

**26<sup>th</sup> ANNUAL REPORT**

<b>Board of Directors</b>	<b>Shri Utkarsh B. Shah</b>	Chairman
	<b>Shri Nahoosh J. Jariwala</b>	Managing Director
	<b>Shri Bimal D. Parikh</b>	Wholetime Director
	<b>Shri Hemant N. Shah</b>	Director
	<b>Shri Jayesh K. Shah</b>	Director
	<b>Shri Kalpesh A. Patel</b>	Director
	<b>Shri Sharvil P. Patel</b>	Director

---

**General Manager (Finance) & Company Secretary** Akshaykumar P. Shah

---

**Financial Institutions/Bankers :** HDFC Bank Limited  
State Bank of India

---

**Auditors :** M/S. Jhaveri Shah & Co.  
Chartered Accountants,  
Ahmedabad.

---

**Registered Office :** 253/P, Chekhala,  
Sanand-Kadi Highway, Tal. Sanand,  
Dist. AHMEDABAD - 382 115.  
Phone : (02717) 325390, 324390  
Fax : (02717) 222616

---

**Plant Location :** 253/P, Chekhala,  
Sanand-Kadi Highway, Tal. Sanand,  
Dist. AHMEDABAD - 382 115.  
Phone : (02717) 325390, 324390  
Fax : (02717) 222616

---

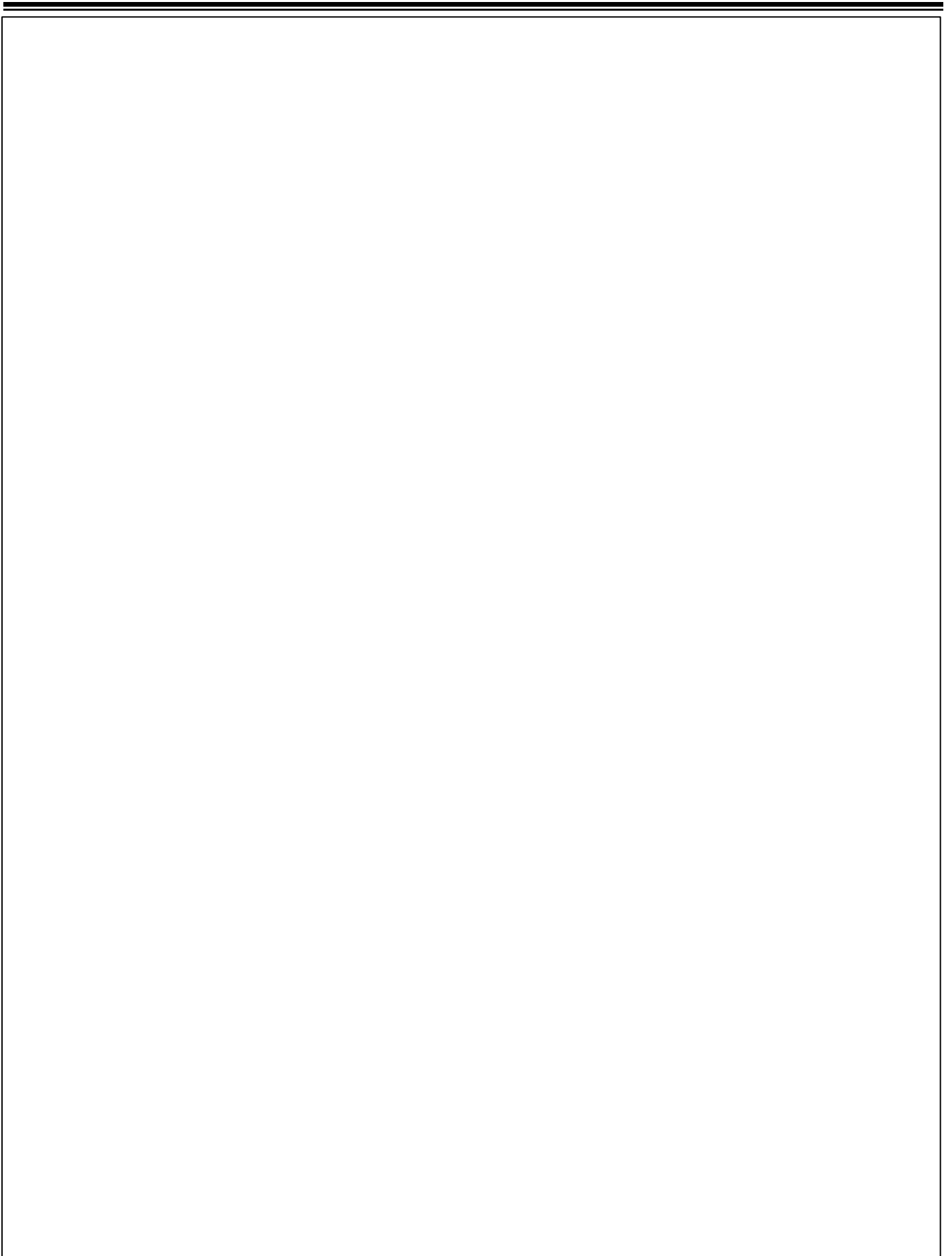
**E-mail :** adi@adifinechem.com

---

**Share Transfer Agent  
Regd. Office :** Sharepro Services (India) Pvt. Ltd.  
13AB, Samhita Warehousing Complex,  
2nd Floor, Sakinaka,  
Telephone Exchange Lane,  
Andheri (E), Mumbai - 400 072.

---

**Website :** www.adifinechem.com





## NOTICE

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the Members of ADI FINECHEM LIMITED (formerly known as H.K. Finechem Limited ) will be held at Aarohi Starz Club Pvt. Ltd., Aarohi Greens, Sanand Kadi Road, Chekhla, Ahmedabad - 382115 on Saturday July 30th, 2011 at 5.00 p.m. to transact the following business:

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2011, the Balance Sheet as at that date and the Reports of the Board of Directors and the Auditors thereon.
2. To Declare Dividend on Ordinary Equity Share for the year ended March 31, 2011.
3. To appoint a Director in place of Shri Utkarsh B. Shah who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Hemant N. Shah who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General meeting and to fix their remuneration. The following resolution(s) are proposed to be passed with or without modification as ordinary Resolution:

"RESOLVED THAT M/s Jhaveri Shah & Co., Chartered Accountants, be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company."

"RESOLVED FURHTER THAT the Board of Directors of the Company be and are hereby authorized to fix their remuneration and reimburse their traveling and out of pocket expenses."

### SPECIAL BUSINESS :

6. Approval for Variation in terms of remuneration of Mr. Nahoosh J. Jariwala.

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

"RESOLVED THAT in partial modification of the earlier resolution passed by the Members at the 25th Annual General Meeting held on 30th August, 2010, approving the appointment and terms of remuneration of Mr. Nahoosh J. Jariwala, the Managing Director, pursuant to the provisions of section 198,269,309,310, 311 and all other applicable provisions of the Companies Act, 1956(the Act) read with Schedule XIII to the said Act and other applicable provisions, the Company hereby accords its approval for the variation in terms of remuneration of Mr. Nahoosh J. Jariwala, Managing Director to the extent of payment of lumpsum amount of Rs. 5 lacs as one time incentive"

"RESOLVED FURTHER THAT all other terms and conditions of his earlier appointment remains unchanged"

May 12, 2011

**ADI FINECHEM LIMITED**

**Registered Office :**

253/P, Chekhala, Sanand Kadi Highway,  
Tal. : Sanand, Ahmedabad - 382 115.

By Order of the Board  
**Akshaykumar P. Shah**  
General Manager (Finance)  
& Company Secretary

### NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies in order to be valid must be delivered at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
2. Explanatory statement pursuant to section 173(2) of the Companies Act, 1956, in respect of the special business is annexed hereto.
3. Members are requested to notify the changes, if any, in their registered address.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 25th July, 2011 to Saturday, 30th July, 2011, both days inclusive for the purpose of Annual General Meeting and payment of Dividend.
5. If Dividend on equity shares as recommended by the Board of Directors is passed at the meeting, payment of such dividend will be made on and after 1st August, 2011 to those members whose names are on the company's Register of Members on 25th July, 2011. In respect of equity shares held in dematerialized/electronic form, the dividend will be payable to the beneficial owners of shares as at the end of business hours on 23rd July, 2011, as per the details furnished by the Depositories for this purpose.
6. Members who hold shares in dematerialized form are requested to write their client ID and DP ID numbers and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting.
7. Members are requested to bring their attendance slip along with their copy of the Annual Report to the meeting.
8. Members desiring to seek information on Annual Accounts to be explained at the meeting are requested to send their queries at least ten days before the date of the meeting so that the information can be made available at the meeting.



Details of Directors Seeking re-appointment at the Annual General Meeting ( in pursuance of Clause 49 of the listing agreement)

<b>Name of Director</b>	Shri Utkarsh B. Shah	Hemant N. Shah
<b>Date of Birth</b>	30.12.1960	25.12.1961
<b>Date of Appointment</b>	01.04.2010	01.04.2010
<b>Expertise in specific Functional Areas</b>	Engaged in business of coal/lignite transportation, coal trading, real estate since last 30 years	Engaged in business of Logistics garments, trading of minerals and retailing since 25 years.
<b>Qualifications</b>	Science Graduate	Commerce Graduate
<b>Directorship held in Other public companies (excluding foreign companies)</b>	Nil	Nil
<b>Membership/Chairmanship of Other public companies (includes only audit comm. &amp; shareholder/Investors Grievance Committee)</b>	Nil	Nil
<b>Shareholding in the Company(equity shares)</b>	1237374	702432

**EXPLANTORY STATEMENT  
PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

**Item No. 6**

This item relates to variation in terms of remuneration of Mr. Nahoosh J. Jariwala, Managing Director of the Company.

During the tenure, he has continuously contributed to a great extent in the growth of the Company. With his hard work and dedicated efforts the Company's performance has been improved substantially during the year 2010- 2011. He has been instrumental for better results and performance of the company. Company has earned Net Profit of Rs. 506.63 lacs during the year 2010-2011 as against Net Loss of Rs. 55.59 lacs during the year 2009-2010.

Considering all the factors, your directors thought it advisable to remunerate him by way of lumpsum amount of Rs. 5 lacs as one time incentive.

Your directors recommend to pass the proposed resolution.

Mr. Nahoosh J. Jariwala, himself is concerned or interested in the proposed resolution.

May 12, 2011

**ADI FINECHEM LIMITED**

**Registered Office :**

253/P, Chekhala, Sanand Kadi Highway,

Tal. : Sanand, Ahmedabad - 382 115.

By Order of the Board  
**Akshaykumar P. Shah**  
General Manager (Finance)  
& Company Secretary

**DIRECTORS' REPORT**

To,  
The Members,

Your Directors are pleased to present the Twenty Sixth Annual Report and the Audited Accounts of the Company for the year ended March 31, 2011.

**FINANCIAL RESULTS :**

	(Rupees in Lakhs)	
	Year ended on 31-03-2011	Year ended on 31-03-2010
Income	<b>5800.08</b>	3852.69
Profit before Interest, Depreciation & Taxation	<b>1098.87</b>	265.08
Less : Interest	<b>134.76</b>	162.07
Profit before Depreciation & Taxation	<b>964.11</b>	103.01
Less : Depreciation	<b>173.11</b>	169.10
Profit before tax	<b>791.00</b>	(66.09)
Less : Provision for taxation		
- Current Tax	<b>180.00</b>	0.21
- Deferred Tax	<b>104.49</b>	(16.68)
(Excess)/Short Provision of Income Tax of earlier Year	<b>(0.12)</b>	3.66
Previous Year Expense (Net)	<b>Nil</b>	2.31
Net Profit (Loss) After Tax	<b>506.63</b>	(55.59)
Balance carried from previous year's account	<b>338.06</b>	393.65
Profit/(Loss) available for Appropriations	<b>844.69</b>	338.06
Proposed Dividend	<b>95.00</b>	-----
Dividend Distribution Tax	<b>15.41</b>	-----
Balance [+ /(-)] carried to next year's account	<b>734.28</b>	338.06

**OPERATIONS :**

(A) Sales and Profit :

The sales and other income of the Company during 2010-11 were substantially higher at Rs. 5800.08 lacs compared to Rs. 3852.69 lacs of the previous year. The company has made a profit of Rs. 506.52 lacs compared to previous year's loss of Rs 55.59 lacs. This is due to increase in capacity and better utilization of plant.

(B) Raw Material :

Raw materials were available at marginal higher prices from within India.

(C) Export :

Company was able to procure the required orders for Toco-concentrates. Company made export of Rs. 1745.51 lacs during the year.

**CORPORATE GOVERNANCE/MANAGEMENT DISCUSSION AND ANALYSIS REPORT :**

A Report on the Corporate Governance Code alongwith a certificate from the Auditors of the Company regarding the compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreements as also the Management Discussion and Analysis Report are annexed to this Report.

**DIVIDEND :**

Your Directors are pleased to recommend a final dividend of Re. 1 per equity share for the financial year ended March 31, 2011, subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company.

**FIXED DEPOSITS :**

The Company continued to accept the deposits, upto 30th April 2010. Thereafter the company has stopped acceptance of deposits as on March 31, 2011, public deposits stood at Rs. 27.90 lacs. As on 31st March, 2011 there were unclaimed deposit aggregating to Rs. 60,000/-.

**TECHNICAL ACHIEVEMENT :**

During the year company modified its production process which has resulted in better yield and higher production.

**DIRECTORS :**

In accordance with the Articles of Association of the company Shri Utkarsh B. Shah, and Shri Hemant N. Shah retire by rotation and being eligible offer themselves for reappointment. The relevant resolution related to those appointments forming part of the notice of the annual general meeting are placed for your approval.

**CHANGE OF NAME OF COMPANY**

During the year under review Name of your company has been changed w.e.f. 19th October, 2010 from H.K. Finechem Limited to Adi Finechem Limited after obtaining necessary approval from the office of Registrar of the Companies as per the fresh certificate of Incorporation issued by the Registrar of Companies, Gujarat.

**CHANGE OF REGISTERED OFFICE OF THE COMPANY :**

During the year under review the registered office of the company has been shifted to plant at 253/P, Chekhala, Sanand Kadi Highway, Tal. Sanand, Ahmedabad- 382115, after obtaining necessary approval from Shareholders of the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT :**

Pursuant to the requirement of Section 217 (2AA) of the Companies Act with respect to Directors' Responsibility Statement, the Directors hereby confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year viz. March 31, 2011 and of the profit of the Company for that period;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors had prepared the annual accounts on a going concern basis.

**PERSONNEL :**

All the employees have worked with zeal and enthusiasm and your Directors wish to express their sincere appreciation to all the employees for their support, co-operation and dedicated services.

**PARTICULARS OF EMPLOYEES :**

There was no employee drawing an annual salary of Rs. 60.00 lacs or more where employed for full year or monthly salary of Rs. 5,00,000/- or more where employed for part of the year and therefore, no information pursuant to the provisions of sub-section (2A) of Section 217 of The Companies Act, 1956 (the limits for the purpose of disclosure has been enhanced vide notification dated 31st March 2011 the Ministry of Corporate Affairs), read with The Companies (Particulars of Employees) Rules, 1975 is required to be given.

Information as per Section 217(1)(e) read with Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 :

**LISTING**

Company's Securities are listed with the Stock Exchanges at Mumbai & Ahmedabad. The Company has already paid the listing fees to the Stock Exchanges.

**AUDITORS :**

The auditors M/s Jhaveri Shah & Co., Chartered Accountants, Ahmedabad retires at the conclusion of the ensuing Annual General Meeting and they have confirmed their eligibility in accordance with the limit specified in section (1-B) of section 224 of the companies act, 1956 and willingness to be re- appointed.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUT GO :**

**A. Conservation of Energy**

- (a) Energy Conservation measures taken :

Energy Conservation is continuous ongoing feature at Adi Finechem Limited. During the year Company invested in new improved vacuum systems. Thorough review was taken up for all the pumps and motors keeping in mind type of feed, flow rate etc. Which has shown desired results in form of less power consumption. Due to energy conservation initiatives undertaken reduction in steam and electricity consumption per ton of production has been achieved.

- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of Energy:

Additional capital investments have been planned in higher efficiency equipments which will increase production without increasing fuel cost

- (c) Impact of measures listed in (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods:

Despite an increase in the production volume and increase in fuel prices the above mentioned energy saving initiatives have helped the company to reduce its utility cost by Rs 34.43 lacs in 2010-11 as compared with 2009-10

- (d) Total energy consumption per unit of production as per prescribed Form 'A' :

As per annexure attached.

**B. Technology Absorption**

The Company has an ongoing program for upgradation of existing products, improvement in manufacturing processes, reduction in product costs, import substitution and export promotion. This is done through constant interaction with employees, customers and vendors.

Company continued its experiment with process routes which has resulted in products developed for use in hitherto untapped market.

**C. Foreign Exchange Earnings and outgo**

Foreign Exchange Earnings Rs. 17,26,24,292

Foreign exchange utilised Rs. 77,52,689

**ACKNOWLEDGMENTS :**

Your Board of Directors wishes to place on record its appreciation to the contribution made by the employees of the company. The company has achieved impressive growth through the competence, hard work, solidarity cooperation and support of employees at all levels. The Directors also wish to thank the Government authorities, financial institutions and shareholders for their cooperation and assistance extended to the company.

Ahmedabad  
May 12, 2011

For and on behalf of the  
Board of Directors

Utkarsh B. Shah  
Chairman



**ANNEXURE**

Disclosure of Particulars with respect to Conservation of Energy.

<b>A. Power &amp; Fuel Consumption :</b>	<b>2010-2011</b>	<b>Previous Year</b>
<b>1 ELECTRICITY</b>		
<b>A. Purchased :</b>		
Units	<b>3063780</b>	3621500
Total Amount (Rs.)	<b>17445575</b>	20825025
Rate / Unit (Rs.)	<b>5.69</b>	5.75
<b>B. Own Generation :</b>		
Units	<b>109410</b>	111424
Units per Ltr. of Diesel	<b>3.15</b>	3.37
Average Cost / Unit (Rs.)	<b>12.06</b>	10.61
<b>2 FURNACE OIL</b>		
Quantity (in KL)	<b>278.610</b>	429.33
Total Cost	<b>7262045</b>	9436943
Average Rate per ltr. (Rs.)	<b>26.07</b>	21.98
<b>3 LIGNITE / COAL</b>		
Quantity (in M.Tons)	<b>11949.207</b>	11062.27
Total Cost	<b>29524177</b>	27816928
Average Rate per Kg. (Rs.)	<b>2.471</b>	2.514
<b>4 OTHERS (IF ANY)</b>	<b>0</b>	—

<b>B. Consumption per unit of Production:</b>	<b>Production (M. Tons)</b>	<b>Standards if any</b>	<b>Per M.Ton</b>
<b>1 ELECTRICITY</b>			<b><u>KWH</u></b>
Deodorizer Distillate	<b>1302.338</b>	—	<b>605.00</b>
(Mixed Tocopherols)	(724.49)	—	(1100.00)
Linoleic / Oleic Acid	<b>1026.185</b>	—	<b>220.00</b>
	(821.99)	—	(890.00)
Dimer Acid	<b>859.646</b>	—	<b>380.00</b>
	(1040.02)	—	(650.00)
Cardanol	<b>305.129</b>	—	<b>150.00</b>
	(142.660)	—	(184.00)
<b>2 FURNACE OIL</b>			<b><u>KGS</u></b>
Deodorizer Distillate	<b>1302.338</b>	—	<b>40.00</b>
(Mixed Tocopherols)	(724.49)	—	(87.00)
Linoleic / Oleic Acid	<b>1026.185</b>	—	<b>71.00</b>
	(821.99)	—	(86.30)
Dimer Acid	<b>859.646</b>	—	<b>30.00</b>
	(1040.02)	—	(80.00)
Cardanol	<b>305.129</b>	—	<b>20.00</b>
	(142.660)	—	(82.70)
<b>3 LIGNITE / COAL</b>			<b><u>KGS.</u></b>
Deodorizer Distillate	<b>1302.338</b>	—	<b>1122.00</b>
(Mixed Tocopherols)	(724.49)	—	(2100.00)
Linoleic / Oleic Acid	<b>1026.185</b>	—	<b>900.00</b>
	(821.99)	—	(2060.00)
Dimer Acid	<b>859.646</b>	—	<b>1550.00</b>
	(1040.02)	—	(1960.00)
Cardanol	<b>305.129</b>	—	<b>1900.00</b>
	(142.660)	—	(2200.00)

Note : Figures in brackets are in respect of previous year.

Bold Figure indicates —production for the year 2010-2011

## Report on Corporate Governance

(Pursuant to Clause 49 of the Listing Agreements entered into with the Stock Exchanges)

### 1. Company's Philosophy on the Code of Governance

Adi Finechem Limited (formerly known as H.K. Finechem Limited) is committed to following best global corporate governance practices in all its pursuits. The guiding principle for the company always has been to achieve shareholders' satisfaction and maximize shareholders' value by following best corporate governance norms in true letter and spirit. Transparency and accountability leading to management reliability are the touchstone of Corporate Governance at Adi Finechem Limited. The entire process begins with the functioning of the Board of Directors, with leading professionals and experts serving as independent directors and represented in various Board Committees. Company's philosophy on corporate governance envisages the attainment of highest level of transparency, accountability and equity in all facets of its operations and in all interactions with its stakeholders including shareholders, employees, the government, lenders and the society. The company believes that all its operations and actions must serve the underlying goal of enhancing long term shareholder value.

### 2. Board of Directors

\* Composition of the Board of Directors (Board)

**The composition of the Board of Directors of the company is in complete conformity with the requirements of Clause 49 of the Listing Agreement.**

In compliance with the corporate governance norms in terms of constitution of the Board, headed by Managing Director, the Board currently has Four Executive directors and three Non-executive Directors, representing optimum combination of professionalism, knowledge and experience to preserve the independence of the Board and to separate the Board functions of governance and management.

Attendance of each Director at the Board Meetings and last Annual General Meeting (AGM) and the number of companies and committees where he is Chairman / Member:

Directors	Category	Attendance Particulars		Directorships in other Public Ltd. Companies Incorporated in India	Committee Memberships**	
		Board Meetings	Last AGM		Member	Chairman
Shri Utkarsh B. Shah (Chairman)	Promoter, Executive	4	Yes	Nil	Nil	Nil
Shri Nahoosh J. Jariwala (Managing Director)	Promoter, Executive	6	Yes	Nil	Nil	Nil
Shri Bimal D. Parikh (Whole Time Director)	Promoter, Executive	5	Yes	Nil	Nil	Nil
Shri Hemant N. Shah	Promoter, Executive	5	Yes	Nil	Nil	Nil
Shri Jayesh K. Shah	Independent, Non-Executive	5	Yes	10	Nil	Nil
Shri Kalpesh A. Patel	Independent, Non-Executive	4	No	1	2	Nil
Shri Sharvil P. Patel	Independent, Non-Executive	2	No	6	1	Nil
*Shri Rajan R. Harivallabhdas (Chairman & M.D.)	Promoter, Executive	1	No	Nil	Nil	Nil
*Shri Chinubhai R. Shah	Independent, Non-Executive	1	No	14	Nil	Nil
*Shri Prafull Anubhai	Independent, Non-Executive	1	No	5	5	3
*Shri Janak G. Nanavaty	Independent, Non-Executive	1	No	1	1	1



Directors	Category	Attendance Particulars		Directorships in other Public Ltd. Companies Incorporated in India	Committee Memberships**	
		Board Meetings	Last AGM		Member	Chairman
*Dr. Himanshu C. Patel	Independent, Non-Executive	1	No	3	Nil	Nil
*Shri Naishadh I. Parikh	Independent, Non-Executive	1	No	10	5	1
*Shri Dharmesh R. Harivallabhdas	Independent, Non-Executive	1	No	--	--	Nil

\* Directors have resigned w.e.f. 01-04-2010

\*\* Includes only Audit, Shareholder's / Investors' Grievance and Remuneration Committee in other Public Limited Companies.

During the year, there have been no materially significant related party transactions, pecuniary relationships or transactions between the company and its non-executive Directors that may have potential conflict with the interests of the Company at large.

#### Directors' Profile :

A brief of all the Directors, nature of their expertise in specific functional areas are provided below:

**Shri Utkarsh B. Shah** is a Science Graduate and Engaged in business of coal/ lignite transportation, coal trading, real estate since last 30 years

**Shri Nahoosh J. Jariwala** is a Commerce Graduate and having experience of more than 25 years in chemicals manufacturing and trading of various textile products.

**Shri Bimal D. Parikh** is an Engineer and Engaged in manufacture of dyes & chemicals since last 30 years.

**Shri Hemant N. Shah** is a Commerce Graduate and Involved in business of logistics, garments, trading of minerals, and retailing since 25 years

**Shri Jayesh K. Shah** is an Commerce Graduate and Chartered Accountant.

He is a Wholetime director with the designation of Director & Chief Financial Officer of Arvind Limited and he has been associated with Arvind Limited since July 1993. He has extensive financial, regulatory and managerial expertise with his vast experience in the field.

He also holds directorship in other companies.

**Shri Kalpesh A. Patel** is a Chemical Engineer and also MBA in Marketing from USA.

He is an Executive Director of Nirma Limited. He has wide experience in the production and operation related to soaps , detergent and allied chemicals. At present he is looking after healthcare division and lab facilities of Nirma Limited

**Shri Sharvil P. Patel** has Specialization in chemical and pharmaceutical sciences from the University of Sunderland, U.K.Doctarate in breast cancer research from John Hopkins Bayview Medial centre and the National Institute of aeing.

He is a director in Zydus Pharmaceuticals Ltd. since 1997 and deputy managing director since April 2007. He is on board of various limited and private limited companies of Zydus group engaged in business of manufacturing of pharmaceuticals product.

**Board meetings and Attendance**

The Meetings of the Board of Directors is scheduled well in advance. The Board meets at least once in a quarter inter-alia to review the performance of the Company. Each time, a detailed agenda is prepared in consultation with the Chairman & Managing Director. Six Board meetings were held in the year 2010-11 and the gap between two Board meetings has not exceeded four months. The dates on which meetings were held are as follows:

Date of Meeting	No. of Directors Present	Date of Meeting	No. of Directors Present
April 1, 2010	*8	October 30, 2010	6
May 15, 2010	6	January 28, 2011	6
July 15, 2010	7	March 07, 2011	5

\* Includes the Directors who resigned w.e.f. 01-04-2010.

**3. Audit Committee**

Composition

Audit Committee constituted by the Board of Directors consists of following Directors, viz. Shri Jayesh K. Shah as Chairman of the Committee, Shri Sharvil P. Patel, Shri Hemant N. Shah and Shri Kalpesh A. Patel as members. The Audit Committee was reconstituted on 01.04.2010. Shri Kalpesh A. Patel inducted in the committee as member w.e.f 30.10.2010

During the year under review Audit Committee comprises of 4 Directors, three of them being Non-Executive Independent Directors. All the members of the Committee are financially literate and have adequate accounting knowledge. The Audit Committee met four times during the financial year 2010-11, on May 15, 2010, July 15, 2010, October 30, 2010 and January 28, 2011.

The details of composition of the Committee and attendance at Meetings are as follows :

Name	Designation	No. of Committee Meetings attended
Shri Jayesh K. Shah (Chairman)	Non Executive - Independent	4
Shri Sharvil P. Patel	Non Executive - Independent	2
Shri Hemant N. Shah	Executive - Independent	4
*Shri Kalpesh A. Patel	Non Executive - Independent	1

\* Shri Kalpesh A. Patel was appointed w.e.f. 30-10-2010.

The scope of the Audit Committee includes:-

- (1) Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- (2) Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of statutory auditor and fixation of audit fees.
- (3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- (4) Reviewing with management the annual financial statements before submission to the Board for approval, with particular reference to:
  - (a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956,
  - (b) Changes, if any, in accounting policies and practices and reasons for the same,
  - (c) Major accounting entries involving estimates based on the exercise of judgment by management,
  - (d) Significant adjustments made in the financial statements arising out of audit findings,

- (e) Compliance with listing and other legal requirements relating to financial statements,
  - (f) Disclosure of any related party transactions,
  - (g) Qualification in the draft audit report.
- (5) Reviewing with the management, the quarterly financial statements before its submission to the Board for approval.
  - (6) Reviewing with the management, performance of statutory and internal auditors, the adequacy of internal control systems.
  - (7) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  - (8) Discussion with internal auditors any significant findings and follow up thereon.
  - (9) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  - (10) Discussion with statutory auditors before the audit commences, about nature and scope of audit as well as has post-audit discussion to ascertain any area of concern.
  - (11) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
  - (12) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

In addition to the areas noted above, Audit Committee looks into controls and security of the Company's internal control systems and internal audit reports.

The Committee Meetings were also attended by Chairman & Managing Director, Internal Auditors, Statutory Auditors and General Manager - Finance & Company Secretary, who also acted as Secretary of the Committee.

The Board has laid down a Code of Conduct for all Directors and senior Management staff of the Company, which is also available on the website of the Company. All Directors and members of the senior Management have affirmed their compliance with the said Code. A declaration signed by the Managing Director to this effect is appended at the end of this Report.

A certificate from the Managing Director on the financial statements and other matters of the Company for the financial year ended March 31, 2011 is also appended at the end of this Report.

The chairman of the Audit Committee was present in the last Annual General Meeting to answer the shareholders queries.

#### **4. Remuneration to Directors**

Remuneration Committee was reconstituted by Board of Directors which consists of Shri. Kalpesh Patel as Chairman of the Committee, Shri Sharvil P. Patel and Shri Jayesh K. Shah as members of the Committee

Broad terms of reference of the Remuneration Committee are to recommend/review the remuneration package of Managing Director and Executive Director, based on performance and defined criteria. The remuneration policy is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in consonance with the existing Industry practice.

During the year the committee met for one time on 15.05.2010

Details of remuneration paid to Directors during the financial year 2010-11.

(Amount in Rs.)

Directors	Salaries	Perquisites	Sitting Fees	Total
Shri Utkarsh B. Shah	Nil	Nil	Nil	Nil
Shri Nahoosh J. Jariwala	1297623	82198	Nil	1379821
Shri Bimal D. Parikh	474677	Nil	750	475427
Shri Hemant N. Shah	Nil	Nil	1500	1500
Shri Jayesh K. Shah	Nil	Nil	20000	20000
Shri Kalpesh A. Patel	Nil	Nil	12750	12750
Shri Sharvil P. Patel	Nil	Nil	6500	6500
*Shri Rajan R. Harivallabhdas	Nil	Nil	Nil	Nil
*Shri Chinubhai R. Shah	Nil	Nil	750	750
*Shri Prafull Anubhai	Nil	Nil	750	750
*Shri Janak G. Nanavaty	Nil	Nil	750	750
*Dr. Himanshu C. Patel	Nil	Nil	750	750
*Shri Naishadh I. Parikh	Nil	Nil	750	750
*Shri Dharmesh R. Harivallabhdas	Nil	Nil	750	750

\* Directors resigned from the board w.e.f. 01-04-2010.

The Company has not granted any stock options to its Directors.

**5. Shareholders'/Investors' Grievance Committee**

The committee functions under the Chairmanship of Shri Nahoosh J. Jariwala, Managing Director. The other Members of the Committee are Shri Bimal D. Parikh and Shri Hemant N. Shah, Directors of the Company. At present, Shri Akshaykumar P. Shah is the Company Secretary and Compliance Officer of the Company.

During the year the Shareholders'/Investors' Grievance committee met as and when required and all the members attended the meetings. The Shareholders'/Investors' Grievance committee looks into the redressal of Shareholders' / Investors' Grievances, if any, like Transfer / Transmission / Demat of Shares; Loss of Share Certificates; etc.

During the year, Nil complaints were received from the Shareholders. The Company had no transfers pending at the close of the financial year.

**6. Disclosures**

(a) The Company has no materially significant related party transactions i.e. transactions of the Company of material nature with its promoters, the directors, the management, or their relatives etc., that may have potential conflicts with the interests of the Company at large.

Details of related party transactions are elaborated in the point No. 10 of Notes on Accounts.

(b) There were no instances of non-compliance by the Company or Penalties imposed on the Company by the Stock Exchange(s) or SEBI or any statutory authority, on any matter related to Capital Markets, during the last three years.

(c) The status of non-mandatory requirements as prescribed in Annexure – ID to clause 49 of the Listing Agreement with Stock Exchanges is as under :

The Board of Directors of the Company has set up Remuneration Committee to determine remuneration packages for Executive Directors including pension rights and compensation payment. Please see the para on Remuneration to Directors for further details.

Other non-mandatory requirements given under clause 49 of the listing agreement have not been adopted.

## 7. Code of Conduct

The Company's code of conduct has been complied with by all the members of the Board and select employees of the Company. The Company has in place a prevention of Insider Trading Code based on SEBI (Insider Trading) Regulation, 1992. This code is applicable to all Directors and designated employees. The code ensures prevention of dealing in shares by persons having access to the unpublished price sensitive information.

## 8. Means of Communication

During the year, quarterly Unaudited financial results and audited annual financial results of the Company were submitted to the stock exchanges soon after its approval by the Board of Directors at their Meeting and were also published in English and vernacular newspapers. Annual financial performance of the Company is also posted on the Company's website i.e. www.adifinechem.com.

The report on Management Discussion and Analysis is annexed and forms part of the annual report.

## 9. Details of General Meetings

Location, date and time of General Meetings held during the last 3 years:

Meeting	Year	Venue of General Meeting	Date & Time	No. of Special Resolutions
23 <sup>rd</sup> AGM	2007-2008	Ahmedabad Textile Mills' Association's Hall, Ashram Road, Ahmedabad - 380 009.	September 22, 2008 at 4:00 p.m.	-
24 <sup>th</sup> AGM	2008-2009	As above	September 29, 2009 at 4:00 p.m.	-
25 <sup>th</sup> AGM	2009-2010	Jain International Trade Organisation 3rd Floor, TCL Heritage, Nr. Gujarat Vidhyapith, Usmanpura, Ahmedabad - 380 013.	August 30, 2010 at 5:00 p.m.	1 (One)

No Special resolutions through postal ballot was passed by the company in the financial year 2009-10. During the year, the Company has transacted a special business by way of postal ballot through which special resolution for shifting the Registered office of the Company was proposed to be considered and passed by the Shareholders of the Company. Although, the notice for such postal ballot was dated 30.10.2010, the results of the same was declared 12.01.2011. The resolution was passed as special resolution. Mr. Uday Dave, Practising Company Secretary was appointed as the scrutinizer for conducting the postal ballot

There is no proposal of any special resolution to be passed through postal ballot in the upcoming AGM.

### General Shareholder Information

#### Date, time and venue of 26<sup>th</sup> Annual General Meeting

Saturday, 30<sup>th</sup> July, 2011 at 5.00 p.m.  
at Aarohi Starz Club Pvt. Ltd., Aarohi Green,s  
Sanand-Kadi Road, Chekhla, Ahmedabad - 382 115.

#### Book Closure Date

Monday, 25<sup>th</sup> July, 2011 to  
Saturday, July 30, 2011 (both days inclusive)

#### Dividend Payment Date

On or before 29th August, 2011

**Financial Calendar (Tentative)**

Financial reporting for the quarter ending June 30, 2011	End of July 2011
Financial reporting for the quarter/half year ending September 30, 2011	End of October, 2011
Financial reporting for the quarter ending December 31, 2011	End of January, 2012
Financial reporting for the year ending March 31, 2012	End of May, 2012
Annual General Meeting for the year ending March 31, 2012	September, 2012

**High/Low of monthly Market Price of Company's Equity Shares traded on the Mumbai Stock Exchange during the financial year 2010-11 is furnished below:**

Month	High (Rs.)	Low (Rs.)	Volume (Nos.)
April, 2010	25.60	23.50	200429
May, 2010	27.40	23.60	161061
June, 2010	33.25	26.20	339735
July, 2010	32.55	27.75	134279
August, 2010	40.70	28.25	184159
September, 2010	37.60	33.10	43555
October, 2010	38.05	31.90	40314
November, 2010	41.95	32.80	337235
December, 2010	37.50	30.65	44634
January, 2011	40.00	33.00	55045
February, 2011	45.50	36.35	81872
March, 2011	45.90	39.00	38859

**Share Transfer System**

Transfer of shares held in physical mode is processed by M/s. Sharepro Services (India) Pvt. Limited w.e.f 1st March 2010 ( earlier Pinnacle Share Registry Pvt. Ltd. Was the registrar) having registered office situated at 13AB, Samhita Warehousing Complex, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka Mumbai – 400 072 and approved by the Shareholders'/Investors' Grievance Committee. Valid Share transfers in physical form and complete in all respects were approved, registered and dispatched within stipulated period.

**Reconciliation of Share Capital Audit & Certificate pursuant to Clause 47 (c) of the listing agreement :**

A qualified Chartered Accountant carried out a Reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL).

Pursuant to Clause 47 (c) of the Listing Agreement with the Stock Exchanges, certificates, on half-yearly basis, have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company.

**Dematerialisation of Shares and Liquidity**

As on March 31, 2011, 97.82 % shares of the Company were held in dematerialised form and the rest in physical form. The shares are traded on Ahmedabad and Bombay Stock Exchanges.



**Distribution of Shareholding as on March 31, 2011**

Category (Shares)	No. of Shareholders	Percentage	No. of Shares	Percentage
1-500	1929	79.51	3,03,263	3.19
501-1000	163	6.72	1,41,125	1.49
1001-2000	108	4.45	1,76,146	1.85
2001-3000	44	1.81	1,15,879	1.22
3001-4000	30	1.24	1,07,753	1.13
4001-5000	31	1.28	1,46,062	1.54
5001-10000	48	1.98	3,66,571	3.86
Above 10000	73	3.01	81,43,201	85.72
<b>TOTAL</b>	<b>2426</b>	<b>100.00</b>	<b>95,00,000</b>	<b>100.00</b>

**Categories of Shareholders Category-wise Shareholding as on March 31, 2011**

Category	No. of Shares held	Percentage to total shares
Individual	27,47,708	28.92
Promoters - Indian Promoters - Foreign Promoter	59,68,071 -----	62.82 -----
Other Corporate Bodies	6,34,078	6.68
Financial Institutions / Mutual Funds / Banks	-----	-----
Director & their relatives	-----	-----
Foreign Institutional Investors / Overseas Corporate Bodies	85,493	0.9
Non-Resident Indians	64,650	0.68
<b>TOTAL</b>	<b>95,00,000</b>	<b>100.00</b>

**Listing on Stock Exchanges at :**

<b>Ahmedabad Stock Exchange Limited</b> Kamdhenu Complex, Panjrapole, Opp. Sahjanand College, Ahmedabad - 380 015.	<b>Bombay Stock Exchange Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 023.
---	--

Listing fees for the year 2011-12 have been paid to both the Stock Exchanges.

**Stock Codes** Ahmedabad Stock Exchange .... 24855  
 Mumbai Stock Exchange .... 530117  
 Demat ISIN No. in NSDL & CDSL for Equity Shares .... INE959A01019

**Registered Office and Correspondence address** 253/P, Chekhala, Sanand-Kadi Highway,  
 Tal. Sanand Dist. Ahmedabad - 382 115.  
 Tel. : (02717) 324096 / 325390  
 Fax : (02717) 222616

**Contact Person** Shri Akshaykumar P. Shah  
**E-mail :** cs@adifinechem.com

<b>Unclaimed Dividends</b>	Rs. 1,06,327 for the year 2004-05.
<b>Plant Location</b>	253/P, Chekhala, Sanand-Kadi Highway, Tal. Sanand Dist. Ahmedabad - 382 115.
<b>Share Transfer Agent Regd. Office :</b>	Sharepro Services (India) Pvt. Ltd. 13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka, Telephone Exchange Lane, Andheri (E), Mumbai - 400 072.

**CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT POLICY**

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended March 31, 2011.

**Ahmedabad  
May 12, 2011**

For Adi Finechem Limited  
**Nahoosh J. Jariwala**  
Managing Director



## AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of **ADI Finechem Limited** :

We have examined the compliance of the conditions of Corporate Governance by **ADI Finechem Limited** (Formerly known as H. K. Finechem Limited) for the year ended on 31<sup>st</sup> March 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the concerned Stock Exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in above mention Listing Agreement.

We state that in respect of the investor grievances received during the year ended on 31<sup>st</sup> March, 2011, no such investor grievances remained unattended/pending for more than 30 days.

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, **JHAVERI SHAH & COMPANY**  
Chartered Accountants  
Firm Regn. No. : 127390 W

AHMEDABAD

DATED : 12<sup>th</sup> May, 2011

**RONAK SHAH**  
Partner  
Membership No. : 102249

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### ECONOMIC SCENARIO

The year started on a positive note. Proactive stimulus measures taken by Indian Government to boost demand by increase in public expenditure, reduction in excise duty etc has given desired results. Market sentiments have remained positive throughout the year.

### INDUSTRY STRUCTURE AND DEVELOPMENT :

Urbanization, organized food retailing, improvement in infrastructure particularly in relation to roads, and investments made by vegetable oil refineries in distribution channels and logistics has shown desired results. Newer untapped markets are opening up in rural parts of India. Vegetable oil refineries from organized sector are successful in increasing their market share.

### OPPORTUNITIES AND THREATS :

Company processes by-product streams of vegetable oil refineries. Availability of the raw materials consumed by the company has increased during the year with minor increase in prices. Company is confident of selling additional quantity and passing the additional cost burden by increasing the prices of its products in Export and Domestic markets.

### SEGMENTWISE PRODUCT WISE:

Company operates in one segment. Products manufactured from by-product streams of vegetable oil refineries.

A Mixed Tocopherol Concentrate and Sterols are in good demand in the export market.

B Linoleic Acid and Dimer Acids :

Linoleic Acid and Dimer Acids manufactured by the Company, continues to be in demand as premium products in the domestic market.

C Monobasic Acid , Palmatic Acid and Distilled fatty acid

The company is in a position to sell the quantity manufactured.

### OUTLOOK :

Due to increase in availability of raw materials outlook appears positive. Company is in process of further expanding its Processing capacity at the same site and a shutdown is planned for the same during the month of July 2011 for 21 days. This will help company to process higher quantities of raw materials in future at a reduced cost.

### RISK AND CONCERNNS :

Sudden decrease in availability of raw materials and increase in prices due to less availability of Soya and Sunflower oil by drought like situation in world's major vegetable oil seeds producing countries or vegetable oil getting diverted to bio fuel industry are cause of concern.

### INTERNAL CONTROL, AUDIT AND SYSTEMS :

Company has effective and adequate internal control systems, which ensure reliable financial reporting, safeguarding of assets, adherence to management policies and promotion of ethical conduct. These systems are regularly reviewed, modified and improved upon, to confirm to changes in the business environment and processes. In addition, the Board has appointed an Audit Committee of Independent Directors, which regularly reviews the findings of external and internal audits and the adequacy of internal control systems.

### HUMAN RESOURCES AND INDUSTRIAL RELATION :

Company employs persons well qualified in technical and managerial skills having the requisite competence required for their tasks. The company's HR process ensures availability of competent and motivated team of employees.

Company follows the philosophy of market level compensation and benchmarks its compensation level with other companies in the sector.

Relationship between the management and the personnel of the company have continued to be cordial.

### CAUTIONARY STATEMENT :

Management Discussion and Analysis Report may contain statements that might be considered forward looking. These statements are subject to certain risks and uncertainties. Actual results may differ materially from those expressed in the statements as important factors could influence the Company's operations such as Government policies, local, political and economic development, risks inherent to the company's growth and such other factors.



## Auditors' Report

To  
The Members of

**Adi Finechem Limited (Formerly known as H.K. Finechem Limited),**

1. We have audited the attached Balance Sheet of M/s. Adi Finechem Limited (Formerly known as H. K. Finechem Limited) as at 31st March, 2011, the Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) in our opinion, proper books of account as required by law have been kept by the company so far as appears from our examinations of those books;
  - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) in our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (v) on the basis of written representations received from the directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2011;
    - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For, **JHAVERI SHAH & COMPANY**

Chartered Accountants

Firm Regn. No. : 127390 W

**RONAK SHAH**

Partner

Membership No. : 102249

AHMEDABAD

DATED : 12<sup>th</sup> May, 2011

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) As explained to us, the Company has designed a phased program of verification of fixed assets to cover all the items over a period of three years which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, some part of fixed assets was physically verified by the management during the year. According to information and explanations given to us, no material discrepancies were noticed by the management on such verification.  
(c) The Company has not disposed off a substantial part of fixed assets during the year.
2. (a) Physical verification of inventory has been conducted during the year by the management at reasonable intervals.  
(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.  
(c) The Company is maintaining proper records of inventory. As explained to us there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. (a) The Company has not granted any loans to companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956.  
(b) The Company has taken loans from six companies covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year-end balance of such loans aggregates to Rs. 440 lacs and Rs. 375 lacs respectively.  
(c) In our opinion, the rate of interest and other terms and conditions on which such loans have been taken are not, prima facie, prejudicial to the interest of the Company.  
(d) The terms of repayment have not been stipulated and hence the question of any overdue amount does not arise.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been so entered.  
(b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 do not exceed the value of rupees five lacs in respect of such parties during the year.
6. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under with regard to the deposits accepted from the Public.
7. Internal audit is carried out by a firm of Chartered Accountants. On the basis of the reports made by them to the management, in our opinion, the Internal Audit System is commensurate with the size and nature of its business.
8. The Company is not required to maintain Cost Records under section 209 (1) (d) of the Companies Act, 1956 and therefore clause (viii) relating to its maintenance is not applicable.
9. According to the information and explanations given to us in respect of statutory and other dues:  
(a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, sales-tax, customs duty, excise duty, income-tax, wealth-tax, service-tax, cess and other material statutory dues applicable to it.



- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales-tax, wealth-tax, service-tax, custom duty and excise duty were in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, details of disputed sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited as on 31<sup>ST</sup> March, 2011 on account of any dispute are given below:

Sr. No.	Name of Statute	Nature of Dues	Period to which the amount relates	Forum where dispute is pending	Amount (Rs.)
1.	Income Tax Act, 1961	Income Tax and Interest	1999-2000	Income tax Applet Tribunal	44,03,292
2.	Income Tax Act, 1961	Income Tax and Interest	2000-2001	Income tax Applet Tribunal	20,51,781
3.	Income Tax Act, 1961	Interest u/s 234D	2004-2005	Income tax Applet Tribunal	2,429
4.	Income Tax Act, 1961	Income Tax and Interest	2005-2006	Income tax Applet Tribunal	8,59,646
5.	Income Tax Act, 1961	Fringe Benefits Tax	2005-2006	ITO	8,040
	<b>TOTAL</b>				<b>73,25,188</b>

10. The company has no accumulated losses as at 31/03/2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in the repayment of term loans from bank.
12. According to the information and explanations given to us, the Company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of special statute applicable to chit fund, Nidhi/Mutual Benefit fund/societies are not applicable to the company.
14. The company is not dealing or trading in shares, securities, debentures and other investments accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us, term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, and after placing reliance on the reasonable assumptions made by the company for classification of long term and short term usages of funds, we are of the opinion that, prima-facie, funds raised on short term basis have been used for long term investment in fixed assets including capital work-in-progress amounting to Rs. 447.72 lacs.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. No debentures have been issued by the Company and hence the question of creating securities or charges in respect thereof does not arise.
20. During the year the Company has not raised money by public issue.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the financial year.

For, **JHAVERI SHAH & COMPANY**  
Chartered Accountants  
Firm Regn. No. : 127390 W  
**RONAK SHAH**  
Partner  
Membership No. : 102249

AHMEDABAD

DATED : 12<sup>th</sup> May, 2011

# ANNUAL REPORT 2010-2011

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011

SCHEDULE		As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>SOURCES OF FUNDS:</b>			
<b>1. SHAREHOLDERS' FUNDS:</b>			
a) Share Capital	1	9,50,00,000	9,50,00,000
b) Reserves & Surplus	2	7,98,14,276	4,01,91,617
<b>2. LOAN FUNDS:</b>			
Secured Loans	3	10,12,01,730	8,33,89,487
Unsecured Loans	4	<u>4,02,90,000</u>	<u>4,65,52,000</u>
		<b>14,14,91,730</b>	<b>12,99,41,487</b>
<b>3. DEFERRED TAX LIABILITY (NET)</b> (Refer Note No. 9 of Schedule 15B)		<b>2,99,87,450</b>	<b>1,95,38,675</b>
<b>TOTAL</b>		<b><u>34,62,93,456</u></b>	<b><u>28,46,71,779</u></b>
<b>APPLICATION OF FUNDS</b>			
<b>1. FIXED ASSETS:</b>			
a) Gross Block	5	36,46,00,964	34,86,80,605
b) Less: Depreciation		<u>17,52,39,867</u>	<u>15,85,55,693</u>
c) Net Block		<u>18,93,61,097</u>	<u>19,01,24,912</u>
d) Add. : Capital Work in Progress (Including advances for Capital Goods)		<u>3,52,57,366</u>	<u>27,81,963</u>
		<b>22,46,18,463</b>	<b>19,29,06,875</b>
<b>2. CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
(a) Interest accrued on Deposits		2,55,901	2,59,038
(b) Inventories	6	8,32,71,015	6,68,34,788
(c) Sundry Debtors	7	6,74,95,699	2,90,34,488
(d) Cash & Bank Balances	8	34,27,016	21,52,783
(e) Loans & Advances	9	<u>1,36,66,332</u>	<u>1,15,21,064</u>
		<u>16,81,15,963</u>	<u>10,98,02,161</u>
Less: Current Liabilities & Provisions	10	<u>4,64,40,970</u>	<u>1,80,37,257</u>
Net Current Assets		<b>12,16,74,993</b>	<b>9,17,64,904</b>
<b>TOTAL</b>		<b><u>34,62,93,456</u></b>	<b><u>28,46,71,779</u></b>
Significant Accounting Policies and Notes to financial statements.	15		

As per our report of even date attached

For JHAVERI SHAH & CO.  
Chartered Accountants  
Firm Regn. No. : 127390 W

**RONAK SHAH**

PARTNER  
Membership No. 102249

AHMEDABAD  
DATED : May 12, 2011

For and on behalf of the Board

**Nahoosh J. Jariwala**  
Managing Director

**Bimal D. Parikh**  
Wholtime Director

**Akshaykumar P. Shah**  
General Manager (Finance)  
& Company Secretary

AHMEDABAD  
DATED : May 12, 2011



**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2011**

SCHEDULE		2010-2011 Rupees	2009-2010 Rupees
<b>INCOME</b>			
Sales		<b>61,37,20,905</b>	40,71,02,210
Less: Excise duty recovered on sales		<b>4,01,25,354</b>	2,31,88,224
		<b>57,35,95,551</b>	38,39,13,986
Other Income	11	<b>64,12,576</b>	13,55,451
		<b>58,00,08,127</b>	38,52,69,437
<b>EXPENDITURE</b>			
(Increase)/Decrease in Stocks	12	<b>(1,01,89,882)</b>	1,58,01,403
Manufacturing & Other Operating Expenses	13	<b>48,03,10,843</b>	34,29,60,252
Interest (Net)	14	<b>1,34,75,819</b>	1,62,06,822
Depreciation		<b>1,73,10,775</b>	1,69,10,518
		<b>50,09,07,555</b>	39,18,78,995
Profit / (Loss) during the period		<b>7,91,00,572</b>	(6,60,9,558)
Previous year Expenses (Net)		--	2,30,540
Provision for Taxation :			
- Current Tax		<b>1,80,00,000</b>	-
- Deferred Tax		<b>1,04,48,775</b>	(16,68,203)
- Wealth Tax		--	20,868
- Short Provision of Income Tax for earlier years		--	3,65,786
		<b>2,84,48,775</b>	(12,81,549)
Profit / (Loss) after Tax		<b>5,06,51,797</b>	(55,58,549)
Add : Excess Provision of Tax of earlier years		<b>12,000</b>	--
Balance of Profit brought forward		<b>3 38 05 617</b>	3,93,64,166
Amount available for Appropriation		<b>8,44,69,414</b>	3,38,05,617
Appropriations :			
- Proposed Dividend on Equity Shares		<b>95,00,000</b>	-
- Tax on Dividend		<b>15,41,138</b>	-
		<b>1,10,41,138</b>	-
Balance carried to Balance Sheet		<b>7,34,28,276</b>	3,38,05,617
Basic / Diluted earnings per share (Face value of Rs.10/-)		5.33	(0.59)

As per our report of even date attached

For JHAVERI SHAH & CO.  
Chartered Accountants  
Firm Regn. No. : 127390 W

**RONAK SHAH**

PARTNER  
Membership No. 102249

AHMEDABAD  
DATED : May 12, 2011

For and on behalf of the Board

**Nahoosh J. Jariwala**  
Managing Director

**Bimal D. Parikh**  
Wholetime Director

**Akshaykumar P. Shah**  
General Manager (Finance)  
& Company Secretary

AHMEDABAD  
DATED : May 12, 2011

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2011

P A R T I C U L A R S	2 0 1 0 - 2 0 1 1 Rupees	2 0 0 9 - 2 0 1 0 Rupees
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit/(loss) before tax and extra-ordinary items	7,91,00,573	(66,09,558)
Adjustments for :		
Depreciation	1,73,10,775	1,69,10,518
Foreign Exchange Gain (net)	4,35,541	(6,12,259)
Interest Received	(2,88,970)	(2,97,523)
Interest paid	1,37,64,790	1,65,04,345
Previous Year Expenses (Net)	0	(2,30,540)
Loss/ (Profit) on sale of Fixed Assets (net)	1,11,691	9,59,435
	<u>3,13,33,827</u>	<u>3,32,33,976</u>
Operating Profit before Working Capital Changes :	<b>11,04,34,400</b>	2,66,24,418
Adjustments for :		
Trade and other receivables	(3,88,96,752)	1,79,39,559
Inventories	(1,64,36,227)	(99,19,236)
Loans and advances	(79,46,062)	8,87,149
Trade and other payables	1,73,62,575	(3,075)
	<u>(4,59,16,466)</u>	<u>89,04,397</u>
Cash Generated from operations		
Income-tax	<u>(1,49,43,355)</u>	<u>(3,49,888)</u>
Net cash from operating activities... (A)	<u>4,95,74,579</u>	<u>3,51,78,927</u>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets(see note no:3)	(4,72,13,719)	(39,05,064)
Sale of fixed assets	8,38,950	6,13,818
	<u>(4,63,74,769)</u>	<u>(32,91,246)</u>
Net cash from Investing activities... (B)		
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Long Term Borrowings	(82,23,564)	(2,02,14,262)
Proceeds from Fixed Deposits	(87,62,000)	25,80,000
Proceeds from working capital loan	2,85,35,807	18,83,558
Interest Received	2,88,970	2,97,523
Interest paid	(1,37,64,790)	(1,65,04,345)
	<u>(19,25,577)</u>	<u>(3,19,57,526)</u>
Net cash from financing activities... (C)		
Net Increase/(Decrease) in cash & cash equivalents (A)+(B)+(C)	<b>12,74,233</b>	(69,845)
Cash and cash equivalents (see note no:1) (Opening balance)	<b>21,52,783</b>	22,22,628
Cash and cash equivalents	<b>34,27,016</b>	21,52,783

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2011****NOTES :**

<b>PARTICULARS</b>	<b>2010 - 2011 Rupees</b>	<b>2009 - 2010 Rupees</b>
(1) Cash and Cash equivalent includes :		
Cash on Hand	<b>1,64,970</b>	1,08,038
Bank Balances with Scheduled Banks in :		
Current Accounts	15,25,283	6,56,741
Fixed Deposit Account	<u>17,36,763</u>	<u>13,88,004</u>
	<b><u>32,62,046</u></b>	<b><u>20,44,745</u></b>
<b>TOTAL</b>	<b><u><u>34,27,016</u></u></b>	<b><u><u>21,52,783</u></u></b>

(2) The Cash Flow statement has been prepared under the Indirect Method as set out in Accounting Standard - 3 on Cash Flow Statement issued by The Institute of Chartered Accountants of India.

(3) Purchase of Fixed Assets include items in Capital Work in progress including Capital advances.

(4) The previous year's figures have been re-grouped wherever necessary to make them comparable with this year's figures.

As per our report of even date  
For JHAVERI SHAH & CO.  
Chartered Accountants  
Firm Regn. No. : 127390 W

**RONAK SHAH**

PARTNER  
Membership No. 102249

AHMEDABAD  
DATED : May 12, 2011

For and on behalf of the Board

**Nahoosh J. Jariwala**

Managing Director

**Bimal D. Parikh**

Wholetime Director

**Akshaykumar P. Shah**

General Manager (Finance)  
& Company Secretary

AHMEDABAD  
DATED : May 12, 2011

## ANNUAL REPORT 2010-2011

### SCHEDULES FORMING PART OF ACCOUNTS

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.	
<b>SCHEDULE - 1</b>			
<b>SHARE CAPITAL</b>			
<b>Authorised :</b>			
1,45,00,000	Equity Shares of Rs.10/- each	14,50,00,000	14,50,00,000
50,000	Preference Shares of Rs.100/- each	50,00,000	50,00,000
		<u>15,00,00,000</u>	<u>15,00,00,000</u>
<b>Issued, Subscribed &amp; Paid up :</b>			
95,00,000	Equity Shares of Rs.10/- each fully paid up	9,50,00,000	9,50,00,000
	<b>TOTAL</b>	<u>9,50,00,000</u>	<u>9,50,00,000</u>

Note : Above includes 31,500 equity shares allotted as fully paid up bonus shares by way of capitalisation from surplus in Profit & Loss account.

<b>SCHEDULE - 2</b>			
<b>RESERVES &amp; SURPLUS</b>			
A) Share Premium Account			
	Balance as per last Balance Sheet	13,86,000	13,86,000
B) Capital Redemption Reserve			
	Balance as per last Balance Sheet	50,00,000	50,00,000
C) Profit & Loss Account - Balance as per Annexed Account			
		7,34,28,276	3,38,05,617
	<b>TOTAL</b>	<u>7,98,14,276</u>	<u>4,01,91,617</u>

<b>SCHEDULE - 3</b>			
<b>SECURED LOANS FROM BANKS</b>			
(1)	Term Loans	26,70,799	1,35,38,498
	Interest Accrued & Due	--	50,660
		<u>26,70,799</u>	1,35,89,158
(2)	Working Capital Loans	9,61,69,280	6,76,33,473
(3)	Loans - Against hypothecation of vehicles	23,61,651	21,66,856
	<b>TOTAL</b>	<u>10,12,01,730</u>	<u>8,33,89,487</u>

- Notes:**
- All the above loans except Vehicle loans from Bank are secured by first mortgage on the Company's immovable properties both present and future and hypothecation of all present and future machinery, other movable assets, goods and bookdebts of the Company. They are further secured by personal guarantee given by the Promoter Directors of the Company.
  - The Vehicle loans from banks are secured by hypothecation of vehicles and are further secured by personal guarantee given by the Directors of the Company.
  - Principal amount payable within one year Rs. 15,74,822/- (Previous year Rs. 1,14,93,136/-).



	<b>As at 31.03.2011 Rs.</b>	<b>As at 31.03.2010 Rs.</b>
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOANS</b>		
Inter-Corporate Deposits	<b>3,75,00,000</b>	3,50,00,000
Fixed Deposits		
- From a Director	--	10,00,000
- From Others	<u>27,90,000</u>	<u>1,05,52,000</u>
	<b>27,90,000</b>	<b>1,15,52,000</b>
<b>TOTAL</b>	<u><b>4,02,90,000</b></u>	<u><b>4,65,52,000</b></u>

**SCHEDULE - 5**  
**FIXED ASSETS**

Sr. No.	Description of Assets	Gross Block (At Cost)				Depreciation				Net Block	
		As at 01.04.2010 Rs.	Additions Rs.	Sales/ Deduction Rs.	As at 31.03.2011 Rs.	As at 01.04.2010 Rs.	For the Year Rs.	Sales/ Deduction Rs.	Upto 31.03.2011 Rs.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
1.	Land	63,10,290	0	0	63,10,290	0	0	0	0	63,10,290	63,10,290
2.	Building	5,61,22,380	15,08,257	0	5,76,30,637	1,59,20,409	18,32,711	0	1,77,53,120	3,98,77,517	4,02,01,971
3.	Plant & Machinery	25,83,73,611	1,41,21,101	4,23,637	27,20,71,075	12,92,81,434	1,38,80,244	69,080	14,30,92,598	12,89,78,477	12,90,92,177
4.	Electric Installation	1,55,85,779	5,99,963	0	1,61,85,742	76,11,661	7,57,200	0	83,68,861	78,16,881	79,74,118
5.	Air Conditioners	10,09,370	46,000	28,820	10,26,550	4,40,171	47,051	14,778	4,72,444	5,54,106	5,69,199
6.	Office Equipments	28,52,155	1,24,704	1,71,032	28,05,827	18,04,210	1,44,995	1,08,326	18,40,879	9,64,948	10,47,945
7.	Furniture & Fixtures	19,15,348	0	0	19,15,348	15,98,442	43,046	0	16,41,488	2,73,860	3,16,906
8.	Vehicles	65,11,672	10,97,576	9,53,753	66,55,495	18,99,366	6,05,528	4,34,417	20,70,477	45,85,018	46,12,306
As at 31.03.2010		34,86,80,605	1,74,97,601	15,77,242	36,46,00,964	15,85,55,693	1,73,10,775	6,26,601	17,52,39,867	18,93,61,097	19,01,24,912
		34,72,78,312	45,89,355	31,87,062	34,86,80,605	14,32,58,984	1,69,10,518	16,13,809	15,85,55,693	19,01,24,912	
Capital work in progress (including advances on capital accounts)										3,52,57,366	27,81,963

## ANNUAL REPORT 2010-2011

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>SCHEDULE - 6</b>		
<b>INVENTORIES</b>		
(As taken valued and certified by the management and accepted by the auditors as such)		
1. Stores, Fuel & Packing Material (Including Goods in Transit Rs. 2,813/-) (Previous Year Rs. 47,456/-)	1,65,76,096	1,67,23,689
2. Raw Materials (Including Goods in Transit Rs. 54,69,618/-) (Previous Year Rs. 10,50,067/-)	4,10,36,485	3,46,42,547
3. Finished Goods	--	20,77,093
4. Semi-finished Goods	2,56,58,434	1,33,91,459
<b>TOTAL</b>	<b>8,32,71,015</b>	<b>6,68,34,788</b>
<b>SCHEDULE - 7</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured & Considered Good)		
Exceeding six months	35,502	4,03,870
Others	6,74,60,197	2,86,30,618
	<b>6,74,95,699</b>	<b>2,90,34,488</b>
<b>TOTAL</b>	<b>6,74,95,699</b>	<b>2,90,34,488</b>
<b>SCHEDULE - 8</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash on Hand	1,64,970	1,08,038
Bank Balances with Scheduled Banks in:		
Current Accounts (Including Rs. 1,06,327/- of unclaimed dividend) (Previous year Rs. 1,11,127/-)	15,25,283	6,56,741
Fixed Deposit Account	17,36,763	13,88,004
	<b>32,62,046</b>	<b>20,44,745</b>
<b>TOTAL</b>	<b>34,27,016</b>	<b>21,52,783</b>
<b>SCHEDULE - 9</b>		
<b>LOANS &amp; ADVANCES (Unsecured - Considered good)</b>		
Advances recoverable in cash or in kind or for value to be received	79,14,803	32,12,155
Sundry Deposits	33,35,764	29,92,018
Balances with Government Authorities	23,57,074	22,41,754
MAT Credit Receivable	--	1,08,640
Advance Tax net of provisions (Including Advance Fringe Benefit Tax - Net Rs. Nil/-) (Previous Year Rs. 1,21,917/-)	58,691	29,66,497
<b>TOTAL</b>	<b>1,36,66,332</b>	<b>1,15,21,064</b>



	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>SCHEDULE - 10</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>A. Current Liabilities</b>		
Sundry Creditors :		
Micro, Small and Medium Enterprises (As per the information available with the Company) (Outstanding for less than 30 days)	3,70,536	2,99,819
Others	2,30,58,009	93,70,517
Bills Payable	13,33,163	----
Advance received from customers	20,21,866	15,82,560
Unclaimed Dividend	1,06,327	1,11,127
Unclaimed matured fixed deposits	60,000	60,000
Unclaimed interest on fixed deposits	5,807	5,807
* (There is no any amount due to be credited to Investor Education & Protection Fund)		
Other Liabilities	23,88,135	6,15,502
Interest Accrued but not due	21,00,005	17,57,088
	<b>3,14,43,848</b>	<b>1,38,02,420</b>
<b>B. Provisions</b>		
For Gratuity, Superannuation and Leave encashment	39,55,984	42,34,837
For Proposed Equity Dividend	95,00,000	--
For Tax on Equity Dividend	15,41,138	--
<b>TOTAL</b>	<b>4,64,40,970</b>	<b>1,80,37,257</b>
	<b>2010-2011</b>	<b>2009-2010</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>SCHEDULE - 11</b>		
<b>OTHER INCOME</b>		
Miscellaneous Income	64,12,576	12,25,257
Excess Provision of Earlier Year Written back	--	1,30,194
<b>TOTAL</b>	<b>64,12,576</b>	<b>13,55,451</b>
<b>SCHEDULE - 12</b>		
<b>(INCREASE) / DECREASE IN STOCKS</b>		
Closing Stock at the end of the year		
Finished Goods	--	20,77,093
Semi-Finished Goods	2,56,58,434	1,33,91,459
	<b>2,56,58,434</b>	<b>1,54,68,552</b>
Less : Opening Stock		
Finished Goods	20,77,093	--
Semi-Finished Goods	1,33,91,459	3,12,69,955
	<b>1,54,68,552</b>	<b>3,12,69,955</b>
<b>TOTAL</b>	<b>(1,01,89,882)</b>	<b>1,58,01,403</b>

## ANNUAL REPORT 2010-2011

	2010-2011 Rs.	2009-2010 Rs.
<b>SCHEDULE - 13</b>		
<b>MANUFACTURING &amp; OTHER OPERATING EXPENSES</b>		
1. Raw Material Consumed	35,59,96,872	21,65,63,089
2. Power & Fuel	5,55,95,100	5,90,38,286
3. Payments to & Provisions for Employees		
(a) Salary, Wages & Bonus	2,49,60,083	2,29,98,465
(b) Contribution to Provident Fund	13,00,925	11,75,638
(c) Gratuity & Superannuation	5,12,812	8,59,617
(d) Welfare Expenses	12,76,198	15,92,579
	<u>2,80,50,018</u>	<u>2,66,26,299</u>
4. Operating Expenses		
(a) Consumable Stores	23,07,324	19,59,929
(b) Stores, Spares Consumed	90,56,019	1,30,67,157
(c) Packing material consumed	76,96,462	73,23,497
(d) Laboratory Chemical consumed	4,37,631	10,18,752
(e) Repairs		
Building	7,01,224	55,573
Machinery	12,09,891	10,43,064
Others	1,27,944	2,72,136
(f) Insurance Premium	8,55,804	6,27,564
(g) Rates & Taxes	1,61,205	5,10,575
(h) Stationery, Printing, Postage Telephone, & advertisement exp.	10,54,390	9,87,414
(i) Sales Expenses	79,39,805	58,27,740
(j) Bad Debts written off	77,874	18,940
(k) Audit Fees	2,75,750	1,10,000
(l) Legal & Consultation	11,94,895	7,47,393
(m) Travelling Expenses	8,85,813	1,49,406
(n) Bank Charges & Finance Charges	6,40,501	4,05,889
(o) Vehicle Running Charges	20,13,982	13,77,990
(p) General Charges	34,39,107	48,49,383
(q) Foreign Exchange Loss / (Gain)	4,35,541	(6,12,259)
(r) Loss on sale of Fixed Assets	1,11,691	9,59,435
	<u>4,06,22,853</u>	<u>4,06,99,578</u>
5. Directors' Sitting Fees	46,000	33,000
<b>TOTAL</b>	<u><u>48,03,10,843</u></u>	<u><u>34,29,60,252</u></u>
<b>SCHEDULE - 14</b>		
<b>INTEREST :</b>		
On Fixed Loans	12,27,956	31,65,056
On Unsecured Loans	50,55,922	57,33,875
On Working Capital	74,69,985	75,94,866
Others	10,926	10,548
	<u>1,37,64,789</u>	<u>1,65,04,345</u>
Less: Interest received/receivable on deposits (Tax deducted at source Rs.28,199/- Previous year Rs. 11,057/-)	2,82,028	2,79,121
Other Interest	6,942	18,402
	<u>2,88,970</u>	<u>2,97,523</u>
<b>TOTAL</b>	<u><u>1,34,75,819</u></u>	<u><u>1,62,06,822</u></u>



**SCHEDULE - 15**
**A SIGNIFICANT ACCOUNTING POLICIES**
**1. Accounting Convention :**

The financial statements have been prepared to comply in all material respects with the Notified Accounting Standards by the Companies Accounting Standard Rules, 2006 and the relevant provisions of the Companies Act, 1956. The accounts have been prepared following the mercantile system of accounting and accordingly revenues / incomes and costs / expenditure are generally accounted on accrual basis, as they are earned or incurred.

The accounts are prepared on Historical cost basis and as a going concern. Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles.

**2. Use of Estimates :**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.

**3. Fixed Assets :**

Fixed Assets are stated at cost (including all direct cost and other incidental expenses incurred in connection with acquisition of assets apportioned thereto and is net of Cenvat Credit availed) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing cost attributable to acquisition / construction of fixed assets are capitalized as per the policy stated in note 13 of part A.

Preoperative expenditure directly relating to the construction activity is capitalized. Indirect expenditure incurred during the construction period is capitalized as part of indirect construction cost to the extent to which the expenditure is indirectly related to the construction or is incidental thereto. Other Indirect expenditure (including borrowing cost) incurred during the construction period, which is neither related to construction activity nor incidental thereto, is charged to the Profit & Loss Account.

**4. Depreciation :**

Depreciation has been provided on straight line method in accordance with section 205(2)(b) of the Companies Act, 1956 at the rates and in the manner specified in Schedule XIV of the said Act.

**5. Inventories :**

Inventories are valued at lower of cost or net realisable value. Cost is arrived at as under:

Stores & Fuel	:	FIFO basis
Raw Materials	:	Weighted Average basis
Semi-finished Goods	:	Absorption Cost basis.

**6. Revenue recognition:**

- i) Sales are recognised on dispatch of products to the customers.  
Sales are inclusive of Cenvat duty.
- ii) Interest is accounted for on a time proportion basis taking in to account the amount outstanding and the rate applicable.
- iii) Insurance claims receivable are recognized when the certainty to receive the same is established.

**7. Transaction of Foreign Currency Items :**

Transactions in Foreign Currencies are recorded at the original rate of exchange in force on the date of transactions. Monetary items denominated in foreign currency at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the differences between the year end rates and rate on the date of the contract is recognized as exchange difference and the premium paid / discount received on forward contracts is recognized over the life of the contract.

**8. Prior period Expenses / Income :**

Material items of prior period expenses / income are disclosed separately.

**9. Employees Benefits :**
**(a) Defined Contribution Plan**

The Company's contributions paid / payable for the year to Provident Fund and Superannuation are recognised in the profit and Loss Account.

**(b) Defined Benefit Plan**

The Company's liabilities towards gratuity and leave encashment are determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognised on a straight line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognised immediately in the profit and loss account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yield at the balance sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

**10. Cenvat Credit :**

Cenvat credit is accounted for on accrual basis on purchase of materials.

**11. Leases :**

Lease Transactions entered into on or after April 1, 2001:

- i) Assets acquired under lease where the Company has substantially all the risks and rewards incidental to ownership are classified as finance leases. Such assets are capitalised at the inception of the Lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.
- ii) Assets acquired on leases where a significant portion of the risks and rewards incidental to ownership is retained by the lessor are classified as operating Lease. Lease rental are charged to the Profit and Loss Account on accrual basis.

**12. Taxes on Income :**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income-tax Act, 1961.

Deferred tax is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is a virtual certainty that there will be sufficient future taxable income available to realise such losses.

**13. Borrowing Costs :**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

**14. Provisions, Contingent Liabilities and Contingent Assets :**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

**15. Impairment :**

The carrying amount of fixed assets is reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An Impairment Loss is recognized wherever the carrying amount of the fixed assets exceeds the recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

**B. NOTES ON ACCOUNTS**

	<b>Current Year</b>	Previous Year
	<b>Rs.</b>	Rs.
1. Contingent Liabilities :		
(a) Claims against the Company for civil suit of damages	<b>15,00,000</b>	NIL
(b) Disputed demand of Income Tax Department	<b>73,25,188</b>	73,25,190
2. Profit & Loss Account includes		
(A) Managing Director's Remuneration		
Salary	<b>12,97,623</b>	8,25,000
Gratuity & Superannuation	<b>3,027</b>	68,723
Perquisites	<b>79,171</b>	5,11,500
	<b><u>13,79,821</u></b>	<u>14,05,223</u>
(B) Wholetime / Executive Director's Remuneration		
Salary	<b>4,74,677</b>	6,00,000
Gratuity & Superannuation	<b>NIL</b>	25,020
Perquisites	<b>NIL</b>	6,08,033
	<b><u>4,74,677</u></b>	<u>12,33,053</u>

**3. Profit and Loss Account includes :**

	<b>Current Year</b>	Previous Year
Payment to Auditors in other capacity for :		
(i) Other services including Certification etc.	<b>7,500</b>	69,000
(ii) For Taxation Matter	-----	-----
(ii) Out of Pocket expenses	<b>1,500</b>	-----

Note : Payment for professional services rendered by a firm of previous auditors.


**4. Employee Benefits :**
**(a) Defined Benefit Plans :**

Particulars	Gratuity Rs.	Leave Encashment Rs.
<b>i) Net liabilities recognised in Balance Sheet as at 31<sup>st</sup> March, 2011</b>		
Present Value of Funded obligation	----- (----)	----- (----)
Fair Value of Plan Assets	----- (----)	----- (----)
Present Value of unfunded obligation	26,92,772	12,33,571
Net Liabilities	(31,10,363) 26,92,772 (31,10,363)	(10,09,401) 12,33,571 (10,09,401)
<b>ii) Expense recognised in Profit &amp; Loss Account for the year ended March 31, 2011 (included in Schedule 13 in item "Payments to &amp; provisions for Employees")</b>		
Current Service Cost	3,65,019 (3,78,780)	3,20,355 (2,30,913)
Interest Cost	2,56,605 (2,43,726)	79,576 (69,431)
Expected return on plan assets	----	----
Net actuarial losses (gains)	(1,49,244)	1,82,654
Total Expenses	(1,10,653) 4,72,380 (7,33,158)	(3,52,203) 5,82,585 (6,52,547)
<b>iii) Reconciliation of opening and closing balances of changes in present value of the defined benefit obligation</b>		
Opening Balance of defined benefit obligation as at April 1, 2010	31,10,363 (29,54,149)	10,09,401 (8,41,592)
Current Service Cost	3,65,019 (3,78,760)	3,20,355 (2,30,913)
Interest Cost	2,56,605 (2,43,725)	79,576 (69,431)
Actuarial Losses (gains)	(1,49,244)	1,82,654
Liabilities extinguished on settlements	(1,10,653)	(3,52,202)
Benefits Paid	----	----
Closing balance of defined benefit obligation as at March 31, 2011	8,89,971 (5,77,044) 26,92,772 (31,10,363)	3,58,414 (4,84,738) 12,33,571 (10,09,401)
<b>iv) Actuarial Assumptions</b>		
Discount Rate	<b>March 31, 2011</b> 8.25% (8.25%)	
Expected rate of return on plan assets	--	
Expected rate of salary increase*	6.00% (6.00%)	
Mortality	LIC (1994-96) published table of rates	
Withdrawal Rates	5% (P. Y. 5%) at younger age and reducing to 1% (P.Y. 1%) at older age according to graduated scale	
Retirement age	60 or 62 Yrs. as applicable	
Actuarial Valuation Method	Projected Unit Credit Method	

\* The estimates of future salary increase considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.

**(b) Defined Contribution Plans :**

Rs. 13,41,357/- (Previous year Rs. 13,02,097/-) recognised as an expense and included in the Schedule 13 of Profit and Loss Account under the head "Contribution to Provident Fund, Gratuity and Superannuation".

- 5.** Excise duty shown as deduction from domestic sales represents the amount of excise duty on sales. Excise duty expense under Schedule 13 "Manufacturing Expenses & Other Expenses" represents excise duty paid on sample etc. is not recoverable from Sales.

**6. Financial and Derivative Instruments :**

(a) The Company uses derivative financial instruments including forward exchange contracts to hedge its risk associated with foreign currency fluctuations. The following are outstanding Foreign Exchange Forward contracts for hedging Foreign Currency in relation to Exports as at 31<sup>st</sup> March, 2011.

F. Y.	Foreign Currency	No. of Contracts	Notional Amount of Forward contracts in Foreign Currency (USD)	Rs. Equivalent
2010-2011	US Dollar	-----	-----	-----
2009-2010	US Dollar	3	4,50,000	2,03,04,000

(b) Foreign Currency exposure not hedged by derivative instruments as at 31<sup>st</sup> March, 2011 amount to Rs. 3,06,98,143/- (Previous Year Rs. 1,55,00,603/-)

**7. The following disclosures are made for the amounts due to the Micro, Small and Medium Enterprises as at 31<sup>st</sup> March, 2011.**

(Amount in Rs.)

Principal amount remaining unpaid to any supplier as at the year end (Unpaid as at 31 <sup>st</sup> March, 2011)	<b>3,70,536</b> <b>(2,99,819)</b>
Interest due on the above mentioned principal amount remaining unpaid to any supplier as at the year end	-- <b>(--)</b>
Amount of the interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") along with the amount of the payment made to the supplier beyond the appointed day during the accounting year.	-- <b>(--)</b>
Amount of the interest due and payable for the period of delay in making payment but without adding the interest specified under the MSMED Act.	-- <b>(--)</b>
Amount of Interest accrued and remaining unpaid at the end of the accounting year.	-- <b>(--)</b>

On the basis of the information and records available with the Company, there are no delays in payments to Micro, Small and Medium Enterprises as required to be disclosed under the MSMED Act and above mentioned disclosures are made under the Schedule - 10 "Current Liabilities and Provisions". This has been relied upon by the auditors.

**8. Segment Reporting :**

**Business Segment :**

The Company operates in a single segment i.e. "Speciality Chemicals".

**Geographical Segment :**

For the purpose of geographical segment, the turnover is segregated based on the location of the customer and assets are segregated based on the location of the asset.

(Amount in Rs.)

Segment Revenues	India	Outside India	Total
<b>Sales</b>	<b>39,90,44,076</b> (28,41,03,993)	<b>17,45,51,476</b> (9,98,09,993)	<b>57,35,95,552</b> (38,39,13,986)
<b>Other Income</b>	<b>64,12,576</b> (13,55,451)	-- <b>(--)</b>	<b>64,12,576</b> (13,55,451)
<b>Total</b>	<b>40,54,56,652</b> (28,54,59,444)	<b>17,45,51,476</b> (9,98,09,993)	<b>58,00,08,128</b> (38,52,69,437)
<b>Segment Assets</b>			
<b>Carrying amount of Segment assets</b>	<b>36,20,41,083</b> (28,72,08,433)	<b>3,06,98,143</b> (1,55,00,603)	<b>39,27,39,226</b> (30,27,09,036)
<b>Addition to fixed assets</b>	<b>1,74,97,601</b> (45,89,355)	-- <b>(--)</b>	<b>1,74,97,601</b> (45,89,355)


**9. Components of Deferred Tax Liability are as under :**

	As on 31-3-2011	As on 31-3-2010
(A) Deferred Tax Liability :		
Depreciation	<b>3,16,05,550</b>	2,95,53,202
Total (A)	<b><u>3,16,05,550</u></b>	<u>2,95,53,202</u>
(B) Defferred Tax Asset :		
(a) Unabsorbed loss / Depreciation	-----	84,51,994
(b) Expenses allowable for tax purpose when paid	<b>16,18,100</b>	15,62,533
Total (B)	<b><u>16,18,100</u></b>	<u>1,00,14,527</u>
(C) Net Deferred Tax Liability (A) - (B)	<b>2,99,87,450</b>	1,95,38,675

**10. Related Party Disclosures :**

(a) List of Related Parties with whom transactions have taken place and Relationship :

Name of Related Party	Relationship
Adicorp Enterprises Pvt. Ltd.	} Enterprises over which key management personnel and their relatives are able to exercise significant influence. (Associate Companies / Enterprise)
PCD Investment Pvt. Ltd.	
UKM Investment Pvt. Ltd.	
Harihar Manufacturing & Trading Pvt. Ltd.	
Dashrath Jagmohandas Investment Pvt. Ltd.	
Super Handlers Pvt. Ltd.	
Munindra Investment Pvt. Ltd.	
Navin Syntex Pvt. Ltd.	
Newzen Computers Pvt. Ltd.	
Tulsishyam Investment Pvt. Ltd.	
Param Shakti Investment Pvt. Ltd.	
Shri Nahoosh J. Jariwala	} Key Management Personnel
Shri Bimal D. Parikh	
Miss Vaishnavi N. Jariwala	} Relatives of key Management Personnel
Miss Priyanshi N. Jariwala	

(b) Details of transactions with related parties :

(Rs. in Lacs)

Nature of Transactions	Associate Companies / Enterprise	Key Management Personnel & their Relatives	Promoter Shareholder	Total
<b>A) LOANTAKEN / REPAID</b>				
1 Adicorp Enterprises Pvt Ltd	<b>80.00</b>	---	---	<b>80.00</b>
	(100.00)	(—)	(—)	(100.00)
Repaid	<b>40.00</b>	---	---	<b>40.00</b>
	(—)	(—)	(—)	(—)
Balance as on 31-03-11	<b>140.00</b>	---	---	<b>140.00</b>
	(100.00)	---	---	(100.00)
2 PCD Investment Pvt Ltd	<b>10.00</b>	---	---	<b>10.00</b>
	(—)	(—)	(—)	(—)
Repaid	---	---	---	---
	(—)	(—)	(—)	(—)
Balance as on 31-03-11	<b>40.00</b>	---	---	<b>40.00</b>
	(30.00)	---	---	(30.00)
3 UKM Investment Pvt Ltd	<b>10.00</b>	---	---	<b>10.00</b>
	(—)	(—)	(—)	(—)

**ANNUAL REPORT 2010-2011**

Nature of Transactions	Associate Companies / Enterprise	Key Management Personnel & their Relatives	Promoter Shareholder	Total
Repaid	---	---	---	---
	(—)	(—)	(—)	(—)
Balance as on 31-03-11	<b>40.00</b>	---	---	<b>40.00</b>
	(30.00)	---	---	(30.00)
4 Harihar Mfg. Trading P.Ltd	<b>50.00</b>	---	---	<b>50.00</b>
	(—)	(—)	(—)	(—)
Repaid	<b>15.00</b>	---	---	<b>15.00</b>
	(—)	(—)	(—)	(—)
Balance as on 31-03-11	<b>75.00</b>	---	---	<b>75.00</b>
	(40.00)	---	---	(40.00)
5 Dashrath Jagmohandas Investment Pvt Ltd	---	---	---	---
	(—)	(—)	(—)	(—)
Repaid	---	---	---	---
	(—)	(—)	(—)	(—)
Balance as on 31-03-11	<b>50.00</b>	---	---	<b>50.00</b>
	(50.00)	---	---	(50.00)
6 Super Handlers Pvt Ltd	<b>80.00</b>	---	---	<b>80.00</b>
	(—)	(—)	(—)	(—)
Repaid	<b>50.00</b>	---	---	<b>50.00</b>
	(—)	(—)	(—)	(—)
Balance as on 31-03-11	<b>30.00</b>	---	---	<b>30.00</b>
	(—)	---	---	(—)
7 Munindra Investment Pvt Ltd	---	---	---	---
	(3.00)	(—)	(—)	(3.00)
Repaid	<b>4.00</b>	---	---	<b>4.00</b>
	(3.00)	(—)	(—)	(3.00)
Balance as on 31-03-11	---	---	---	---
	(4.00)	---	---	(4.00)
8 Navin Syntex Pvt Ltd	---	---	---	---
	(8.00)	(—)	(—)	(8.00)
Repaid	<b>8.00</b>	---	---	<b>8.00</b>
	(—)	(—)	(—)	(—)
Balance as on 31-03-11	<b>0.00</b>	---	---	<b>0.00</b>
	(8.00)	---	---	(8.00)
9 Newzen Computers Pvt Ltd	---	---	---	---
	(20.00)	(—)	(—)	(20.00)
Repaid	<b>20.00</b>	---	---	<b>20.00</b>
	(14.00)	(—)	(—)	(14.00)
Balance as on 31-03-11	<b>0.00</b>	---	---	<b>0.00</b>
	(20.00)	---	---	(20.00)
10 Tulsishyam Investment Pvt Ltd	---	---	---	---
	(18.00)	(—)	(—)	(18.00)
Repaid	<b>18.00</b>	---	---	<b>18.00</b>
	(11.00)	(—)	(—)	(11.00)
Balance as on 31-03-11	<b>0.00</b>	---	---	<b>0.00</b>
	(18.00)	---	---	(18.00)



11	Param Shakti Investment Pvt Ltd	--	--	--	--
		(—)	(—)	(—)	(—)
	Repaid	--	--	--	--
		(2.00)	(—)	(—)	(2.00)
	Balance as on 31-03-11	--	--	--	--
		(—)	--	--	(—)
<b>B</b>	<b><u>Deposit Taken / Repaid / Key Management Personnel &amp; Their Relatives</u></b>				
1	Priyanshi N Jariwala	--	<b>5.00</b>	--	<b>5.00</b>
		(—)	(2.50)	(—)	(2.50)
	Repaid	--	<b>2.50</b>	--	<b>2.50</b>
		(—)	(—)	(—)	(—)
	Balance as on 31-03-11	--	<b>5.00</b>	--	<b>5.00</b>
		(—)	(2.50)	(—)	(2.50)
2	Vaishnavi N Jariwala	--	<b>6.50</b>	--	<b>6.50</b>
		(—)	(2.50)	(—)	(2.50)
	Repaid	--	<b>2.50</b>	--	<b>2.50</b>
		(—)	(—)	(—)	(—)
	Balance as on 31-03-11	--	<b>6.50</b>	--	<b>6.50</b>
		(—)	(2.50)	(—)	(2.50)
<b>B.</b>	<b><u>Interest Paid</u></b>				
	Adicorp Enterprises Pvt Ltd	13.37	—	—	13.37
		(1.99)	(—)	(—)	(1.99)
	PCD Investment Pvt Ltd	4.41	—	—	4.41
		(3.90)	(—)	(—)	(3.90)
	UKM Investment Pvt Ltd	4.41	—	—	4.41
		(3.90)	(—)	(—)	(3.90)
	Harihar Mfg. Trading P.Ltd	7.10	—	—	7.10
		(5.20)	(—)	(—)	(5.20)
	Dashrath Jagmohandas Investment Pvt Ltd	6.50	—	—	6.50
		(7.34)	(—)	(—)	(7.34)
	Super Handlers Pvt Ltd	3.20	—	—	3.20
		—	(—)	(—)	—
	Munindra Investment Pvt Ltd	0.08	—	—	0.08
		(0.11)	(—)	(—)	(0.11)
	Navin Syntex Pvt Ltd	0.17	—	—	0.17
		(0.07)	(—)	(—)	(0.07)
	Newzen Computers Pvt Ltd	0.41	—	—	0.41
		(0.51)	(—)	(—)	(0.51)
	Tulsishyam Investment Pvt Ltd	0.37	—	—	0.37
		(0.42)	(—)	(—)	(0.42)
	Param Shakti Investment Pvt Ltd	—	—	—	—
		(0.05)	(—)	(—)	(0.05)
	<b><u>Key Management Personnel &amp; Their Relatives</u></b>				
	Vaishnavi N Jariwala	—	0.93	—	0.93
		(—)	(0.14)	(—)	(0.14)
	Priyanshi N Jariwala	—	0.75	—	0.75
		(—)	(0.14)	(—)	(0.14)
<b>C</b>	<b><u>Managerial Remuneration</u></b>				
	Shri. N. J. Jariwala	—	13.80	—	13.80
		(—)	(12.33)	(—)	(12.33)
	Shri. B. D.Parikh	—	4.75	—	4.75
		(—)	(—)	(—)	(—)

## ANNUAL REPORT 2010-2011

11. Earning per Equity Share :	Current Year Rs.	Previous Year Rs.
Profit / (Loss) after taxation as per Profit & Loss Account	<b>5,06,51,798</b>	(55,58,549)
Weighted average number of Equity Shares	<b>95,00,000</b>	95,00,000
Basic / Diluted earning (Loss) per Equity Share (F.V. Rs. 10/-) (in Rupees)	<b>5.33</b>	(0.59)

### 12. INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3, 4C & 4D OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956.

(a) As per the Memorandum under the Industrial (Development and Regulation) Act, 1951 submitted to the Central Government for Industrial approval which has been acknowledged by Government of India, Ministry of Commerce & Industry on 12th October, 2001 and 20th November, 2009.

PARTICULARS	ANNUAL CAPACITY (in M.Tons)
(i) Distilled Fatty Acid	6500
(ii) Fractions of Vegetable Fats or Oils	3000
(iii) Gums & Residue	300
(iv) Glycerine Crude and Refined	300
(v) Oleic Acid	1000
(vi) Fatty Amines / Amides, Dimer Acid etc.	4000
(vii) Monoglycerides & Partial Glyceride Mixture	2000
(viii) Cardanol / Cardol	7000

(b) The total installed capacity of the company is 10,000 M.Tons per annum measured in terms of throughput of raw material. (As certified by the management and accepted by the Auditors as such.)

The Quantitative details under following para (C) to (h) is as submitted by the management and accepted by the Auditors as such.

(c) Details of products Manufactured, Turnover, Opening Stock and Closing stock :

Particulars	Unit	Opening Stock		Production	Turnover		Closing Stock	
		Quantity	Amount Rs.	Quantity	Quantity	Amount Rs.	Quantity	Amount Rs.
1. Deodorizer Distillate (Mixed Tocopherols)	M.T.	20.000	20,77,093	1302.338	1322.338	17,64,86,386	—	—
2. Linoleic Acid / Oleic Acid	M.T.	—	—	(724.492)	(704.492)	(10,38,44,793)	(20,000)	(20,77,093)
3. Dimer Acid	M.T.	—	—	1026.185	1026.185	5,67,09,262	—	—
	M.T.	—	—	(821.988)	(821.988)	(5,23,94,086)	—	—
4. Other Fatty Acids	M.T.	—	—	859.646	859.646	8,12,21,555	—	—
	M.T.	—	—	(1040.017)	(1040.017)	(8,62,14,155)	—	—
5. Cardanol / Cardol	M.T.	—	—	3120.855	3120.855	13,33,03,669	—	—
	M.T.	—	—	(2462.554)	(2462.554)	(8,33,28,772)	—	—
6. Others	M.T.	(—)	(—)	305.129	305.129	1,08,95,810	(—)	(—)
				(142.660)	(142.660)	(43,33,522)	(—)	(—)
						11,49,78,870		
						(5,37,98,658)		(—)
						4,01,25,354		
						(2,31,88,224)		
						<b>61,37,20,906</b>		
						(40,71,02,210)		



**(d) Raw Materials consumed :**

	Current Year		Previous Year	
	Quantity M.T.	Value Rs.	Quantity M.T.	Value Rs.
1. Vegetable Oil based Fatty Acid Distillate	4004.931	14,47,55,077	2904.170	8,12,96,823
2. Acid Oil	6555.721	19,70,50,145	4580.633	11,96,31,740
3. C.N.S.L. Oil	265.011	60,51,598	180.501	41,21,790
4. Others	22.312	31,07,841	134.831	62,39,195
5. Chemicals	108.065	50,32,211	129.770	52,73,541
	<u>10956.040</u>	<u>35,59,96,872</u>	<u>7929.905</u>	<u>21,65,63,089</u>

**(e) Value of Imported and Indigenous Raw Materials, Stores and spares (Including consumable stores) and percentage thereof to the total consumption :**

	Current Year		Previous Year	
	Value (Rs.)	%	Value (Rs.)	%
(1) Raw Materials :				
Imported	49,59,349	1.39	52,12,150	2.41
Indigenous	35,10,37,523	98.61	21,13,50,939	97.59
	<u>35,59,96,872</u>	<u>100.00</u>	<u>21,65,63,089</u>	<u>100.00</u>
(2) Stores, Spares (Including Consumable stores and packing materials)				
Imported	23895	00.13	25,278	00.11
Indigenous	19035910	99.87	2,23,25,305	99.89

**(f) Value of Imports calculated on C.I.F. Basis:**

	Current Year Rs.	Previous Year (Rs.)
Raw Material	59,55,123	59,37,935
Capital Goods	-----	-----
Consumable Stores	23,895	39,091

**(g) Expenditure in Foreign Currency (Net) :**

	Current Year Rs.	Previous Year (Rs.)
For Kashruth Certification Fees	14,31,071	8,40,095
Others	3,42,600	-----
	<u>17,73,671</u>	<u>8,40,095</u>

**(h) Earnings in Foreign Exchange**

F.O.B. Basis on Exports	17,26,24,292	9,98,09,996
-------------------------	--------------	-------------

13. The balances under the head of Sundry Debtors, Sundry Creditors, Loans & Advances, Secured/Unsecured Loans are subject to confirmation and reconciliation.

## 14. Leases :

## Finance Lease :

In accordance with Accounting Standard 19 "Leases" issued by the Institute of Chartered Accountants of India, the assets acquired on finance lease on or after April 01, 2001 are capitalized and a loan liability recognized. Consequently, depreciation is provided on such assets, installments paid are allocated to the liability and the interest is charged to Profit and Loss Account.

Assets acquired on Lease agreements mainly comprise of Vehicles. The Agreements provide for reimbursement of taxes, levy etc. imposed by any authorities in future. There are no exceptional / restrictive covenants in the Lease Agreements.

The minimum instalments and present value as at present value as At 31st March, 2011 in respect of assets acquired under the Lease Agreements are as under :

## ANNUAL REPORT 2010-2011

### Minimum Installments

	Amt. in Rupees
(i) Payable not later than 1 year	9,78,792
(ii) Payable later than one year and not later than 5 years	21,72,626
(iii) Payable later than 5 years	-----
<b>Total Minimum Instalments</b>	<b>31,51,418</b>
<b>Less Future Finance Charges</b>	<b>7,89,767</b>
<b>Present Value of Minimum Instalments</b>	<b>23,61,651</b>
Present value of Minimum Instalments	
(i) Payable not later than 1 years	8,50,954
(ii) Payable later than one year and not later than 5 years	15,10,697
(iii) Payable later than 5 years	-----
<b>Total Present Value of Minimum Instalments</b>	<b>23,61,651</b>

15. In the opinion of the Management of the Company, the Current Assets, Loans & Advances are approximately of the value stated if realized in the ordinary course of business. The provision for the depreciation and for all known liabilities are adequate and not in excess of amount reasonably necessary. There are no Contingent Liabilities other than stated.

16. The details of Previous years' expenses is as under :

Particulars	Current Year Amount	Previous Year Amount
Travelling Expenses	---	1,500
Repairs – Plant & Machinery	---	1,89,323
Legal & Professional Charges	---	63,203
Bank Charges	---	12,667
Total Expenses	---	2,66,693
Less: Income		
Interest Others	---	36,153
Net previous years' Expenses	---	2,30,540

17. Figures of previous year have been re-grouped / reclassified, wherever necessary to make them comparable with the figures of this year.

### SIGNATURES TO SCHEDULES 1 TO 15

As per our report of even date attached

For JHAVERI SHAH & CO.  
Chartered Accountants  
Firm Regn. No. : 127390 W

**RONAK SHAH**

PARTNER  
Membership No. 102249

AHMEDABAD  
DATED : May 12, 2011

For and on behalf of the Board

**Nahoosh J. Jariwala**  
Managing Director

**Bimal D. Parikh**  
Wholetime Director

**Akshaykumar P. Shah**  
General Manager (Finance)  
& Company Secretary

AHMEDABAD  
DATED : May 12, 2011

**ANNEXURE I****BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Details :**Registration No.: State Code : Balance Sheet Date :     
Date Month Year**II. Capital Raised during the year: (Amount in Rs. Thousands)**

Public Issue	Right Issue	Bonus Issue	Private Placement
<input type="text" value="NIL"/>	<input type="text" value="NIL"/>	<input type="text" value="NIL"/>	<input type="text" value="NIL"/>

**III. Position of Mobilisation and Deployment of Fund (Amount in Rs. Thousands)**

Sources of Funds	Total Liabilities	Total Assets
	<input type="text" value="392734"/>	<input type="text" value="392734"/>
	Paid-Up Capital	Reserves & Surplus
	<input type="text" value="195000"/>	<input type="text" value="79814"/>
	Secured Loans	Unsecured Loans
	<input type="text" value="101202"/>	<input type="text" value="40290"/>
	Deferred Tax Liability	
	<input type="text" value="29987"/>	
Application of Funds	Net Fixed Assets	Investments
	<input type="text" value="224618"/>	<input type="text" value="NIL"/>
	Net Current Assets	Misc. Expenditure
	<input type="text" value="121675"/>	<input type="text" value="NIL"/>
	Accumulated Losses	
	<input type="text" value="NIL"/>	

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

Turnover	Total Expenditure
<input type="text" value="580008"/>	<input type="text" value="500907"/>
Profit before tax	Profit after Tax
<input type="text" value="79101"/>	<input type="text" value="50652"/>
Earning per Share in Rs.	Dividend rate %
<input type="text" value="5.33"/>	<input type="text" value="10"/>

**V. Generic Names of Principal Products/Services of Company**

(as per monetary terms)

I.T.C. Code No.(ITC Code)Product Description**For and on behalf of the Board****Nahoosh J. Jariwala**

Managing Director

**Bimal D. Parikh**

Wholetime Director

**Akshaykumar P. Shah**

General Manager (Finance) &amp; Company Secretary

Ahmedabad  
May 12, 2011

**FORM OF PROXY**  
**ADI FINECHEM LIMITED**

253/P, Chekhala, Sanand-Kadi Highway, Tal. Sanand, Dist. AHMEDABAD - 382 115.

I/We \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ in the district of \_\_\_\_\_ being a  
Member (s) of the above named Company hereby appoint \_\_\_\_\_ of \_\_\_\_\_  
in the district of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_  
in the district of \_\_\_\_\_ as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company  
to be held on Saturday, 30<sup>th</sup> July, 2011 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Signature \_\_\_\_\_

Affix Revenue Stamp
---------------------------

Ledger Folio No. \_\_\_\_\_

\* Depository NSDL / CDSL \* DP. Id \_\_\_\_\_ \* Client Id \_\_\_\_\_

\* For Shares held in Electronic Form

No. of Shares held \_\_\_\_\_

**Note :** The proxy form thus completed should be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

**ADI FINECHEM LIMITED**

253/P, Chekhala, Sanand-Kadi Highway, Tal. Sanand, Dist. AHMEDABAD - 382 115.

**ATTENDANCE SLIP**

I hereby, record my presence at the Annual General Meeting of the Company at Aarohi Starz Club Pvt. Ltd., Aarohi Greens, Sanand Kadi Road, Chekhla, Ahmedabad - 382115 on Saturday, 30<sup>th</sup> July, 2011 at 5.00 p.m.

1. L. F. No. \_\_\_\_\_

\* Depository NSDL / CDSL \* DP. Id \_\_\_\_\_ \* Client Id \_\_\_\_\_

\* For Shares held in Electronic Form

2. FULL NAME OF THE SHAREHOLDER \_\_\_\_\_

3. NO. OF EQUITY SHARES HELD \_\_\_\_\_

4. SIGNATURE OF SHAREHOLDER OR  
PROXY ATTENDING \_\_\_\_\_

**PLEASE GIVE FULL NAME OF THE 1ST JOINTHOLDER**

MR./MRS./MISS \_\_\_\_\_

(TO BE USED ONLY WHEN FIRST NAMED SHAREHOLDER IS NOT ATTENDING)

**NOTE :** PLEASE FILL IN THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL.