2016 |
|--|----------------|----------------|
| Profit available to shareholders (In Rs.) | 159,476,018 | 151,304,685 |
| Weighted average number of shares outstanding during the year* | 111,986,083 | 112,298,110 |
| Basic and Diluted Earnings per Share (In Rs.) | 1.42 | 1.35 |
| Face Value per Equity Share (In Rs.) | 2 | 2 |

* adjusted to buyback of shares

32 Interim Dividend

The Company has paid an interim dividend of Rs. 0.10 per equity share (i.e. 5% of the face value) on 11,13,00,000 equity shares of face value of Rs. 2/- each on 22nd February, 2017 vide Board Resolution dated 10th February, 2017.

33 Accounting Standard 17 - Segment Reporting

| Particulars | March 31, 2017 | March 31, 2016 |
|---|--------------------|--------------------|
| A. Primary Segment | | |
| The Company is primarily engaged in the business of manufacturing of textile chemicals, auxiliaries and specialty chemicals. These are considered to constitute one single primary segment. | | |
| B. Secondary Segment (Geographical Segment) | | |
| India | 587,887,271 | 549,860,871 |
| Outside India | 156,533,366 | 128,273,279 |
| Sale of Products | 744,420,637 | 678,134,150 |

In view of the interwoven/intermix nature of business and manufacturing facility, other segmental information is not ascertainable.

34 Related Party Transactions

As per Accounting Standard 18, the disclosures of transactions with the related parties are given by way of Annexure 1

List of related parties where control exists and related parties with whom transactions have taken place and relationships

| SN | Name of the Related Party | Relationship |
|----|--------------------------------|---|
| 1 | Surendra Tibrewala | Key Management Personnel |
| 2 | Sanjay Tibrewala | |
| 3 | Kanaklata Surendra Tibrewala | |
| 4 | Sanjay Exports | Enterprise under significant influence of Key Management Personnel or their relatives |
| 5 | Proton Biochem Private Limited | |
| 6 | Manya Steels Private Limited | Subsidiaries |
| 7 | Fineotex Malaysia Limited | |
| 8 | Fineotex Specilaties FZE | |
| 9 | BT Chemical SDN. BHD. | |
| 10 | BT Biotex SDN. BHD. | |

35 Corporate Social Responsibility

The gross amount required to spent by the company during the year is Rs. 34,17,765/- (out of which Rs. 6,80,745/- pertains to previous years) as per the provisions of section 135 of the Companies Act, 2013. However, the Company has spent Rs. 22,00,000/- during the current year.

36 Disclosure of loans given and investments made as required under section 186(4) of the Companies Act, 2013 is as under.

| Loans given | March 31, 2017 | March 31, 2016 |
|---------------------------|----------------|----------------|
| Fineotex Specialities FZE | - | 100,000 |
| Total | - | 100,000 |

The Investments made by the Company is reflected at Note no. 11.

- 37 As per the MCA notification G.S.R. 308(E), dated 31st March, 2017, every company having specified bank notes (SBNs) or other denominations as defined in the said notification has to provide details in relation to the SBNs held and transacted during the period from 8th November, 2016 to 31st December, 2016. With respect to the notification and requirement, the details of transactions undertaken in SBNs and other denominations during the period from 8th November, 2016 to 31st December, 2016 by the Company are as follows.

| Particulars | SBNs | Other denominations | Total |
|---|-----------|---------------------|----------------|
| Closing Cash in hand as on 8th November, 2016 | 2,506,000 | 55,111 | 2,561,111 |
| Add : permitted receipts | - | 800,775 | 800,775 |
| Less : Permitted payments | - | 626,558 | 626,558 |
| Less : Amount deposited in Banks | 2,506,000 | - | 2,506,000 |
| Closing cash in hand as on 30th December, 2016 | - | 229,328 | 229,328 |

For the purpose of this clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S. O. 3407(E), dated 8th November, 2016.

- 38 The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act could not be furnished.
- 39 Balance of sundry debtors, creditors and loans and advances are subject to confirmation, reconciliation, if any.
- 40 In the opinion of board and to the best of their knowledge and belief, the value on realisation of loans, advances and current assets in the ordinary course of business will not be less than the amount at which they are stated in the Balance sheet.
- 41 In the opinion of the board, provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.
- 42 Previous year's figures have been regrouped, rearranged and reclassified wherever necessary to conform with this year's classification.

As per our Report of even date

For Fineotex Chemical Limited

For UKG & Associates
Chartered Accountants
(Firm Registration No : 123393W)

| | |
|--|---|
| Surendrakumar Tibrewala Chairman & Managing Director DIN : 00218394 | Alok Dhanuka Chairman - Audit Committee DIN : 06491610 |
|--|---|

Champak K. Dedhia
Partner
Membership No.: 101769

| | |
|---|---|
| Sanjay Tibrewala Executive Director & CFO DIN : 00218525 | Raina D'Silva Company Secretary M No.: ACS 36901 |
|---|---|

Mumbai, 24th May, 2017

Mumbai, 24th May, 2017

Annexure 1 - AS 18 - Related Parties Disclosures

| SN | Name of Related Party | 2016-17 | | 2015-16 | |
|-----------|--|--------------------|------------------------|--------------------|------------------------|
| | | Amount (In Rs.) | Balance O/S Dr/(Cr) | Amount (In Rs.) | Balance O/S Dr/(Cr) |
| | <u>Subsidiaries</u> | | | | |
| 1 | FCL Landmarc Private Limited | | | | |
| | Reimbursement of expenses | 4,950 | - | 12,100 | 5,000 |
| | Loans received back | 100,000 | - | - | - |
| 2 | Manya Steels Private Limited | | | | |
| | Rent Expenses | 120,000 | 40,000 | 120,000 | 105,000 |
| | Reimbursement of expenses | 600 | - | 2,100 | - |
| | Rent Deposit | 650,000 | 10,000,000 | 1,450,000 | 9,350,000 |
| | Investments | - | 7,294,311 | - | 7,294,311 |
| 3 | Fineotex Specialities FZE | | | | |
| | Investments | 0 | 2,658,194 | 1,719,332 | 2,658,194 |
| | Reimbursement of expenses | 100,000 | - | 100,000 | 100,000 |
| 4 | Fineotex Malaysia Limited | | | | |
| | Dividend Income | 13,547,629 | - | 26,433,840 | - |
| | Investments | - | 83,868,940 | - | 83,868,940 |
| 5 | BT Chemicals SDN BHD | | | | |
| | Sale of Goods | 4,564,515 | - | 2,599,875 | 1,037,000 |
| | Purchase of Goods | 4,522,881 | - | - | - |
| | Trade Advances - Purchase of Goods | 4,797,681 | 4,797,681 | - | - |
| | Reimbursements of expenses | 134,490 | | | |
| 6 | BT Biotex Sdn Bhd | | | | |
| | Purchase of Goods | 37,125,008 | - | | |
| | <u>Key Management Personnel</u> | | | | |
| 7 | Surendra Tibrewala | | | | |
| | Directors Remuneration | 3,540,000 | (197,325) | 3,240,000 | (161,035) |
| | Rent Paid | 882,000 | (66,150) | 882,000 | (66,150) |
| 8 | Sanjay Tibrewala | | | | |
| | Directors Remuneration | 3,540,000 | (197,325) | 3,240,000 | (161,035) |
| | Deposit Given | - | - | 100,000 | - |
| | <u>Relatives of Key Management Personnel (KMP)</u> | | | | |
| 9 | Kanaklata Tibrewala | | | | |
| | Rent Paid | 828,000 | (62,100) | 828,000 | (62,100) |
| | Trade Deposits | - | 19,500,000 | - | 19,500,000 |
| | <u>Enterprise under significant influence of KMP or their relatives</u> | | | | |
| 10 | Proton Biochem Private Limited | | | | |
| | Labour Charges | 20,941,373 | (3,739,471) | 21,701,073 | (4,308,712) |
| | Rent Income | 780,000 | - | 520,000 | - |
| | Trade Deposits Repaid | - | - | 5,000,000 | - |
| 10 | Sanjay Exports | | | | |
| | Purchase of Motor Car | 4,098,852 | - | - | - |

Note :

1. Related parties are identified by the Company and relied upon by Auditors.

ANNEXURE 2

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of the section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associates / joint ventures

Part "A" - Subsidiaries

| | | | | | | | | |
|----|--|--------------------------|--------------------------|-----------------------|-------------------|------------------|---------------------------|---------------------------|
| 1 | Name of subsidiary | FCL Landmarc Private Ltd | Manya Steels Private Ltd | BT Chemicals SDN. BHD | BT Biotex SDN.BHD | Rovatex SDN BHD | Fineotex Specialities FZE | Fineotex Malaysia Limited |
| 2 | Reporting year / period ended | 31-Mar-17 | 31-Mar-17 | 31-Mar-17 | 31-Mar-17 | 31-Mar-17 | 31-Mar-17 | 31-Mar-17 |
| 3 | Reporting Currency | Rupees | Rupees | Malysian Ringets | Malysian Ringets | Malysian Ringets | USD | USD |
| 4 | Exchange rate as on the last date of the relevant Financial Year | 1 | 1 | 14.65 | 14.65 | 14.65 | 64.86 | 64.86 |
| | | Audited | Audited | Audited | Audited | Audited | Audited | Audited |
| 5 | Share Capital | | 100,000 | 12,943,785 | 775,333 | 78,212 | 2,647,715 | 122,599,539 |
| 6 | Reserves & Surplus | | (17,866) | 112,463,118 | 38,985,833 | 1,993,550 | 11,764,437 | 22,531,835 |
| 7 | Total Assets | | 10,163,934 | 165,519,121 | 46,251,236 | 2,067,939 | 14,412,151 | 181,733,575 |
| 8 | Total Liabilities | | 10,081,800 | 40,112,219 | 6,490,070 | (3,823) | - | 36,602,200 |
| 9 | Investments | | - | - | - | - | - | 116,245,854 |
| 10 | Turnover | | - | 435,157,589 | 275,162,480 | 4,379,162 | 8,532,659 | 51,481,989 |
| 11 | Profit before Taxation | | 85,871 | 73,117,354 | 29,520,809 | 376,376 | 7,463,390 | 6,972,132 |
| 12 | Provision for Taxation | | 20,960 | 17,539,434 | 7,341,492 | 59,677 | - | 88,308 |
| 13 | Profit after Taxation | | 64,911 | 55,577,920 | 22,179,317 | 316,699 | 7,463,390 | 6,883,824 |
| 14 | Proposed Dividend | | - | - | - | - | - | - |
| 15 | % of shareholding | | 100 | 57.14 | 57.14 | 57.14 | 100 | 100 |

Part "B" : Associates & Joint Ventures Nil

As per our Report attached

For UKG & Associates

Chartered Accountants

Firm Registration No : 123393W

For and on behalf of Board of Directors

Champak K Dedhia

Partner

M. No. 101769

Place : Mumbai

Date : 24.05.2017

Raina D'Silva

Company Secretary

M No.: ACS 36901

Sanjay Tibrewala

Executive Director & CFO

Surendrakumar Tibrewala

Chairman & Managing Director

Independent Auditors' Report on Consolidated Financial Statements

To the Members of Fineotex Chemical Limited Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **FINEOTEX CHEMICAL LIMITED** ("the Holding Company") and its subsidiaries (collectively referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31st March 2017, Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date and a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Management and Board of Directors of the Holding Company are responsible for the preparation of the consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 (hereinafter referred to as "the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014. The Management and Board of Directors of the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company, as at 31st March 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

We have not audited the financial statements of seven subsidiaries, whose financial statements have been considered for the purpose of Consolidated Financial Statements, which constitute total assets of Rs. 4201.43 Lakhs as at 31st March, 2017, total revenue of Rs. 8407.74 Lakhs and net cash outflow amounting to Rs. 97.27 Lakhs for the year ended 31st March, 2017 as considered in the consolidated financial statement. The Consolidated Financial Statements contains the financial statements of five subsidiaries incorporated outside India out of which three subsidiaries are audited and are as provided to us by the management. The financial statements and other financial information of one of the subsidiary incorporated in India has been audited by other auditor whose report has been furnished to us, and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of subsidiaries, and our report in terms of sub section (3) and (11) of S. 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such financial statements and on the report of such other auditors, as the case may be.

Our opinion on the consolidated financial statements, and our report on other legal and regulatory requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the financial statements certified by the management.

Report on Other Legal and Regulatory Requirements

1. As required by sub-section 3 of Section 143 of 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 purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- (c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March 2017 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary company incorporated in India, none of the Directors of the Group companies incorporated in India is disqualified as on 31st March 2017 from being appointed as a Director of that company in terms of sub-section 2 of Section 164 of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 27 to the consolidated financial statements;
 - ii. The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund.
 - iv. The Holding Company and its subsidiary incorporated in India have provided requisite disclosure in Note 34 of these consolidated financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealing in Specified Bank Notes during the period November 8, 2016 and December 30, 2016. Based on the audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of accounts maintained by Company and as produced to us by management.

For UKG & Associates
Chartered Accountants
Firm RegnNo : 123393W

Champak K. Dedhia
Partner
Membership No: 101769

Place: Mumbai
Date: 24th May, 2017

ANNEXURE - A TO THE AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Fineotex Chemical Limited** (hereinafter referred to as "the Holding Company") and its subsidiary company which are companies incorporated in India, as of 31st March 2017, in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors referred to in the 'Other Matters' paragraph is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's and its subsidiary company incorporated in India's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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 over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary company incorporated in India considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other Matter

Our aforesaid report under section 143(3) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to the subsidiary company incorporated in India is based on the corresponding reports of the auditor of such company.

For **UKG & Associates**
Chartered Accountants
Firm RegnNo : 123393W

Champak K. Dedhia
Partner
Membership No: 101769

Place: Mumbai
Date: 24th May, 2017

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH , 2017

(In Rs.)

| Particulars | Note | March 31, 2017 | March 31, 2016 |
|--|---------|----------------------|----------------------|
| I. EQUITY AND LIABILITIES | | | |
| 1. SHAREHOLDERS' FUNDS | | | |
| - Share Capital | 3 | 222,600,000 | 224,596,220 |
| - Reserves and Surplus | 4 | 837,840,650 | 688,299,664 |
| | | 1,060,440,650 | 912,895,884 |
| 2. MINORITY INTEREST | | 71,912,395 | 48,200,810 |
| 3. CURRENT LIABILITIES | | | |
| - Short Term Borrowings | 5 | 9,636,263 | 30,457,975 |
| - Trade Payables | | | |
| Dues to Micro and Small Enterprises | 6 | - | - |
| Dues to Others | 7 | 183,829,988 | 130,437,928 |
| - Other Current Liabilities | 8 | 6,130,500 | 5,080,560 |
| - Short Term Provisions | 9 | 996,054 | 14,827,157 |
| | | 200,592,805 | 180,803,620 |
| Total | | 1,332,945,850 | 1,141,900,314 |
| II. ASSETS | | | |
| 1. NON-CURRENT ASSETS | | | |
| - Fixed Assets | | | |
| Property, Plant & Equipment | 10 | 172,610,294 | 131,156,234 |
| - Goodwill on consolidation | | 61,385,192 | 61,385,192 |
| - Non-Current Investments | 11 | 437,871,329 | 389,809,102 |
| - Deferred Tax Assets (Net) | 12 | 3,730,586 | 4,806,365 |
| - Long Term Loans and Advances | 13 | 68,143,199 | 59,551,654 |
| | | 743,740,600 | 646,708,547 |
| 2. CURRENT ASSETS | | | |
| - Inventories | 14 | 129,671,040 | 114,713,942 |
| - Trade Receivables | 15 | 300,394,014 | 253,939,295 |
| - Cash and Cash Equivalents | 16 | 129,089,999 | 94,557,157 |
| - Short Term Loans and Advances | 17 | 26,367,249 | 30,711,478 |
| - Other Current Assets | 18 | 3,682,948 | 1,269,895 |
| | | 589,205,250 | 495,191,767 |
| Total | | 1,332,945,850 | 1,141,900,314 |
| Significant Accounting Policies | 2 | | |
| Notes on Financial Statements | 1 to 41 | | |

As per our Report of even date

For UKG & Associates
Chartered Accountants
(Firm Registration No : 123393W)

Champak K. Dedhia
Partner
Membership No.: 101769

Mumbai, 24th May, 2017

For Fineotex Chemical Limited

Surendrakumar Tibrewala
Chairman & Managing Director
DIN : 00218394

Alok Dhanuka
Chairman - Audit Committee
DIN : 06491610

Sanjay Tibrewala
Executive Director & CFO
DIN : 00218525

Raina D'Silva
Company Secretary
M No.: ACS 36901

Mumbai, 24th May, 2017

FINEOTEX CHEMICAL LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017

| (In Rs.) | | | |
|---|----------|--------------------------------------|--------------------------------------|
| Particulars | Note No. | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
| INCOME | | | |
| - Revenue from Operations (Gross) | 19 | 1,354,328,842 | 1,167,952,231 |
| Less: Excise Duty | | 73,652,428 | 68,758,893 |
| Revenue from Operations (Net) | | 1,280,676,414 | 1,099,193,338 |
| - Other Income | 20 | 39,588,678 | 21,320,779 |
| Total | | 1,320,265,092 | 1,120,514,116 |
| EXPENSES | | | |
| - Cost of Materials Consumed | 21 | 588,462,632 | 562,861,032 |
| - Purchase of Stock-in-Trade | 22 | 173,851,475 | 81,562,526 |
| - Changes in Inventories | 23 | (3,205,127) | (7,854,192) |
| - Employee Benefit Expenses | 24 | 46,413,131 | 37,908,799 |
| - Finance Costs | 25 | 3,907,613 | 3,885,124 |
| - Other Expenses | 26 | 173,018,495 | 147,979,075 |
| - Depreciation | 10 | 6,297,625 | 5,274,649 |
| Total | | 988,745,843 | 831,933,580 |
| Profit Before Tax and Exceptional Item | | 331,519,249 | 288,580,536 |
| Exceptional Item | | - | - |
| Profit Before Tax | | 331,519,249 | 293,855,186 |
| Less: Tax Expenses | | | |
| - Current Tax | | 91,545,223 | 91,528,994 |
| - Deferred Tax | | 1,049,614 | (85,038) |
| - Short / (Excess) Tax Provision for Earlier Years | | (57,259) | - |
| Profit after tax for the year before profits attributable to Minority Interest | | 238,981,670 | 197,136,580 |
| Less: Profits attributable to Minority Interest | | 32,635,161 | 26,732,017 |
| Profit for the year | | 206,346,509 | 170,404,563 |
| Earning per Equity Share (Face value Rs. 2/- each) | | | |
| Basic and Diluted | | 1.84 | 1.52 |
| Significant Accounting Policies | 2 | | |
| See accompanying notes to the financial statements | 1 to 41 | | |

As per our Report of even date

For Fineotex Chemical Limited

For UKG & Associates
Chartered Accountants
 (Firm Registration No : 123393W)

Surendrakumar Tibrewala
 Chairman & Managing Director
 DIN : 00218394

Alok Dhanuka
 Chairman - Audit Committee
 DIN : 06491610

Champak K. Dedhia
 Partner
 Membership No.: 101769

Sanjay Tibrewala
 Executive Director & CFO
 DIN : 00218525

Raina D'Silva
 Company Secretary
 M No.: ACS 36901

Mumbai, 24th May, 2017

Mumbai, 24th May, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

| Particulars | (In Rs.) | |
|--|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
| Cash flow from operating activities | | |
| Net Profit before tax as per Statement of Profit and Loss | 331,519,249 | 288,580,536 |
| <u>Non-cash adjustment to reconcile profit before tax to net cash flows :</u> | | |
| Depreciation | 6,297,625 | 5,591,216 |
| Loss on sale of Fixed Assets | 13,478 | - |
| Net Gain on sale of Investments | (27,112,780) | (10,374,574) |
| Exchange Difference amortised | 1,831,687 | 739,856 |
| Provision for diminution in value of investments | - | (31,622) |
| | <u>312,549,259</u> | <u>284,505,412</u> |
| <u>Non-operating adjustments to derive net cash flow from operating activities</u> | | |
| Interest Income | (2,070,566) | (3,602,412) |
| Interest Expense | - | 35,414 |
| Dividend Income | (383,987) | (1,072,682) |
| Operating Profit before working capital changes | <u>310,094,706</u> | <u>279,865,732</u> |
| <u>Movements in working capital</u> | | |
| Increase/(Decrease) in Trade Payables | 53,392,060 | (10,118,310) |
| Increase/(Decrease) in Short Term Provisions | (13,831,103) | 336,576 |
| Increase/(Decrease) in Other Current Liabilities | 1,049,939 | 1,075,598 |
| (Increase)/Decrease in Trade Receivables | (48,286,406) | (31,035,292) |
| (Increase)/Decrease in Inventories | (14,957,098) | (10,636,786) |
| (Increase)/Decrease in Long Term Loans and Advances | 13,998,454 | 15,361,514 |
| (Increase)/Decrease in Short Term Loans and Advances | 6,899,261 | (9,278,965) |
| (Increase)/Decrease in Other Current Assets | (2,413,053) | 2,328,264 |
| Cash generated from operations | <u>305,946,760</u> | <u>237,898,331</u> |
| Direct Taxes paid (net of refunds) | (114,077,963) | (101,680,616) |
| Cash Flow generated from Operating Activities | <u>191,868,797</u> | <u>136,217,714</u> |
| <u>Cash Flows from Investing Activities</u> | | |
| Purchase of fixed assets | (49,763,884) | (15,258,076) |
| Sale of investment in subsidiary | 100,000 | - |
| Purchase of Investments | (287,097,460) | (197,965,384) |
| Proceeds from sale/maturity of investments | 266,148,013 | 111,577,682 |
| Interest received | 2,070,566 | 3,602,412 |
| Loans & Advances given | (2,555,032) | (135,038) |
| Dividend received | 383,987 | 1,072,682 |
| Fixed Deposits with bank withdrawn / (placed) | 2,621,239 | (703,846) |
| Net Cash Flow from/(used in) Investing Activities (B) | <u>(68,092,571)</u> | <u>(97,809,567)</u> |

FINEOTEX CHEMICAL LIMITED

Cash Flows from Financing Activities

| | | |
|--|---------------------|---------------------|
| Proceeds from Issue of Shares | 6,998,952 | - |
| Proceeds / (Repayment) from Short term borrowings | (20,821,712) | 20,298,453 |
| Buyback of Equity Shares | (29,264,848) | - |
| Interest paid | - | (35,414) |
| Dividends paid | (11,130,000) | (33,689,433) |
| Dividend Distribution Tax | - | (1,139,344) |
| Net cash flow from/(used in) Financing Activities (C) | (54,217,608) | (14,565,738) |
| Effect of exchange differences on translation of foreign currency cash and cash equivalents (D) | (32,404,536) | (30,090,859) |
| Net increase/(decrease) in Cash and Cash Equivalents (A+B+C+D) | 37,154,081 | (6,248,449) |
| Cash and Cash Equivalents at the beginning of the year | 85,435,234 | 91,683,684 |
| Cash and Cash Equivalents at the end of the year | 122,589,315 | 85,435,235 |
| Components of cash and cash equivalents | | |
| Cash on hand | 929,858 | 2,450,706 |
| <u>With banks-</u> | | |
| in Current Accounts (including unrepresented cheques) | 57,934,596 | 70,399,651 |
| in Earmarked Accounts | 127,686 | 36,423 |
| in Fixed deposits with maturity less than 3 months | 63,597,175 | 12,548,455 |
| Total Cash and Cash Equivalents | 122,589,315 | 85,435,235 |

Notes

- i. Consolidated Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standards (AS 3) "Cash Flow Statements" as specified in the Companies (Accounting Standards) Rules, 2006.
- ii. Figures in bracket represent outflow.

As per our Report of even date

For UKG & Associates
Chartered Accountants
(Firm Registration No : 123393W)

Champak K. Dedhia
Partner
Membership No.: 101769

Mumbai, 24th May, 2017

For Fineotex Chemical Limited

| | |
|--|---|
| Surendrakumar Tibrewala Chairman & Managing Director DIN : 00218394 | Alok Dhanuka Chairman - Audit Committee DIN : 06491610 |
|--|---|

| | |
|---|---|
| Sanjay Tibrewala Executive Director & CFO DIN : 00218525 | Raina D'Silva Company Secretary M No.: ACS 36901 |
|---|---|

Mumbai, 24th May, 2017

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

1 CORPORATE INFORMATION

Fineotex Chemical Limited is a Public Limited Company domiciled in India and incorporated under the Companies Act, 1956. The Company was incorporated in 2004 and is listed on Bombay Stock Exchange. The Group comprises of Fineotex Chemical Limited and its directly and indirectly held subsidiaries companies and associates. The Group is engaged in the business of Manufacturing and Trading of Chemicals.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation of Financial Statements:

These financial statements have been prepared to comply in all material aspects with applicable accounting principles in India, the applicable Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and other accounting principles generally accepted in India, to the extent applicable.

A. Principles of Consolidation

The Consolidated Financial Statements relate to the Financial Statements of Fineotex Chemicals Ltd ('The Company') and its Subsidiary Companies (The Company and its subsidiaries companies together referred to as 'the Group')

The Consolidated Financial statements have been prepared on the following basis:

- i. The Financial Statements of the Company and its subsidiary companies have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and unrealised profits or losses as per Accounting Standard 21 - "Consolidated Financial Statements" notified by Companies (Accounting Standards) Rules, 2006.
- ii. In case of foreign subsidiaries, being non-integral foreign operations, income and expense items are consolidated at the average rate prevailing during the year. All assets and liabilities both monetary and non-monetary are translated at the end of the year at the closing rate. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve grouped under Reserves & Surplus.
- iii. The difference between the cost of investment in the subsidiaries and the Company's share of net assets at the time of acquisition of shares in the subsidiaries is recognised in the Financial Statements as Goodwill or Capital Reserve as the case may be.
- iv. Minority Interest's share of net profit in Consolidated Subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to the shareholders of the Company.
- v. Minority Interest in the net assets of Consolidated Subsidiaries is identified and presented in the Consolidated Balance Sheet separately from the Liabilities and Equity of the Company's shareholders.
- vi. Minority Interest in the net assets of the consolidated subsidiaries consists of:
 - a) The amount of equity attributable to minority at the date on which investment in a subsidiary is made; and
 - b) The minority share of movements in equity since the date the parent subsidiary relationship came into existence.
- vii. The results of operations of the subsidiaries are included in the Consolidated Financial Statements as from the date on which parent-subsidiary relation came into existence.
- viii. The Consolidated Financial Statements have been prepared using financial statements drawn upto same reporting dates to the extent practicable.
- ix. Investment in Associate Companies has been accounted under the equity method as per Accounting Standard(AS) 23- "Accounting for Investments in Associate in the Consolidated Financial Statements".
- x. The Company accounts for its share in change in net assets of the associates, post acquisition, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Statement of Profit and loss to the extent such change is attributable to the associates Profit and loss through its reserves for the balance, based on available information.
- xi. The difference between the cost of investment in the associate and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve if any, as the case may be.
- xii. As far as possible, the consolidated financial statement are prepared using uniform accounting policies for like transaction and other event in similar circumstances and presented in the same manner as the Company's separate financial statements
- xiii. Investments other than subsidiaries and associates have been accounted as per Accounting Standard (AS) -13 on Accounting for Investments".

FINEOTEX CHEMICAL LIMITED

xiv. The list of subsidiary companies which are included in the Consolidation and the Company's holdings therein are as under

| S N | Name of the Company | Ownership held by | Ownership in % either directly or through Subsidiaries | | Country of incorporation |
|-----|------------------------------|---------------------------|--|-------------------------|--------------------------|
| | | | As At March 31, 2017 | As At March 31, 2016 | |
| 1 | Fineotex Malaysia Limited | Fineotex Chemical Limited | 100% | 100% | Malaysia |
| 2 | BT Chemiclas SDN BHD | Fineotex Malaysia Limited | 57.14% | 60% | Malaysia |
| 3 | BT Biotex SDN BHD | Fineotex Malaysia Limited | 57.14% | 60% | Malaysia |
| 4 | BT Exon SDN BHD | Fineotex Malaysia Limited | 57.14% | 60% | Malaysia |
| 5 | Fineotex Specialities FZE | Fineotex Chemical Limited | 100% | 100% | UAE |
| 6 | FCL Landmarc Private Limited | Fineotex Chemical Limited | - | 100% | India |
| 7 | Manya Steels Private Limited | Fineotex Chemical Limited | 100% | 100% | India |

B. Method of Accounting

The financial statements are prepared:

- i. On the historical cost convention.
- ii. On a going concern basis.
- iii. In accordance with the Accounting Standards as notified by Companies (Accounting Standard) Rules, 2006.
- iv. On mercantile system of accounting and recognizes income and expenditure on an accrual basis except those with significant uncertainties.
- v. In accordance with the relevant presentation requirements of Revised Schedule VI of the Companies Act, 1956 to the extent applicable.

C. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP required judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Estimates and assumptions used in the preparation of the financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the Financial Statements, which may differ from the actual results at a subsequent date. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized.

D. Fixed Assets

i. Property Plant & Equipments

Property Plant & Equipments are stated at their original cost of acquisition including incidental expenses related to acquisition and installation of the concerned assets. Property Plant & Equipments are shown net of accumulated depreciation and amortisation. Historical cost comprises the acquisition price or construction price and all direct and indirect costs attributable to bring the asset to the working condition for intended use, but excluding any Cenvat/Service Tax / Value Added Tax credit available. Borrowing cost directly attributable to acquisition / construction of fixed asset which necessarily takes a substantial period of time to get ready for their intended use are capitalised.

ii. Intangible Assets

a. Intangible Assets are stated at cost of acquisition less accumulated amortization. Amortization is done on Straight Line Method.

E. Depreciation

- i. Depreciation has been calculated as per the Straight Line Method at the rates prescribed under Schedule - XIV of the Companies Act, 1956 and in case of subsidiaries, depreciation has been calculated using the Straight Line Method over the estimated useful life of the assets.
- ii. Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/ installation.
- iii. Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis upto the date on which such assets are sold, discarded or demolished.
- iv. For assets costing Rs.5000/- or less, depreciation is fully provided.
- v. Depreciation on additions on account of increase in rupee value due to revaluation of foreign currency loans is being provided at rates of depreciation over the future life of said asset.
- vi. Depreciation has been calculated as per the Straight Line Method in Foreign Subsidiary as well as the Parent Company. However the rates at which depreciation has been charged in books of Foreign Subsidiaries differ from the rates of depreciation as charged in the books of Parent Company. Since the difference is not material, depreciation charged in Foreign Subsidiaries has not been reworked to be in line with the Parent Company.

F. Inventories

- i. Cost of Inventories have been computed to include all cost of Purchases, Cost of Conversion and other costs incurred in bringing the inventories to their present location and condition.
- ii. Raw materials are valued at cost. The costs in relation to work in progress is arrived on 'weighted average' method, except in case of slow moving and obsolete material, at lower of cost or estimated realizable value. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
- iii. Work-in-progress and finished goods are valued at the lower of cost or estimated realizable value. Cost represents prime cost, and includes appropriate portion of overheads.
- iv. Scrap is valued at estimated realizable value.

G. Foreign Currency Transactions

- i. Transactions in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.
- ii. Monetary items denominated in foreign currencies at the year end are restated at the year end rates.
- iii. Any income or expense on account of exchange difference either on settlement or translation is recognised in the Profit and Loss Account except in cases where they relate to acquisition of Property Plant & Equipments in which case they are adjusted to the carrying cost of such assets or in case of long term foreign currency monetary items in which they are transferred to "Foreign Currency Monetary Item Translation Reserve" and amortised over the term of the loan.
- iv. Exchange differences relating to monetary items that are in substance forming part of the Company's net investments in non integral foreign operations are accumulated in foreign currency translation reserve.
- v. Non Monetary items denominated in foreign currencies are carried at cost.

H. Research and Development

- i. Capital Expenditure, if any is shown separately in Fixed Assets
- ii. Research and development cost (other than cost of Fixed Assets acquired) are charged as an expense in the year in which they are incurred.

I. Investments

- i. Investments are stated at their cost of acquisition. Long term investments are carried at cost. In case there is any diminution of permanent nature in value of Investments, the same is provided for.
- ii. Current Investments are valued at cost of acquisition, less provision for diminution, as necessary, if any.
- iii. Unquoted current investments are stated at the lower of cost and fair value where available.

J. Revenue Recognition

- i. The Company recognizes revenues on the sale of products when the products are delivered to the customer or when delivered to the carrier for exports sales, which is when risks and rewards of ownership pass to the customer. Sales are net of taxes on sales and sales returns.
- ii. Other income is accounted for on accrual basis when it is reasonably certain that the ultimate collection will be made.
- iii. Interest is accrued over the period of loan/ investment.
- iv. Dividend on shares and mutual funds is accounted as and when the right to receive is established.

K. Leases

- i. Lease under which the lessee assumes substantially all the risks and rewards of ownership are classified as finance leases.
- ii. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Lease payments under operating lease are recognised as an expense on a straight line basis in the Statement of Profit & Loss over the lease term.

L. Impairment of Assets

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

M. Borrowing Costs

- i. Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of cost of such assets till such time as the assets are ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale.
- ii. All other borrowing costs are recognised as an expense in the period in which they are incurred.

N. Taxation

Provision for taxation is made on the basis of the taxable profits computed for the current accounting period in accordance with the applicable tax rates and tax laws. Deferred Tax resulting from timing difference between Book Profits and Tax Profits is accounted for at the applicable rate of tax to the extent the timing differences are expected to crystallize, in case of Deferred Tax Liabilities with reasonable certainty and in case of Deferred Tax Assets with virtual certainty that there would be adequate future taxable income against which Deferred Tax Assets can be realized.

O. Employment Retirement Benefits

- i. Benefits in the form of Provident Fund whether in pursuance of law or otherwise which are defined contributions is accounted on accrual basis and charged to Profit And Loss Account of the year.
- ii. Long term employee benefits under defined benefit scheme such as contribution to gratuity, leave, etc. are determined at the close of the year at present value of the amount payable using actuarial valuation techniques. Actuarial gains and losses are recognized in the year when they arise.
- iii. Termination benefits such as compensation under voluntary retirement scheme are recognized as a liability in the year of termination.

P. Cash Flow Statements

The Cash Flow Statement has been compiled from and is based on the Balance Sheet as at 31st March 2017 and the related Statement of Profit & Loss for the year ended on that date. The cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on Cash Flow Statement issued by the ICAI.

Q. Provisions, Contingent Liabilities and Contingent Assets

Necessary provisions are made for present obligations that arise out of past events prior to the Balance Sheet date entailing future outflow of economic resources. Such provisions reflect best estimates based on available information. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are not recognized in the financial statements.

R. Earnings per share

- i. Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.
- ii. For the purpose of calculating the diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.
- iii. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issue, including for changes effected prior to the approval of the financial statements by the Board of directors.

S. Operating Cycle for current and non-current classification

Operating cycle for the business activities of the Company covers the duration of product line/ service including the defect liability period, wherever applicable and extends up to the realization of receivables within the agreed credit period normally applicable to the respective lines of business.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

3 - Share Capital

(In Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|---|--------------------|--------------------|
| Authorised | | |
| 115,000,000 (115,000,000) Equity shares of Rs. 2/- (Rs. 2/-) each | 230,000,000 | 230,000,000 |
| | 230,000,000 | 230,000,000 |
| Issued, Subscribed and Paid-up | | |
| EQUITY SHARE CAPITAL | | |
| 111,300,000 (112,298,110) Equity Shares of Rs. 2/- (Rs. 2/-) each fully paid up | 222,600,000 | 224,596,220 |
| Total | 222,600,000 | 224,596,220 |

i. Details of Shareholding as at March 31, 2017 Shareholders holding more than 5 % of Equity Shares

| Name of the Shareholder | March 31, 2017 | | March 31, 2016 | |
|-------------------------|----------------|--------|----------------|--------|
| | No. of Shares | % held | No. of Shares | % held |
| Mr. Surendra Tibrewala | 70,001,330 | 62.89% | 69,155,830 | 61.58% |

ii. Reconciliation of the number of Equity Shares outstanding

| Particulars | March 31, 2017 No. of Shares | March 31, 2016 No. of Shares |
|--|---------------------------------|---------------------------------|
| Number of shares at the beginning of the year | 112,298,110 | 22,459,622 |
| Add : Additions on account of sub division of shares (Refer Note iv) | - | 89,838,488 |
| Less : Buy Back of shares (Refer Note iii) | 998,110 | - |
| Number of shares at the end of year | 111,300,000 | 112,298,110 |

- iii. Pursuant to approval of the Board of Directors of Company vide resolution dated 14th November, 2016, the Company has bought back 9,98,110 equity shares of Rs. 2/- each from the open market at an average price of Rs. 29.69/-. The Company has paid a total amount of Rs. 2,92,64,848/- for the said buyback of shares.
- iv. Pursuant to shareholders' approval dated 28th May, 2015, the Equity Shares of Rs. 10/- each of the Company were sub-divided into 5 Equity Shares of Rs. 2/- per share w.e.f. 12th June, 2015.
- v. The Company had allotted 1,12,29,811 fully paid-up equity shares of face value Rs. 10/- each during the year ended 31st March, 2015 pursuant to the bonus issue approved by the shareholders through postal ballot by capitalisation of Securities Premium. Bonus equity shares were issued in proportion of 1:1 i.e. 1 (one) equity share of Rs. 10/- each fully paid up for every one share held.
- vi. The Company has only one type of equity share. Each equity share is entitled to one voting right only.
- vii. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all the preferential amounts. The distribution would be in proportion of the number of equity shares held by the equity shareholders.

4 - Reserves and Surplus

(In Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|--|----------------|----------------|
| Capital Reserve | 1,085,354 | 1,085,354 |
| Capital Redemption Reserve | | |
| Balance at the beginning of the year | - | - |
| Add : Amount transferred on account of Buy Back of shares | 1,996,220 | - |
| Balance at the end of the year | 1,996,220 | - |
| Securities Premium Account | | |
| Balance at the beginning of the year | 122,020,880 | 122,020,880 |
| Less : Amount utilised for Buy Back of Equity Shares (Refer Note 3(iii)) | 29,264,848 | - |
| Add : Premium received on issue of shares | 6,088,794 | - |
| Balance at the end of the year | 98,844,825 | 122,020,880 |

FINEOTEX CHEMICAL LIMITED

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

4 - Reserves and Surplus

(In Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|---|--------------------|--------------------|
| Foreign Currency Translation Reserve | | |
| Balance at the beginning of the year | 53,210,762 | 16,651,761 |
| Add : Additions during the year | (22,369,182) | 36,559,001 |
| Balance at the end of the year | 30,841,580 | 53,210,762 |
| Foreign Currency Monetary Item Translation Reserve | | |
| Balance at the beginning of the year | - | (739,856) |
| Less : Amortised during the year | - | 739,856 |
| Balance at the end of the year | - | - |
| Profit and Loss Account | | |
| Balance at the beginning of the year | 511,982,668 | 399,832,451 |
| Add : Profit for the year | 206,346,509 | 170,404,563 |
| Less : Loss on dilution of stake in subsidiary (Refer Note 4(ii)) | 167,010 | - |
| Less : Loss on disposal of subsidiary (Refer Note 4(iii)) | 38,249 | - |
| Less : Appropriations | | |
| <u>Proposed Dividend on Equity Shares</u> | 13,051,248 | 58,254,345 |
| Tax on dividend | - | - |
| Balance at the end of the year | 705,072,671 | 511,982,668 |
| Total | 837,840,650 | 688,299,664 |

Note:

- The Company had exercised the option under paragraph 46A(1) of Accounting Standard - 11 (Revised 2003) 'The Effect of Changes in Foreign Exchange rates' as notified by Ministry of Company Affairs vide notification dated 29th December, 2011. Consequently the foreign exchange loss arising on reporting/settlement of long term foreign currency monetary items (other than relating to acquisition of depreciable fixed assets) had been accumulated in "Foreign Currency Monetary Translation Difference Account" and was amortized over the period of loan.
- During the year under consideration, the Company has sold its 100% stake in erstwhile Indian subsidiary FCL Landmarc Private Limited at loss of Rs. 38,289/- which has been given effect to in Profit & Loss Account.
- During the year under consideration, the step down subsidiaries of the company have issued shares to third parties resulting into loss to the Company amounting of Rs.1,67,010/- in aggregate which has been given effect to in Profit & Loss Account.

5 - Short Term Borrowings

(In Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|-----------------------------|------------------|-------------------|
| Secured Borrowings | | |
| Bank Overdraft | 9,626,263 | 30,447,975 |
| Unsecured Borrowings | | |
| Interest free loan | 10,000 | 10,000 |
| Total | 9,636,263 | 30,457,975 |

Note:

- Bank Overdraft is secured against Bank Fixed Deposits and pledge/ lien on securities held by the Company.
- Unsecured borrowing are repayable on demand

6 - Trade Payables - Dues to Micro and Small Enterprises

| Particulars | March 31, 2017 | March 31, 2016 |
|---|----------------|----------------|
| i. Principal and interest amount remaining unpaid | - | - |
| ii. Interest due thereon remaining unpaid | - | - |
| iii. Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day | - | - |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

| | | |
|--|----------|----------|
| iv. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006 | - | - |
| v. Interest accrued and remaining unpaid | - | - |
| vi. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises | - | - |
| Total | - | - |

Note:

The above details are based on the intimation received from vendors and as confirmed by the management.

7 - Trade Payables - Dues to Others

(In Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|--|--------------------|--------------------|
| Creditors other than Micro and Small Enterprises | 183,829,988 | 130,437,928 |
| Total | 183,829,988 | 130,437,928 |

8 - Other Current Liabilities

(In Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|------------------------------------|------------------|------------------|
| Advance from customers | 2,014,676 | 767,750 |
| Trade Deposits | 2,504,451 | 2,651,747 |
| Interest payable on Trade Deposits | 355,010 | 485,068 |
| Other | | |
| Unclaimed dividend | 127,686 | 36,423 |
| Statutory dues | 1,128,676 | 1,139,573 |
| Total | 6,130,500 | 5,080,560 |

9 - Short Term Provisions

(In Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|---|----------------|-------------------|
| <u>Provision for Employee Benefits</u> | | |
| Provision for Leave encashment | 230,996 | 226,875 |
| Provision for Gratuity | 348,783 | 155,977 |
| Provision for Bonus | 416,275 | 378,270 |
| <u>Others</u> | | |
| Provision for Income tax (net of Advance Tax) | - | 14,066,035 |
| Total | 996,054 | 14,827,157 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

10 - Fixed Assets

| Particulars | Gross Block | | | | Depreciation | | | Net Block | | |
|--------------------------------|---------------------|---------------------------------|--|---------------------------|---------------------|---------------------|-----------------|----------------------------|---------------------|---------------------|
| | As on 01.04.2016 | Additions during the year | Effect of foreign currency exchange differences | Disposals/ Adjustments | As on 31.03.2017 | As on 01.04.2016 | For the year | Disposals / Adjustments | As on 31.03.2017 | As on 31.03.2016 |
| Property Plant & Equipments | | | | | | | | | | |
| Freehold Land | 38,525,526 | - | - | - | 38,525,526 | - | - | - | 38,525,526 | 38,525,526 |
| Leasehold Land | 25,174,800 | - | - | - | 25,174,800 | - | - | - | 25,174,800 | 25,174,800 |
| Buildings | 38,015,253 | 41,028,923 | - | - | 79,044,176 | 2,681,130 | 2,353,924 | - | 5,035,054 | 35,334,123 |
| Plant and Machinery | 37,676,490 | 2,500,578 | (967,600) | 28,300 | 39,181,168 | 14,594,951 | 2,224,673 | 14,821 | 16,804,804 | 23,081,540 |
| Furniture and Fixtures | 2,355,729 | 1,162,989 | (35,934) | - | 3,482,785 | 1,116,323 | 375,240 | - | 1,491,562 | 1,239,406 |
| Computers | 1,696,088 | 570,739 | - | - | 2,266,827 | 1,603,524 | 58,842 | - | 1,662,366 | 92,564 |
| Vehicles | 12,273,810 | 4,500,655 | (679,447) | - | 16,095,017 | 8,277,215 | 971,477 | - | 9,248,692 | 3,996,595 |
| Leasehold Improvements | 6,582,901 | - | (315,741) | - | 6,267,160 | 2,871,221 | 313,468 | - | 3,184,689 | 3,711,680 |
| Total - (I) | 162,300,598 | 49,763,884 | (1,998,721) | 28,300 | 210,037,460 | 31,144,364 | 6,297,625 | 14,821 | 37,427,168 | 131,156,234 |
| Previous Year | 141,574,308 | 20,508,076 | 218,214 | - | 162,300,598 | 25,553,147 | 5,591,217 | - | 31,144,364 | 116,248,108 |

11 - Non Current Investments

| Particulars | (In Rs.) | |
|--|--------------------|--------------------|
| | March 31, 2017 | March 31, 2016 |
| Non - Trade Investments | | |
| i. Investment in Equity Instruments (Quoted) | 64,331,177 | 74,739,391 |
| ii. Investment in Mutual Funds | 335,683,552 | 277,213,111 |
| Other Investments | | |
| i. Property Investment | 37,856,600 | 37,856,600 |
| Total | 437,871,329 | 389,809,102 |

- Investment in Equity Instruments (Quoted)

| - Investment in Equity Instruments (Quoted) | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|--|------------|----------------|----------------|----------------|
| Face Value | March 31, 2017 | March 31, 2016 | March 31, 2017 | March 31, 2016 | Particulars | Face Value | March 31, 2017 | March 31, 2016 | March 31, 2016 |
| Numbers | Numbers | Numbers | Rupees | Rupees | | Value | 2017 | 2016 | 2016 |
| 10 | 54,000 | - | 1,350,000 | - | Shubhakra Finance Limited | 10 | 82,000 | 82,000 | 2,693,096 |
| 1 | 5,000 | - | 409,150 | - | Sivam Autotech Limited | 2 | - | 2,000 | 155,360 |
| 1 | 8,100 | 8,100 | 6,941,651 | 6,941,651 | Sadhav Engineering Limited | 1 | 5,000 | - | 1,335,581 |
| 10 | - | 5,282 | 2,296,359 | - | Sakar Healthcare Limited | 10 | 51,000 | - | 2,550,000 |
| 10 | - | 1,250 | 588,088 | - | Siyaram Silk Mills Limited | 10 | - | 474 | - |
| 5 | - | 9,250 | 502,738 | - | Sunpharma Advanced Research Company Limited | 1 | 2,129 | 3,000 | 832,647 |
| 2 | - | 40,000 | 1,994,500 | - | Suzlon Energy Limited | 2 | 37,500 | 77,500 | 1,443,875 |
| 10 | - | 650 | 504,257 | - | Svaraj Engine Limited | 10 | 500 | - | 479,425 |
| 10 | - | 3,400 | 4,473,606 | - | Tata Jewels Limited | 10 | 1,000 | - | 613,200 |
| 1 | 5,900 | - | 3,171,894 | - | Tata Steel Limited | 10 | 600 | - | 285,522 |
| 10 | - | 500 | 1,242,228 | - | Tata Motors Limited | 10 | 2,985 | 445,550 | 1,015,268 |
| 5 | 16,000 | - | 560,000 | - | TVS Srichakra Limited | 1 | 1,000 | - | 988,855 |
| 1 | - | 1,100 | 1,477,113 | - | Tingrath Wagon Ltd. | 2 | 18,500 | - | 2,008,470 |
| 5 | 85,000 | - | 4,003,160 | - | Torrent Pharmaceuticals Limited | 10 | - | 5,450 | 3,890,300 |
| 2 | 7,500 | - | 938,618 | - | Torres Motor Company Limited | 1 | - | 2,200 | 497,387 |
| 10 | - | 675 | 1,608,095 | - | United Phosphorus Limited. | 2 | 3,000 | 1,728,866 | 348,500 |
| 2 | 5,500 | - | 1,739,360 | - | United Spirits Limited | 10 | - | 150 | 458,436 |
| 10 | 1,750 | - | 2,216,536 | - | Uperge Investment Finance Limited | 10 | 150,000 | 150,000 | 4,090,900 |
| 10 | - | 800 | 514,496 | - | Uja Global Limited | 10 | 965,910 | 965,910 | 4,737,789 |
| 5 | 2,250 | 2,000 | 1,500,850 | 1,500,850 | Vardhanna Aerylcs Limited | 1 | - | 32,000 | 1,820,400 |
| 1 | 750 | 300 | 483,008 | - | Vidhi Dyestuffs Manufacturing Limited | 1 | 18,000 | 18,000 | 1,310,880 |
| 1 | 5,500 | - | 1,521,908 | - | Virtual Global Education Limited | 1 | 180,000 | 160,000 | 1,737,900 |
| 10 | 18,000 | - | 720,000 | - | | | | | 64,331,477 |
| 10 | 78,000 | - | 1,872,000 | - | ii - Investment in Mutual Funds | | | | 74,739,391 |
| 10 | - | 750 | - | - | Equity Based Mutual Funds | | | | |
| 10 | 9,747 | 11,890 | 1,311,017 | 1,233,702 | Birla Sun Life MNC Fund Growth | 10 | - | 15,585,095 | 9,000,000 |
| 2 | - | 2,550 | 2,272,808 | 2,272,808 | Birla Sun Life MNC Fund Growth | 10 | - | 15,659,369 | 9,000,000 |
| 10 | - | 525 | 1,438,261 | - | Birla Sun Life MNC Fund Growth Direct | 10 | 19,686,921 | - | 11,728,021 |
| 10 | - | 2,000 | 306,280 | - | Birla Sun Life MNC Fund Growth Direct | 10 | 25,146,191 | - | 15,000,000 |
| 2 | - | 1,990 | 2,205,802 | - | Birla Sun Life Advantage Fund Direct | 10 | 25,214,028 | - | 9,000,000 |
| 1 | 3,000 | 4,650 | 962,340 | 1,559,244 | BSI Balance@95 Fund | 10 | 15,357,332 | - | 10,000,000 |
| 10 | - | 500 | - | 212,550 | Birla Sun Life Equity Fund Direct | 10 | 6,377,754 | - | 4,000,000 |
| 10 | 500 | 400 | 453,670 | 412,512 | Birla Sun Life Advantage Fund Direct-SIP | 10 | 22,687,808 | - | 8,000,000 |
| 1 | - | 2,100 | 754,326 | - | DSF Blackrock Equity Fund Growth | 10 | - | 394,651,069 | 10,000,000 |
| 10 | - | 8,000 | 1,081,760 | - | Franklin India Prima Fund Growth | 10 | - | 31,415,063 | 20,010,000 |
| 10 | 600 | 1,450 | 417,023 | 2,003,896 | Franklin Templeton MF High Value | 10 | 99,912,327 | 99,912,327 | 4,000,000 |
| 10 | 12,000 | - | 360,000 | - | Franklin India Build Fund Direct | 10 | 88,707,531 | - | 3,000,000 |
| 10 | 1,500 | - | 539,040 | - | Franklin India Prime Fund Direct | 10 | 31,417,788 | - | 24,638,184 |
| 2 | 10,000 | - | 529,900 | - | HDFC Equity Growth Fund | 10 | - | 4,714,060 | 1,415,583 |
| 2 | - | 700 | 1,070,493 | - | HDFC Midcap Opportunities Fund Growth | 10 | 2,752,365 | 23,480,568 | 10,710,000 |
| 2 | - | 350 | 503,279 | - | HDFC Equity Fund Growth Direct | 10 | - | 552,842,463 | 20,026,162 |
| 10 | - | 12 | 499,759 | - | HDFC Midcap Opportunities Fund Growth Direct | 10 | 5,993,223 | 3,223,251 | - |
| 10 | - | 1,300 | 1,270,283 | - | HDFC Midcap Opportunities Fund Growth Direct | 10 | 575,446,667 | 395,130,698 | 21,508,073 |
| 2 | 46,500 | 11,500 | 1,628,485 | 503,585 | HDFC Midcap Opportunities Fund Growth Direct | 10 | 422,495,298 | 16,400,000 | 14,557,405 |
| 2 | 15,000 | - | 1,108,350 | - | ICICI Pru. Flexible Income Plan Direct | 10 | 16,093,091 | - | 5,000,000 |
| 10 | 48,000 | - | 1,056,000 | - | ICICI Pru. Mid Cap Fund | 10 | - | 100,361,905 | 7,139,746 |
| 2 | - | 2,600 | 1,069,360 | - | ICICI Pru. Value Discovery Fund | 10 | 25,503,474 | 25,503,474 | 2,900,000 |
| 2 | - | 1,000 | 433,240 | - | ICICI Pru. Balanced Fund Direct | 10 | 146,623,934 | - | 16,851,233 |
| 10 | - | 500 | 710,887 | - | ICICI Pru. Equity Arbitrage Fund Direct | 10 | 344,440,388 | - | 5,000,000 |
| 2 | 46,500 | 11,500 | 1,628,485 | 503,585 | ICICI Pru. Most Focused Mid Cap 30 Fund Growth | 10 | - | 122,869,444 | 2,500,000 |
| 2 | 15,000 | - | 524,625 | - | Reliance Mid & Small Cap Fund Growth | 10 | 268,495,344 | 268,495,344 | 9,185,951 |
| 10 | 1,250 | - | 524,625 | - | SBI Bluechip Fund Growth Direct | 10 | 679,221,635 | - | 20,000,000 |
| 10 | 48,000 | - | 1,056,000 | - | SBI Bluechip Fund Growth Direct | 10 | 186,037,995 | - | 6,238,338 |
| 2 | - | 2,600 | 1,069,360 | - | SBI Bluechip Fund Growth Direct | 10 | - | - | - |
| 2 | - | 1,000 | 433,240 | - | LD103G-15050342 | 10 | - | - | - |
| 10 | - | 500 | 710,887 | - | SBI Magnum Global Fund | 10 | - | 74,971,923 | 10,000,000 |
| 2 | 15,000 | - | 1,213,470 | - | SBI Magnum Global Fund Direct | 10 | 194,673,556 | - | 13,000,000 |
| 1 | 4,500 | 8,500 | 459,176 | 976,850 | SBI Magnum Multiplier Fund Direct | 10 | 40,087,583 | - | 7,000,000 |

| Face Value | March 31, 2017 | March 31, 2016 | March 31, 2017 | March 31, 2016 | March 31, 2017 | March 31, 2016 |
|---|----------------|----------------|----------------|----------------|--------------------|--------------------|
| Particulars | | | | | | |
| SBI Magnum Multiplier Cap. Fund Direct | 10 | 443,261,476 | - | 17,000,000 | - | 2,478,318 |
| SBI Pharma Fund Growth | 10 | - | 16,581,163 | - | 2,500,000 | 5,000,000 |
| SBI Pharma Fund Growth Direct | 10 | 52,474,347 | - | 7,500,000 | - | 8,000,000 |
| SBI Pharma Fund Growth Direct | 10 | 15,869,410 | - | 2,238,469 | - | 2,000,000 |
| LD103G-SM0342 | | | | | | |
| SBI Corporate Bond Fund | 10 | 97,356,437 | - | 2,512,594 | - | 11,119,372 |
| Sundaram Select Focus Regular Plan Growth | 10 | - | 107,362,503 | - | 12,750,000 | 6,494,445 |
| Sundaram Select Midcap Appreciation Fund | 10 | 28,848,514 | 36,480,134 | 10,000,000 | 11,298,918 | 7,500,000 |
| Sundaram S.M.I.L.E. Fund Growth | 10 | - | 63,970,096 | - | 4,500,000 | 3,788,918 |
| Sundaram Select Midcap Fund Growth | 10 | - | 56,003,915 | - | 18,605,884 | 5,000,000 |
| Debt Based Mutual Funds | | | | | | |
| BNP Paribas Bond Fund - Growth | 10 | 389,285,359 | 389,285,359 | 5,000,000 | - | 1,770,000 |
| BNP Paribas Flexi Debt Fund - Growth | 10 | 398,097,698 | 543,193,088 | 7,950,000 | 109,128,400 | 3,702,108 |
| DSP BR Bond Fund - Retail Plan Growth | 10 | 222,262,809 | 222,262,809 | 8,266,543 | 936,178,210 | 9,915,000 |
| Gross Investment in Mutual Funds | | | | | 335,683,552 | 277,213,111 |

| SN | Particulars | March 31, 2017 | March 31, 2016 |
|------|--|----------------|----------------|
| i. | Aggregate cost of quoted investments | 64,331,177 | 74,739,391 |
| ii. | Aggregate market value of quoted investments | 66,421,073 | 66,952,082 |
| iii. | Aggregate amount of unquoted investments | 335,683,552 | 277,213,111 |

iv. All the investments have been valued at cost. (Refer Note 2 I of Significant Accounting Policies).

Investments in Mutual funds amounting to Rs. 5,92,28,916/- (Rs. 5,92,28,915/-) are under lien against bank overdraft facility availed by the company.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

12 - Deferred Tax Asset (Net)

(In Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|---|-------------------|-------------------|
| Deferred Tax Asset | | |
| Expenditure allowable u/s. 35D | 9,837,198 | 9,876,058 |
| Expenditure/Provisions allowable on payment basis - 43B Items | 344,714 | 209,429 |
| Sub-Total (A) | 10,181,912 | 10,085,487 |
| Deferred Tax Liability | | |
| Depreciation | 6,451,325 | 5,279,123 |
| Sub-Total (B) | 6,451,325 | 5,279,123 |
| Total(A-B) | 3,730,587 | 4,806,365 |

13 - Long Term Loans and Advances

(In Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|--|-------------------|-------------------|
| <u>Unsecured, Considered good</u> | | |
| Capital Advances | 36,960,000 | 36,960,000 |
| Security Deposits | | |
| - Related Parties | 19,500,000 | 19,500,000 |
| - Others | 248,904 | 738,353 |
| Other Loans and Advances | | |
| -Trade Deposits | 986,588 | 1,736,207 |
| -Balance with VAT & Excise Authorities | 1,987,530 | 617,093 |
| -Balance with Income Tax Authorities | 8,460,177 | - |
| Total | 68,143,199 | 59,551,654 |

Notes:

Interest Free deposit towards rented premises paid to relative of director Rs.19,500,000/-(Rs.19,500,000/-)

14 - Inventories

(In Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|---------------------|--------------------|--------------------|
| Raw Materials | 87,916,938 | 71,658,261 |
| Work in Progress | 10,208,657 | 15,408,252 |
| Packaging Materials | 2,523,151 | 2,825,275 |
| Finished Goods | 29,022,294 | 24,822,154 |
| Total | 129,671,040 | 114,713,942 |

Note :

Inventories are valued at lower of cost or net realizable value whichever is less. (Refer Note 2F of Significant Accounting Policies).

15 - Trade Receivables

(In Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|---|--------------------|--------------------|
| <u>Unsecured, Considered good</u> | | |
| - Outstanding for a period exceeding six months | 3,454,260 | 1,059,473 |
| - Others | 296,936,754 | 252,879,822 |
| Total | 300,394,014 | 253,939,295 |

FINEOTEX CHEMICAL LIMITED

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

16 - Cash and Cash Equivalents

(In Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|--|--------------------|-------------------|
| Cash and Cash Equivalents | | |
| Balance with Banks | 57,934,596 | 70,399,651 |
| Cash on hand (As certified by the management) | 929,858 | 2,450,706 |
| Other Bank Balances | | |
| Balance Earmarked with banks | | |
| - Unclaimed dividends | 127,686 | 36,423 |
| Fixed Deposits with maturity of less than 3 months | 63,597,175 | 12,548,455 |
| Fixed deposits with maturity of more than 3 months but less than 12 months | 6,500,684 | 9,121,923 |
| Total | 129,089,999 | 94,557,157 |

Note:

Fixed Deposits amounting to 65,00,684/- (Rs. 91,21,923/-) are under lien with Banks against borrowings and tender deposits.

17 - Short Term Loans and Advances

(In Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|---|-------------------|-------------------|
| Unsecured, Considered good | | |
| Security Deposits | 1,855,055 | 53,419 |
| Other Loans and Advances | | |
| - Balance with VAT and Excise Authorities | 15,467,270 | 15,247,756 |
| - Other loans & Advances | 3,330,470 | 775,438 |
| - Others | 5,714,454 | 14,634,865 |
| Total | 26,367,249 | 30,711,478 |

Note:

i. Others include advance to Creditors, Prepaid expenses and Loan to employees.

ii. Other Loan & Advances includes Rs.3,51,600/- (Rs. 15,38,773/-) due from the Director

18 - Other Current Assets

(In Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|------------------------------|------------------|------------------|
| Interest accrued but not due | 312,721 | 518,580 |
| Interest accrued and due | 5,760 | - |
| Income Receivable | 3,364,467 | 751,315 |
| Total | 3,682,948 | 1,269,895 |

19 - Revenue from Operations

(In Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|---------------------------------|----------------------|----------------------|
| Sale of Products | 1,338,596,511 | 1,153,393,275 |
| Less: Excise Duty | 73,652,428 | 68,758,893 |
| | 1,264,944,083 | 1,084,634,382 |
| Sale of Services | 3,465,541 | 199,457 |
| <u>Other operating revenues</u> | | |
| Duty Drawback/DEPB incentive | 12,266,790 | 2,495,952 |
| Foreign exchange Gain | - | 11,863,546 |
| Total | 1,280,676,414 | 1,099,193,338 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

20 - Other Income

(In Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|--|-------------------|-------------------|
| Dividend Income (Current investments other than trade) | 383,987 | 1,072,682 |
| Net Gain on sale / redemption of Mutual Funds (Current Investment) | 27,112,780 | 10,374,574 |
| Interest on deposits with banks and others | 2,070,566 | 3,602,412 |
| Reversal of provision for diminution of investments | - | 31,622 |
| Rent Income | 780,000 | 520,000 |
| Other Income | 9,241,345 | 5,719,488 |
| Total | 39,588,678 | 21,320,779 |

21 - Cost of Materials consumed

(In Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|---------------------|--------------------|--------------------|
| Raw Materials | 530,615,468 | 506,428,154 |
| Packaging Materials | 57,847,164 | 56,432,878 |
| Total | 588,462,632 | 562,861,032 |

22 - Purchase of Stock in Trade

(In Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|----------------------------|--------------------|-------------------|
| Purchase of Stock in trade | 173,851,475 | 81,562,526 |
| Total | 173,851,475 | 81,562,526 |

23 - Changes in Inventories of Semi Finished / Finished Goods

(In Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|---------------------|--------------------|--------------------|
| Closing stock | 41,672,360 | 40,449,056 |
| Less: Opening stock | 38,467,233 | 32,594,863 |
| Total | (3,205,127) | (7,854,192) |

24 - Employee Benefit Expenses

(In Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|---|-------------------|-------------------|
| Salaries, wages, bonus and leave encashment | 43,507,052 | 35,387,104 |
| Contribution to provident and other funds | 1,808,344 | 1,748,915 |
| Provision for gratuity | 507,685 | 256,713 |
| Staff welfare expenses | 590,050 | 516,068 |
| Total | 46,413,131 | 37,908,799 |

Disclosures as defined in Accounting Standard 15 "Employee Benefits" are given below:

i. Defined Contribution Plan:

Employer's contribution to PF, ESIC and other funds

ii. Defined Benefit Plan:

The Company has taken a policy under Group Gratuity Scheme with the Life Insurance Corporation of India (LIC). The present value of obligation 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.

| Particulars | March 31, 2017 | March 31, 2016 |
|---|----------------|----------------|
| A) Table showing changes in the Present value of Obligation: | | |
| Defined Benefit Obligation at the beginning of the year | 872,345 | 795,912 |
| Current Service Cost | 151,154 | 106,345 |

FINEOTEX CHEMICAL LIMITED

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

| | | |
|--|------------------|-----------|
| Interest Cost | 69,788 | 63,673 |
| Actuarial (Gain)/ Loss | 366,571 | 162,857 |
| Benefit paid | (138,462) | (256,442) |
| Defined Benefit Obligation at year-end | 1,321,396 | 872,345 |
| B) Table showing changes in fair value of plan assets: | | - |
| Fair value of plan assets at beginning of the year | 716,368 | 831,645 |
| Expected return of plan asset | 79,826 | 76,162 |
| Actuarial (Gain)/ Loss | - | - |
| Employer Contribution | 314,878 | 65,002 |
| Benefit paid | (138,462) | (256,442) |
| Fair Value of plan assets at year end | 972,610 | 716,367 |
| Actual return on plan assets | - | - |
| C) Table showing fair value of plan assets: | | |
| Fair Value of Plan asset at beginning of the year | 716,368 | 831,645 |
| Actual return on plan asset | 79,826 | 76,162 |
| Employer Contribution | 314,878 | 65,002 |
| Benefit Paid | (138,462) | (256,442) |
| Fair Value of Plan asset at the end of the year | 972,610 | 716,367 |
| Funded Asset/(Liabilities) | (348,783) | (155,977) |
| D) Actuarial Gain/Loss recognized: | | |
| Actuarial (Gain)/Loss for the year obligation | (366,571) | (162,857) |
| Actuarial (Gain)/Loss for the year plan assets | - | - |
| Total (Gain)/Loss for the year | (366,571) | (162,857) |
| Actuarial (Gain)/Loss recognized for the year | (366,571) | (162,857) |
| E) The amounts to be recognized in the balance sheet and statements of profit and loss: | | |
| Present value of obligations as at the end of year | 1,321,396 | 872,345 |
| Fair Value of plan assets as at the end of the year | 972,610 | 716,367 |
| Funded Status | (348,783) | (155,977) |
| Net Asset/(Liability) recognized in balance sheet | (348,783) | (155,977) |
| F) Expenses recognized in statement of profit and loss: | | |
| Current Service Cost | 151,154 | 106,345 |
| Interest Cost | 69,788 | 63,673 |
| Expected return of plan asset | (79,826) | (76,162) |
| Net Actuarial (Gain)/loss recognised in the year | (366,571) | (162,857) |
| Expenses recognised in statement of profit and loss | 507,685 | 256,713 |
| G) Assumption: | | |
| Discount Rates | 8% | 8% |
| Salary Escalation | 5% | 5% |

25 - Finance Cost

(In Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|---------------------------------|------------------|------------------|
| Interest on trade deposits | 175,379 | 173,054 |
| Bank charges including interest | 3,732,234 | 3,676,656 |
| <u>Other Borrowing cost</u> | | |
| - Interest on loan | - | 35,414 |
| Total | 3,907,613 | 3,885,124 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

26 Other Expenses

(In Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|------------------------------------|--------------------|--------------------|
| Labour charges | 24,398,824 | 23,471,912 |
| Consumption of stores and spares | 2,132,684 | 2,220,960 |
| Power and fuel | 4,370,602 | 4,293,986 |
| Rent | 8,354,113 | 8,177,620 |
| <u>Repairs and Maintenance of:</u> | | |
| - Buildings | 1,042,126 | 2,697,053 |
| - Plant and Machinery | 4,043,452 | 3,725,101 |
| - Others | 1,164,172 | 1,852,191 |
| Insurance | 920,345 | 874,155 |
| Rates and Taxes | 1,422,564 | 1,950,571 |
| <u>Payment to Auditors</u> | | |
| - For Audit | 1,081,081 | 589,795 |
| - For Taxation Matters | 1,061,212 | 412,878 |
| - For Other Services | 248,677 | 424,160 |
| Commission | 35,134,220 | 24,771,848 |
| Advertisement | 2,158,698 | 1,032,732 |
| Legal & Professional fees | 29,193,662 | 33,586,667 |
| Travelling & conveyance | 9,863,283 | 5,938,194 |
| Transport charges | 15,437,579 | 9,091,594 |
| Expenditure on CSR activities | 2,200,000 | 2,200,000 |
| Donation | 202,093 | 163,559 |
| Technical Fee | 1,746,203 | 2,570,000 |
| Loss on sale of Fixed Assets | 13,478 | - |
| Foreign Exchange Loss | 1,831,687 | - |
| Miscellaneous expenses | 24,997,739 | 12,659,449 |
| Total | 173,018,495 | 142,704,426 |

27 Contingent Liabilities and Commitments

- i. Contingent liabilities not provided for in respect of:

(In Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|--|----------------|----------------|
| (a) Guarantees given by bank | 1,152,888 | 1,714,202 |
| (b) Claims against the Company not acknowledged as debts | 1,920,590 | 214,820 |

Future cash outflows in respect of the above matters are determinable only on receipt of judgements/decisions pending at the various forums/authorities. The management expect these claims to succeed and accordingly, no provision for the contingent liability has been recognized in the financial statements.

- ii. **Commitments**

(In Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|---|----------------|----------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances). | 15,840,000 | 15,985,547 |

28 - Earnings per share

(In Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|--|----------------|----------------|
| Consolidated Profit attributable to shareholders (In Rs.) | 206,346,509 | 170,404,563 |
| Weighted average number of shares outstanding during the year* | 111,986,083 | 112,298,110 |
| Basic and Diluted Earnings per Share (In Rs.) | 1.84 | 1.56 |
| Face Value per Equity Share (In Rs.) | 2 | 2 |

* adjusted to buyback of shares

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

29 - Interim Dividend

Fineotex Chemical Limited has paid an interim dividend of Rs. 0.10 per equity share (i.e. 5% of the face value) on 11,13,00,000 equity shares of face value of Rs. 2/- each on 22nd February, 2017 vide Board Resolution dated 10th February, 2017.

30 - Segment Reporting

The Group has considered the business segment as the primary reporting segment on the basis that the risk and returns of the Group is primarily determined by the nature of products and services. Consequently, the geographical segment has been considered as a secondary segment.

The business segment has been identified on the basis of the nature of products and services, the risks and returns, internal organisation and management structure and the internal performance reporting systems.

The Group is engaged in the business of manufacturing and trading of chemicals except for one subsidiary which is engaged in the business of Real Estate. Considering the nature of business and financial reporting of the Group, the Group has only two segments viz; Speciality chemicals and Real estate Development as reportable segment. However since the operations of the Real Estate Segment does not exceed 10% of the total operations of all segments, the same has not been reported.

The group operates in different locations viz:- within India and Outside India. The same has been considered as secondary segment for reporting as required under Accounting Standard 17- 'Segment Reporting', issued under Companies (Accounting Standards) Rules, 2006.

Based on the above, the Disclosure required under Accounting Standard 17- 'Segment Reporting', issued under Companies (Accounting Standards) Rules, 2006 are provided below:

a. PRIMARY SEGMENT

The Group has identified 'Speciality Chemicals' as the only reportable segment

b. SECONDARY SEGMENT INFORMATION - GEOGRAPHICAL SEGMENT

Geographical Segment has been identified as secondary segment based on segment revenue

(In Rs.)

| Particulars | March 31, 2017 | March 31, 2016 |
|------------------------|----------------------|----------------------|
| Segment Revenue | | |
| - Domestic | 587,887,271 | 549,860,871 |
| - Overseas | 677,056,812 | 534,773,511 |
| | 1,264,944,083 | 1,084,634,382 |

31 - Related Party Transactions

As per Accounting Standard 18, the disclosures of transactions with the related parties are given by way of an Annexure

List of related parties where control exists and related parties with whom transactions have taken place and relationships

| SN | Name of the Related Party | Relationship |
|----|--------------------------------|---|
| 1 | Surendrakumar Tibrewala | Key Management Personnel |
| 2 | Sanjay Tibrewala | |
| 3 | Sonai Kedha Shankar | |
| 4 | Raman Perumal | |
| 5 | Kanaklata Tibrewala | Relatives of Key Management Personnel |
| 6 | Sanjay Exports | Enterprise under significant influence of Key Management Personnel or their relatives |
| 7 | Proton Biochem Private Limited | |

32 - Corporate Social Responsibility

The gross amount required to be spent by the Company during the year is Rs. 27,37,020/- as per the provisions of section 135 of the Companies Act, 2013. The Company has spent Rs. 22,00,000/- during the current year..

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

33 Additional information as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiaries

| S N | Name of the Enterprise | Net Assets i.e. total assets minus total liabilities | | Share in Profit or Loss | |
|-----|--|--|-----------------------|---------------------------------|-----------------------|
| | | As % of Consolidated Net Assets | Amount (Rs. in lakhs) | As % of Consolidated Net Profit | Amount (Rs. in lakhs) |
| I | <u>Parent Company</u> Fineotex Chemical Limtied | 90.15% | 9,559.85 | 77.29% | 1,594.76 |
| II | <u>Subsidiaries</u> | | | | |
| | Indian | | | | |
| | FCL Landmarc Private Limited | 0.00% | - | 0.00% | (0.01) |
| | Manya Steels Private Limited | 0.01% | 0.82 | 0.03% | 0.65 |
| | Foreign | | | | |
| | Fineotex Malaysia Limited | 13.69% | 1,451.29 | 3.44% | 71.08 |
| | Fineotex Specialities FZE | 1.36% | 144.12 | 3.73% | 77.07 |
| | BT Chemicals SDN BHD | 11.83% | 1,254.06 | 29.20% | 602.46 |
| | BT Biotex SDN BHD | 3.75% | 397.61 | 11.65% | 240.42 |
| | BT Exon SDN BHD | 0.20% | 20.72 | 0.17% | 3.43 |
| | Minority Interest in subsidiaries | -6.78% | (719.12) | -15.82% | (326.35) |
| | Inter company Eliminations and Consolidation adjustments | -14.19% | (1,504.93) | -9.69% | (200.04) |
| | Total | 100.00% | 10,604.41 | 100.00% | 2,063.47 |

Notes:

- The above amounts / percentage of net assets and net profit or (loss) in respect of Fineotex Chemical Limited and its subsidiaries are determined based on the amounts of the respective entities included in consolidated financial statements before inter-company eliminations / consolidation adjustments.
- Net Assets of the foreign subsidiaries are converted to INR based on the closing exchange rate and Share in Profit / Loss of the foreign subsidiaries are converted to INR based on the average exchange rate.

34 As per the MCA notification G.S.R. 308(E), dated 31st March, 2017, every company having specified bank notes (SBNs) or other denominations as defined in the said notification has to provide details in relation to the SBNs held and transacted during the period from 8th November, 2016 to 31st December, 2016. With respect to the notification and requirement, the details of transactions undertaken in SBNs and other denominations during the period from 8th November, 2016 to 31st December, 2016 by the Company are as follows.

| Particulars | SBNs | Other denominations | Total |
|---|-----------|---------------------|----------------|
| Closing Cash in hand as on 8th November, 2016 | 2,506,000 | 55,921 | 2,561,921 |
| Add : Permitted receipts | - | 900,775 | 900,775 |
| Less : Permitted payments | - | 626,558 | 626,558 |
| Less : Amount deposited in Banks | 2,506,000 | - | 2,506,000 |
| Closing cash in hand as on 30th December, 2016 | - | 330,138 | 330,138 |

- The Consolidated Financial Statements have been prepared on the basis of audited Financial Statements of the four subsidiary companies and unaudited Financial Statements of the two subsidiary company provided by the Management for the purpose of consolidation.
- Significant Accounting policies and notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosures and a guide for better understanding of the consolidated position of the Group. Recognising this purpose, the Group has disclosed only such policies and notes from the individual Financial Statements which fairly represent the needed disclosures. Lack of homogeneity and other similar considerations made it desirable to exclude some of them, which in the opinion of the management, could be better viewed when referred from the individual Financial Statements.
- The Group has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act could not be furnished.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

- 38** Balance of sundry debtors, creditors and loans and advances are subject to confirmation, reconciliation, if any.
- 39** In the opinion of board and to the best of their knowledge and belief, the value on realisation of loans, advances and current assets in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.
- 40** Figures pertaining to the Subsidiary Companies have been reclassified wherever necessary to bring in line with the Company's Financial Statement.
- 41** Previous year's figures have been regrouped, rearranged and reclassified wherever necessary.

As per our Report of even date

For UKG & Associates
Chartered Accountants
 (Firm Registration No : 123393W)

Champak K. Dedhia
 Partner
 Membership No.: 101769

Mumbai, 24th May, 2017

For Fineotex Chemical Limited

| | |
|--------------------------------|----------------------------|
| Surendrakumar Tibrewala | Alok Dhanuka |
| Chairman & Managing Director | Chairman - Audit Committee |
| DIN : 00218394 | DIN : 06491610 |

| | |
|--------------------------|----------------------|
| Sanjay Tibrewala | Raina D'Silva |
| Executive Director & CFO | Company Secretary |
| DIN : 00218525 | M No.: ACS 36901 |

Mumbai, 24th May, 2017

Annexure - AS 18 - Related Party Disclosures

| SN | NAME OF RELATED PARTY | 2016-17 | | 2015-16 | |
|----|---|-----------------|-----------------------------|-----------------|-----------------------------|
| | | Amount (In Rs.) | Outstanding Balance Dr/(Cr) | Amount (In Rs.) | Outstanding Balance Dr/(Cr) |
| | <u>Key Management Personnel</u> | | | | |
| 1 | Surendra Tibrewala | | | | |
| | Directors Remuneration | 3,540,000 | (197,325) | 3,240,000 | (161,035) |
| | Rent Paid | 882,000 | (66,150) | 882,000 | (66,150) |
| | Reimbursements of expenses | - | - | 17,718 | - |
| 2 | Sanjay Tibrewala | | | | |
| | Directors Remuneration | 3,540,000 | (197,325) | 3,240,000 | (161,035) |
| | Deposit Given | - | - | 100,000 | - |
| | Loans Taken | 10,000 | - | 10,000 | - |
| 3 | Sonai Kedha Shankar | | | | |
| | Directors Remuneration | 2,664,722 | 351,600 | 2,504,846 | 1,538,773 |
| 4 | Raman Perumal | | | | |
| | Reimbursements | 88,944 | - | - | - |
| 5 | <u>Relatives of Key Management Personnel</u> | | | | |
| | Kanaklata Tibrewala | | | | |
| | Rent Paid | 828,000 | (62,100) | 828,000 | (62,100) |
| | Trade Deposit | - | 19,500,000 | - | 19,500,000 |
| | <u>Enterprise under Significant Influence of Key Management Personnel or their Relatives</u> | | | | |
| 6 | Proton Biochem Private Limited | | | | |
| | Labour Charges | 20,941,373 | (3,739,471) | 21,701,073 | (4,308,712) |
| | Interest on Deposit (Income) | 780,000 | - | 520,000 | - |
| | Trade Deposit Repaid | - | - | 5,000,000 | - |
| 7 | Sanjay Exports | | | | |
| | Purchase of Motor Car | 4,098,852 | - | - | - |

Note

Related parties are identified by the Company and relied upon by the Auditors.

[illegible]