



ADI FINECHEM

ADI FINECHEM LTD.

29th Annual Report | 2013-2014

29th Annual Report

Board of Directors :	Shri Utkarsh B. Shah	<i>Chairman</i>
	Shri Nahoosh J. Jariwala	<i>Managing Director</i>
	Shri Bimal D. Parikh	<i>Wholetime Director</i>
	Shri Hemant N. Shah	<i>Director</i>
	Shri Jayesh K. Shah	<i>Director</i>
	Shri Kalpesh A. Patel	<i>Director</i>
	Shri Nitin R. Patel	<i>Director</i>
	Shri Ganapatraj Chowdhary	<i>Director</i>
	Shri Bhavin A. Shah	<i>Director</i>
Vice President & Company Secretary	Rajen N. Jhaveri	
Bankers	HDFC Bank Limited	
Auditors	M/s. Jhaveri Shah & Co., Chartered Accountants, AHMEDABAD.	
Registered Office	1st Floor, 2-Sigma Corporates, B/h. HOF Living, Sindhu Bhavan Road, Off. S. G. Road, Ahmedabad - 380 059. INDIA. Phone : (079) 32908752 / 29701675	
Works	253/P, Village Chekhala, Sanand- Kadi Road, Ta. SANAND, Dist. AHMEDABAD – 382 115. Phone No. : (02717) 325393 and 294375	
E-Mail	cs@adifinechem.com , rajenjhaveri@adifinechem.com	
Share Transfer Agent	Sharepro Services (India) Pvt. Ltd., 13AB, Samhita Warehousing Complex, 2 nd Floor, Sakinaka, Tele. Exchange Lane, Andheri (East), MUMBAI – 400 072.	
Website	www.adifinechem.com	

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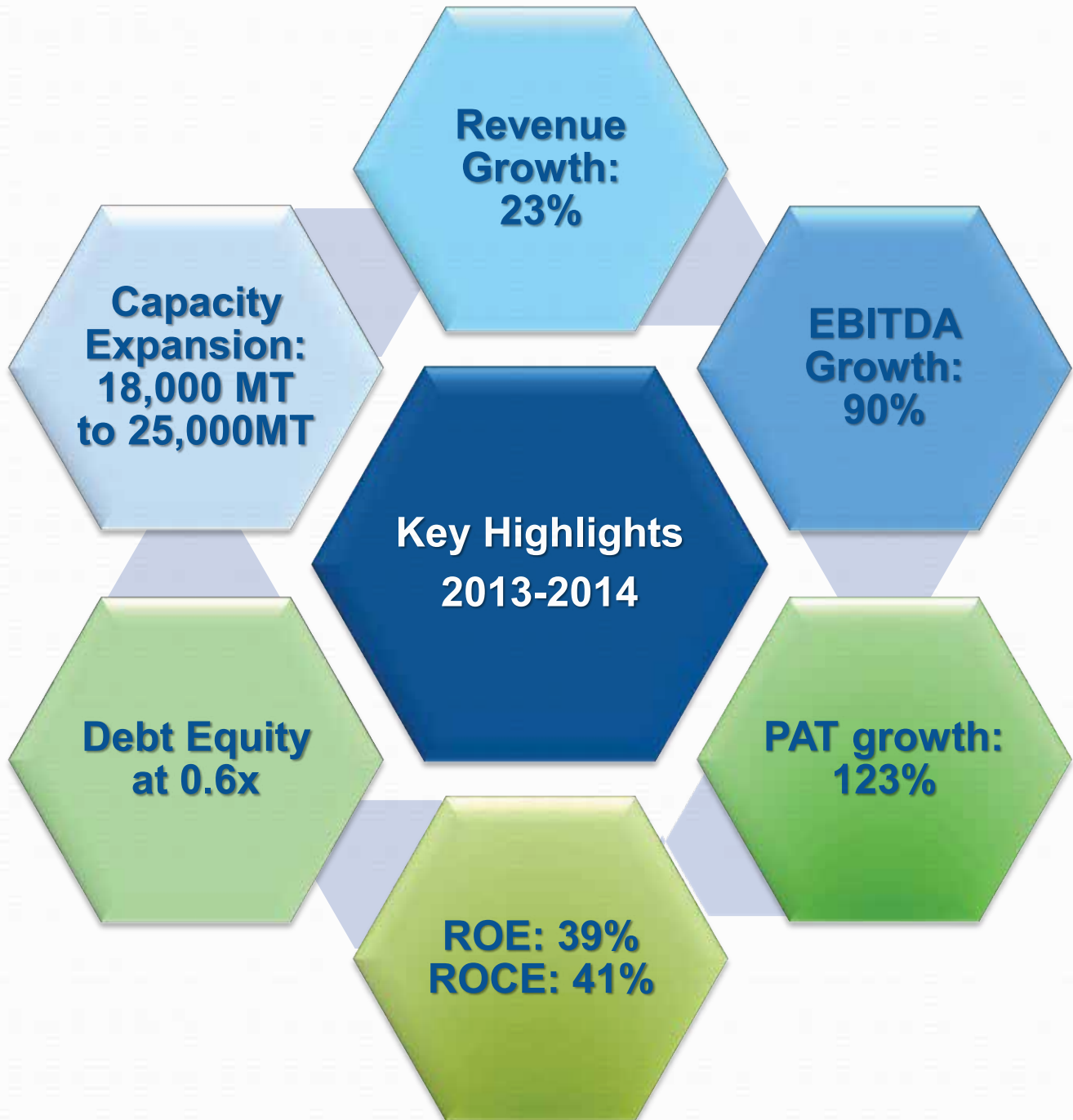
Snapshot: Adi Finechem Ltd.

Incorporated in 1985, Adi Finechem Limited (AFL) formerly known as H.K.Finechem Limited has been a pioneer in the business of manufacturing of speciality fine chemicals viz. Oleochemical and Intermediate Nutraceuticals. The Company has a unique and niche manufacturing process by using by-products or waste products, namely Acid Oil and Deodorizer Distillates, generated during processing of soft vegetable oils of Soya, Sunflower, Corn and Cotton (SSCC) and manufacturing value added high grade of products viz. Linoleic, Distilled, Dimer and Monomer Fatty Acids and also Nutraceutical products like Natural Tocopherol concentrate, whereas globally these products are mainly made using virgin vegetable oils or tall oils. The company has an unparalleled ability in being able to use cost effective inputs which come without stringent specifications and yet be able to produce products that must meet stringent quality criteria.

AFL's fatty acid production finds application in growth industries like Paints, Inks, Soaps, Amines, Adhesives Etc. and its Nutraceutical product, Mixed Natural Tocopherol concentrate, is the only source of Natural Vitamin E and finds usage in Food, Animal Feed, personal care products, supplements, vitamins, etc.

Some of AFL's main clients for its oleochemical products are companies like Asian Paints, Micro Inks, Arkema, etc. and for its nutraceutical products are global Multinational Corporations like BASF (US), ADM (US), TAMA (Japan), RIKEN (Japan).





Chairman's Message

Dear Shareholders,

Trust all is well !

With the new stable Central Government in place, I am sure that the overall confidence and the positive perception for our nation in the mindset of people at large will get rejuvenated. I am confident that with pragmatic Government in centre, there will be series of proactive economic measures and pronouncements which will put the economy back on the path of progressive growth and development. I am optimist about the overall vibrant industrial development scenario and hence the sentiments are bound to improve in times to come.

We, at Adi Finechem, have always focused on optimizing the use of natural products by nurturing the nature & environment for achieving dynamic natural growth. The company work culture and operations are based on the strong core values of transparency, ethical & moral practices, dedication, persistency and integrity. On these strong principles of best corporate governance practices, I would like to ensure that all stakeholders of the Adi Finechem family benefit from its growth and contribute in nation building.

Your company performed well in the challenging global economic scenario. Your company's initiative such as capacity expansion, maintaining optimum utilization level of plant and improved product mix has helped the company in creating a platform for a sustainable value creation in the future.

The year 2013-14 has been a very satisfying year for the company. In terms of financials, the total income of the company grew 23%, EBITDA grew by 90% and net profit grew by 123%.

During the year 2013-14, your company increased its manufacturing capacity from 18,000 M.T. p.a. to 25,000 M.T. p.a. Going ahead, your company plans to increase its manufacturing capacity from 25000 M.T. p.a. to 45,000 p.a. by the end of the financial year 2014-15.

In consonance with company's consistent policy, it has recommended dividend of Rs.1.50 per equity share and also issuance of Bonus Share of Rs.10/- each in the ratio of 1 equity share for every 10 equity shares subject to approval at its Annual General Meeting.

Though next two years seems to be testing time for tocopherols business globally, the long term prospect of your company looks to be encouraging. We would continue to focus on our core competencies and have a mission to become the most valuable, admired, and prominent company for our product range, in India and globally.

I would like to take this opportunity to appreciate all the members of Adi Finechem team for their tireless efforts and dedication and also all our stakeholders, without whose support we would not have achieved our exceptional performance.

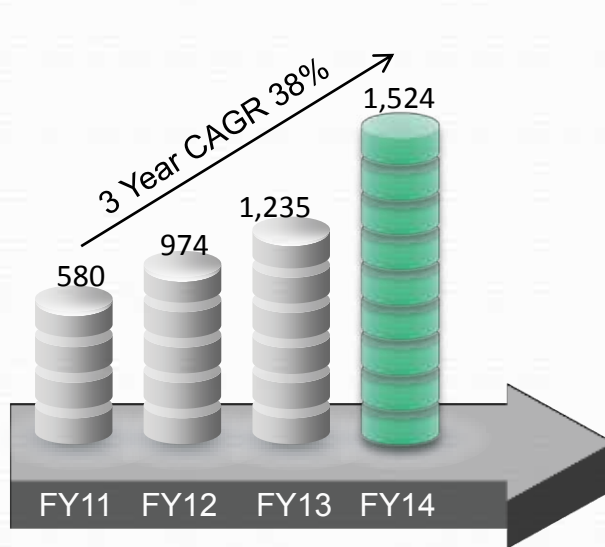
Warm Regards,

Utkarsh Shah

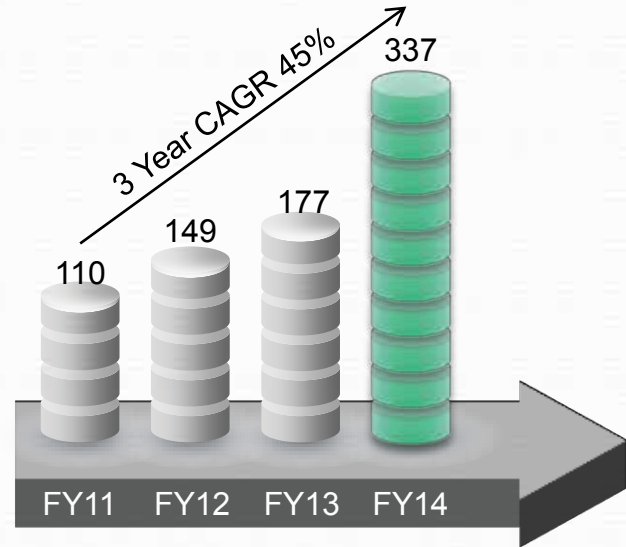
Chairman

Financial Performance

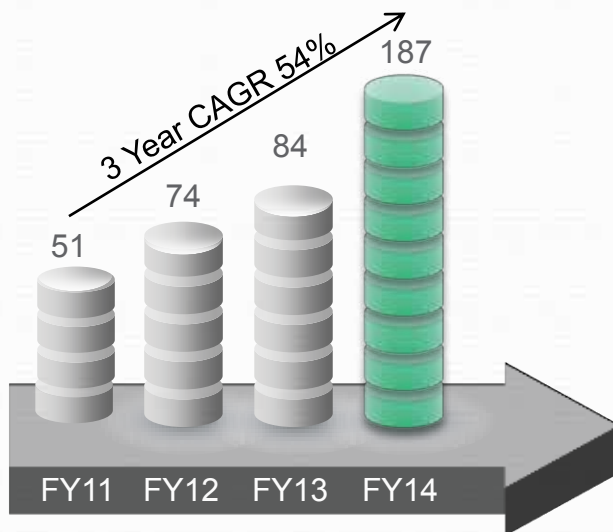
Revenue (Rs mn)



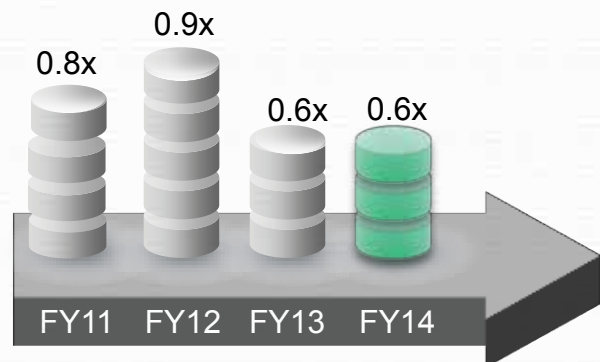
EBITDA (Rs mn)



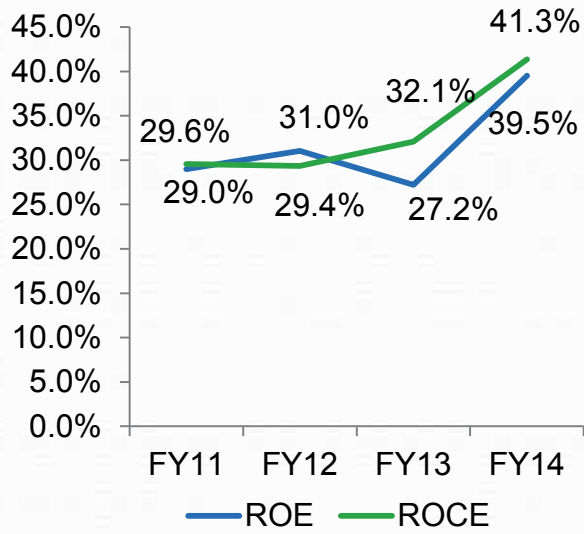
Net Profit (Rs mn)



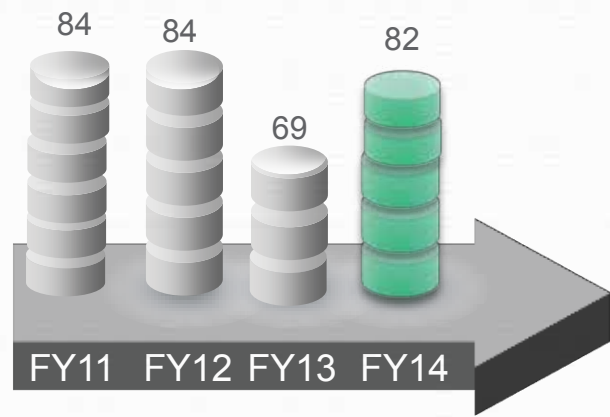
Debt/Equity (X)



Efficiency Ratio



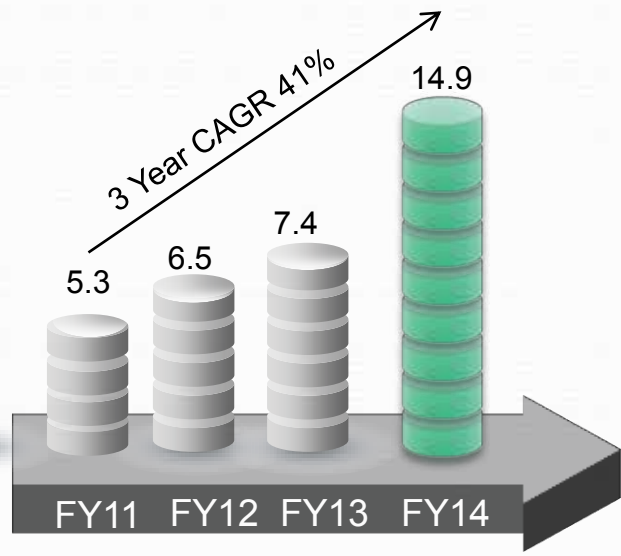
Working Capital Days



Book Value Per Share



EPS (Rs)

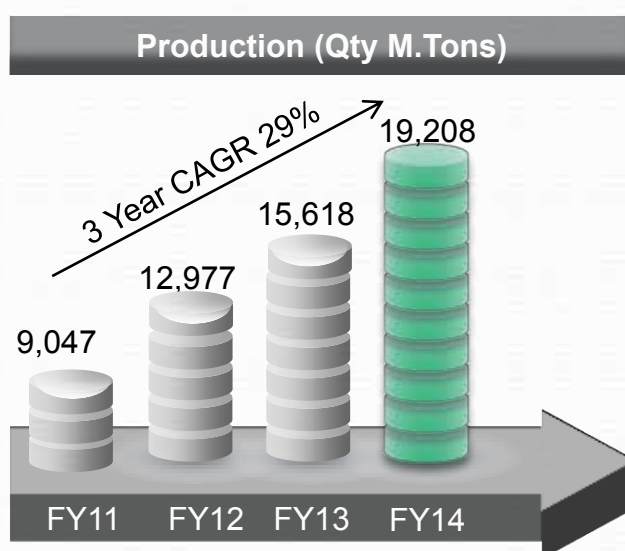
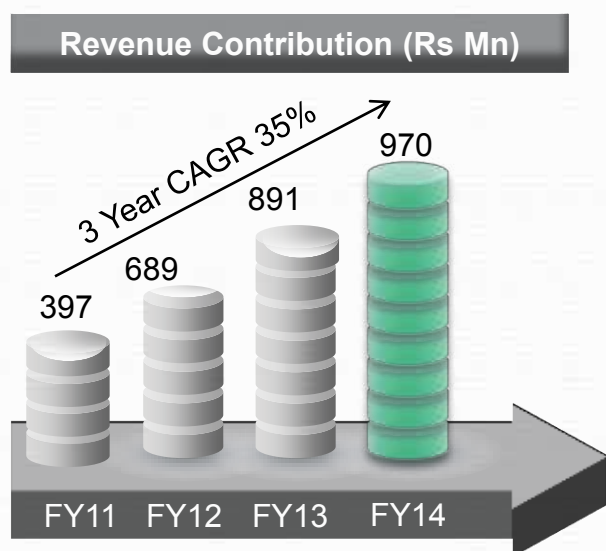


Oleochemicals

Oleochemicals are chemicals derived from Plant and Animal Fats. They are analogous to petrochemicals derived from petroleum. The formation of basic oleochemical substances like Fatty Acids, Fatty Acid Methyl Esters (FAME), Fatty Alcohols, Fatty Amines and Glycerol are by various chemical and enzymatic reactions.

Adi Finechem is a leading producer of Fatty Acids from natural oils and fats derived from renewable raw materials such as Soya, Sun Flower, Corn and Cotton. The company has over the years developed and mastered the process of manufacturing its entire product range from waste/by product streams of natural vegetable oils by utilizing state of the art equipments of acceptable local and international quality

Products	Application
Linoleic	Paints and Inks
Dimer	Paints, ink, Epoxy Hardeners
Monomer	Paints and Inks
Distilled Fatty Acid	Liquid Soap, Textile auxi and low Value paints
Palmitic	Amines, Amides, Soap



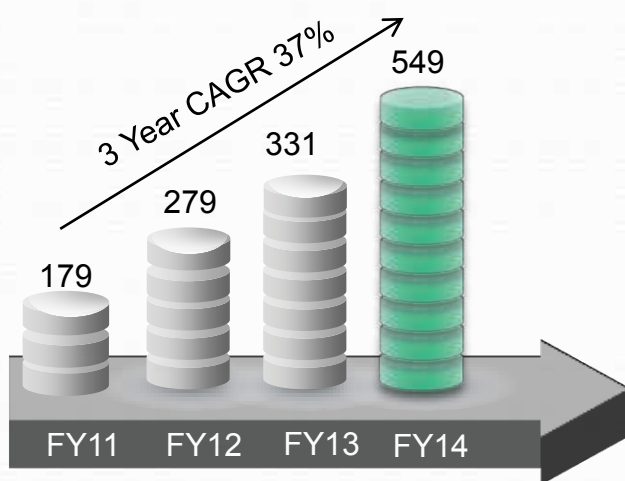
Nutraceuticals

Nutraceutical, a portmanteau of the words “nutrition” and “pharmaceutical”. The term is applied to products that range from isolated nutrients, dietary supplements and herbal products, specific diets, genetically modified food, and processed foods such as cereals, soups, and beverages.

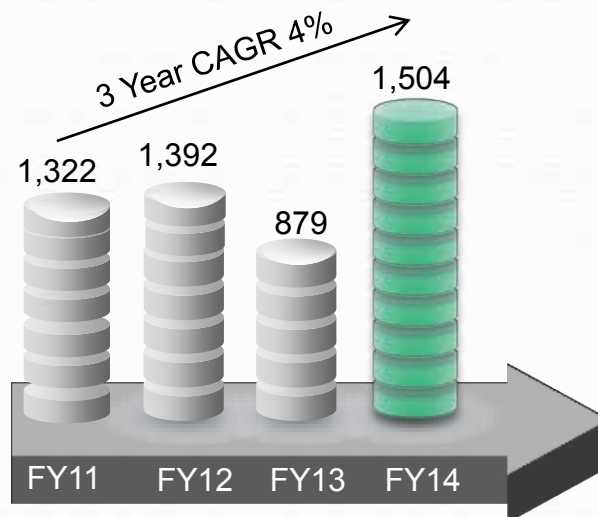
Adi Finechem is perhaps one of the only companies in India to process Deodorizer Distillate as well as manufacture natural mixed tocopherol concentrate, giving it the distinct advantage of raw material sourcing as well as technical knowhow

Products	Application
(Natural) Mixed Tocopherol Concentrate	Natural Vitamin E / Food and Cosmetic Industry
(Natural) Concentrated Sterols	Natural Sterols / Food Industry / Pharmaceuticals

Revenue Contribution (Rs Mn)



Production (Qty M.Tons)



Key Management Team

Utkarsh Shah is a Chairman of Adi-Heritage Group involved in diversified activities like Global coal trade, real estate development and manufacturing. He is a Science graduate with Chemistry as principal subject. He has headed various businesses & International trade bodies and heads various charitable initiatives in field of health, education, Senior Citizen, rural development & economic empowerment.

Mr. Utkarsh Shah
Chairman

Mr. Nashoosh Jariwala is associated with the company since more than 20 years. He holds a Commerce Degree. He has more than 25 years of experience in chemical manufacturing and trading of various textile products.

Mr. Nahoosh Jariwala
Managing Director

Mr. Bimal Parikh holds a Degree in Chemical Engineering and engaged in manufacture of dyes & chemicals since last 30 years. In 2001 he was the President of Gujarat Dyestuff Manufacturers' Association. He is Honorary Secretary of the Gujarat Chamber of Commerce & Industry.

Mr. Bimal Parikh
Whole Time Director

Mr. Hemant Shah is a Commerce Graduate and involved in business of logistics, garments, trading of minerals, and retailing since 25 years. He is a Member of numerous trade organizations like Gujarat Chamber of Commerce & Industry, Confederation of Indian Industry, Ahmedabad Management Association etc.

Mr. Hemant Shah
Director

Board of Directors

Mr. Bhavin Shah

He is currently working with Equirus Securities Private Limited, Merchant Banker, as a Managing Director and Chief Executive Officer and has set up Institutional equities business. He was also associated with JP Morgan, Hong Kong and India as head of Asia-Pacific Technology Research and Global Sector Leader. He has also worked in Credit Suisse First Boston, Hong Kong as a Director (Head, Asia-Pacific Technology Research)

Mr. Ganpatraj Chaudhary

He is the Managing Director and overall in charge of operations in M/s. Riddhi Siddhi Gluco Biols Limited, a Company listed on Bombay Stock Exchange, promoted by him and his family

Mr. Jayesh Shah

He is a Commerce Graduate and Chartered Accountant and holding the position of Director and Chief Financial Officer of Arvind Limited. He is associated with Arvind Limited since July, 1993. He has distinguished academic career and has extensive administrative, financial, regulatory and managerial expertise.

Mr. Kalpesh Patel

He is Executive Director of Nirma Limited having annual turnover of more than Rs. 7,000 crores. He has rich all round experience of independently handling a large manufacturing unit and is a known figure amongst the business community.

Mr. Nitin Patel

He is the Chairman of M/s. Shree Bhagwati Flour and Foods Private Limited and is also associated with M/s. Shri Bhagwati Flour Mills Private Limited. He is associated with the Food Industry since last 35 years

Manufacturing Edge

Adi Finechem's has a state-of-the-art manufacturing unit in Sanand, Gujarat, which was set up in 1995. The company acquired critical equipments from Germany and Switzerland. Over the last few years the company has undertaken several initiatives in improving and revamping the manufacturing facilities by adding waste heat recovery systems, distillation and balancing equipments, etc., which have resulted in improved efficiencies and debottlenecking of the existing manufacturing facilities.

The current plant raw material processing capacity is around 25,000 MT p.a. making it one of the largest processing capacities for Natural Soft Oil based Fatty acids in India. The Company is further increasing its capacity from 25,000 to 45,000 MT by the end of current financial year.

Adi Finechem's manufacturing facility is one of its kind in India, that uses by-products of vegetable oil refineries, mainly soya, sunflower, corn and cotton as its key raw materials, which gives them a distinctive cost advantage.

The company has a current staff strength of more than 150 employees. Of which more than 30% of the employees have been with the company for more than 8 years and 60% of the employees are employed in the Production department of the company.



Management Discussion and Analysis

GLOBAL ECONOMY OVERVIEW

The financial year 2013-14 was an encouraging year with global activity improving during the second half of 2013 and is expected to improve further in 2014–15 according to the International Monetary Fund (IMF) World Economic Outlook Report dated April 2014, with much of the impetus coming from advanced economies. Emerging market economies have had a less encouraging growth rate due to poor external financial environment, although they continue to contribute more than two-thirds of the global growth.

According to the IMF, with supportive monetary conditions and a smaller drag from fiscal consolidation, annual growth is projected to rise above trend in the United States and to be close to trend in the core euro area economies. In the stressed euro area economies, however, growth is projected to remain weak and fragile as high debt and financial fragmentation hold back domestic demand. Growth in emerging market economies is projected to pick up modestly. These economies are adjusting to a more difficult external financial environment in which international investors are more sensitive to policy weakness. As a result, financial conditions in emerging market economies have tightened further, although their output growth is expected to be lifted by stronger exports to advanced economies.

Source: (International Monetary Fund, World Economic Outlook— Recovery Strengthens, Remains Uneven (Washington, April 2014).

INDIAN ECONOMY OVERVIEW

The financial year gone by, 2013-14 in India, was marred by continued low GDP growth, declining industrial output, decline in investments, higher inflation, lower quality of bank assets, high current account deficit, which has been brought down drastically through affirmative policy action, and depreciation in the domestic exchange rate.

The weakness in the Indian economy persisted in FY14 with GDP growth as per the advance estimates showing a growth of 4.86%, marginally higher than the 4.5% of FY13. The country has been witness to a sharp drop in its economic growth from an average 8.2% during FY04 - FY12 to sub 5% in FY13 and FY14.

According to the IMF, India's growth is expected to recover from 4.4% in 2013 to 5.4% in 2014, supported by slightly stronger global growth, improving export competitiveness, and implementation of recently approved investment projects. A pickup in exports in recent months and measures to curb gold imports has contributed to lowering the current account deficit. Policy measures to bolster capital flows have further helped reduce external vulnerabilities. Overall growth is expected to firm up on policies supporting investment and a confidence boost from recent policy actions.

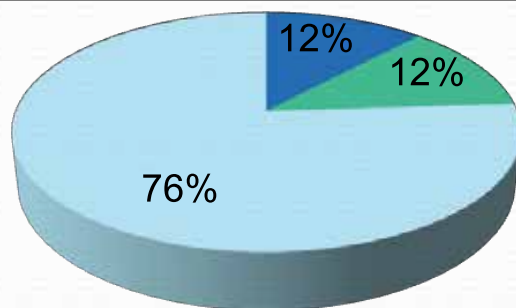
Source: (International Monetary Fund, World Economic Outlook Recovery Strengthens, Remains Uneven (Washington, April 2014, CARE Research:)

INDUSTRY OVERVIEW

OLEOCHEMICALS

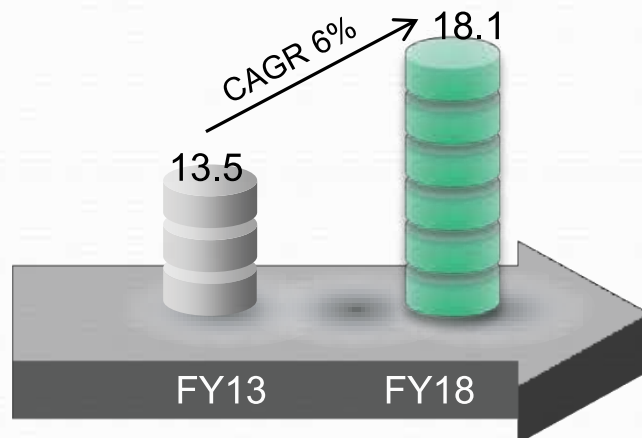
Oleochemicals are chemicals derived from Plant and Animal Fats. They are analogous to petrochemicals derived from petroleum. The formation of basic oleochemical substances like Fatty Acids, Fatty Acid Methyl Esters (FAME), Fatty Alcohols, Fatty Amines and Glycerol are by various chemical and enzymatic reactions. First used in the fabrication of soaps, oleochemistry is now part of our daily lives where it is found in a wide variety of sectors: personal care, food, cosmetics, pharmaceutical, lubricants, textiles, paper, industrials, etc.

Vegetable Oil Consumption



■ Vegetable Oil
■ Oleochemical ■ Biodiesel

Oleochemical Demand (MT)



OLEOCHEMICAL INDUSTRY

Increasing demand for biodegradable and sustainable products, coupled with recent changes in regulations, are increasing the importance of oleochemicals in various segments of the chemicals industry, notably polymers, lubricants and biosurfactants, all of which offer significant opportunities for companies in the long run.

The global Oleochemicals market was estimated at 13.5 million tonnes in the 2013 financial year and it is expected to grow at 6% per year over the next five years to reach 18 million tonnes.

Asia-Pacific accounts for 68% or around two-thirds of the oleochemicals market and this is expected to grow at 8% per year over the next five years. Surfactants, home care and personal care are the largest end use segments



Oleochemicals offer to serve the core businesses of polymers, surfactants, etc. but also significantly lower their portfolio risk and their carbon footprint. Petroleum-based lubricants have dominated the industry for decades. However, these do not readily degrade and therefore pose an environmental hazard. Once used, their disposal becomes a challenge, the cost of properly disposing of them is high and improper disposal can create several health and environmental hazards.

Paint Industry is one of the biggest consumers of Oleochemicals. The Indian Paint Association (IPA) expects the paint industry to double to up to Rs 50,000 crore in the next three years which will be mainly driven by rising urbanisation and revival of the economy



The global industry of basic oleochemicals is changing at a dramatic phase. While in Europe, USA and Japan, the production of fatty acids and alcohols remain constant or is seen decreasing, ASEAN countries with their strong raw material base is expanding with world scale plants and increasing rapidly their share in the worlds markets.

Major ASEAN oleochemical, producers (MT p.a):

Malaysia	18,06,000
China	11,80,000
Indonesia	7,16,000
Phillipines	1,03,000
India	1,00,000
Thailand	4500

India ranks 5th amongst ASEAN countries in oleochemical manufacturing. It can be expected that ASEAN countries will gradually direct their future growth to the development of derivatives of fatty acids ,fatty alcohols, methyl esters, and Glycerine.

(Source - Transparency Market Research, Tata Strategic Management Group Report on oleochemicals)

India is one of the largest consumers of soya and sunflower edible oils. Keeping this in mind, your company has strategically positioned itself in a very niche segment for manufacturing of oleochemicals viz. linoelic acid, dimer acid, palmitic acid, and has become a leading producer of Fatty Acids from natural oils and fats derived from renewable raw materials such as Soya, Sun Flower, Corn and Cotton.

Your company is the sole manufacture of Dimer Fatty Acid in India as well. AFL has over the years developed and mastered the process of manufacturing its entire product range from waste/by-product streams of natural vegetable oils by utilizing state of the art equipments of acceptable local and international quality.

NUTRACEUTICAL INDUSTRY

Nutraceutical, a portmanteau of the words “nutrition” and “pharmaceutical”. The term is applied to products that range from isolated nutrients, dietary supplements and herbal products, specific diets and processed foods such as cereals, soups, and beverages.

During the processing and refining of crude vegetable oils, the oil is heated to more than 240 degrees Celsius and sprayed into the aerator where dissolved air and moisture are removed with the aid of a vacuum, this process creates a waste product called Deodorizer Distillate to be formed. AFL primarily produces two types of natural chemicals from Deodorizer Distillate i.e. Natural Mixed Tocopherol Concentrate and Natural Concentrated Sterols.

The natural Tocopherol (Vitamin E) market has been characterized by a significant imbalance in demand and supply due to a spike in prices for the product. One of the key factors lying behind the price hikes is the shortage of the primary feedstock (deodorized Distillates). Some companies operating in the natural vitamin E market make efforts to find alternative production methods in order to narrow the supply-demand gap, while others are exploring alternate means of natural vitamin E extraction. Natural Tocopherol finds usage in food, dietary supplements, pharmaceuticals, cosmetics, etc.

The global volume of natural source Vitamin E consumption is expected to grow from 11,000 Tonnes in 2013 to about 18,000 Tonnes by 2020, posting a CAGR of 7.3% through 2020. In value terms, the world demand for the product is forecast to grow from around USD 612 million in 2013 to over USD 1 billion by end-2019.

(Source –Market Publishers Report Database)

Your company’s experience in processing by-products of vegetable oils, paved the way for extracting natural tocopherol from the by-product Deodorizer Distillate. Considering the rising demand for this product globally, your company has tied up with large Multinational companies outside of India as their clientele for continuously supplying this product to them.

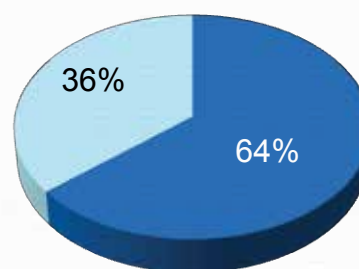
FINANCIAL AND OPERATIONAL PERFORMANCE

During the Financial year ending 2013-14, AFL's Total Income increased by 23% to INR 1,524mn. Increase in sales and margins were primarily attributed to better utilisation of plant and improved product mix.

Income Statement Highlights

Particulars(INR mn)	FY13	FY14	% Growth
Total Income	1,235	1,524	23%
EBITDA	177	337	90%
EBITDA %	14.3%	22.1%	780 bps
PBT	127	284	124%
PAT	84	187	123%
PAT %	6.8%	12.3%	550 bps
EPS	6.90	14.90	123%

Revenue Breakup (%)

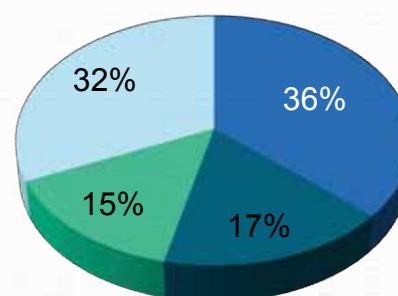


■ Oleochemicals
■ Nutraceutical

Sales Breakup (INR mn)

Particulars (INR mn)	2012	2013	2014
Nutraceuticals	276	331	549
Linoleic Acid	100	145	219
Dimer Acid	171	194	259
Others	418	552	478
Total	965	1,222	1,505

Sales Breakup (%)



■ Nutraceutical
■ Dimer Acid
■ Linoleic Acid

STRENGTHS AND OPPORTUNITIES

Your company uses waste or by-products of vegetable oil processing for its raw materials, like fatty acid oils and Deodorizer Distillate, which gives it a distinctive price advantage vis-à-vis its peers, who usually manufacture these products by processing crude oils. Your company has gained good experience for the past 10 years in sourcing the raw materials for their requirement from all the large edible oil manufacturing plants across the country. Your company has a long lasting relationship with all of its raw material suppliers as well as its clientele. AFL has opportunistically positioned itself to manufacture niche products where there is no direct competition and hence it is the sole manufacturer in India for majority of its products, it can easily pass on any increase in raw material prices to its customers.

Your company has established good degree of flexibility in its manufacturing process whereby the company can alter the output mix based on the market demand and profitability.

The technical specifications of raw materials procured from different vegetable oil refineries do vary based on process parameters followed by each one of them and the kind of crude vegetable oil (which is a natural agricultural commodity) used by them. Also, being by-products for these vegetable oil refineries our raw materials which do not get the necessary attention in terms of managing consistent quality and clear separation of separate streams of different oils. Your company has developed an expertise to accept such diverse input and yet produce products that must meet very stringent specification.

With continued global focus on Natural and value added products, your company is in a good position for future growth. Your company has a well-entrenched customer relationship in high growth industries like Paint, Inks, FMCG, Chemicals, etc. Your company has further opportunities to explore by-products of other vegetable oils as its raw material feedstock, as well as by increasing and diversifying its range of product portfolio by manufacturing other value added oleochemicals and nutraceuticals.

Additionally, with the current upgradation and expansion activities at the company's existing facilities, further economies of scale and improvement in efficiencies are also a strong possibility.

THREATS AND CHALLENGES

The biggest challenge in the oleochemical is the continuous availability of feedstock. Historically, about 12-14% of the world's vegetable oil production has been used for oleochemical production. The emerging applications discussed above would require an additional 8 million tonnes per year by 2020; although the projected increase in vegetable oil production from 150 million tonnes in 2012 to 185 million by 2020 should meet this need.

Furthermore, scenarios of draught in India and globally can create short-term issues in sourcing of the raw material feedstock as well as in the margin profile of AFL's products. Considering that your company exports close to one-third of its revenue, the risk of currency depreciation and currency volatility can also not be undermined.

HUMAN RESOURCES

At Adi Finechem Ltd., we believe that people are the most valuable assets of the Company as they contribute substantially to the achievement of business objectives. Our Human Resource philosophy has been designed to attract and retain best talent by creating a working environment that keeps employees engaged and motivated and encourages innovation. The Industrial Relations between the Management and the human resources of the Company have remained cordial. The average number of persons employed by the Company during the year was 151.

OUTLOOK

The outlook appears to be promising as the Company has now become cost competitive with its continued focus on (a) process optimization, (b) energy saving and (c) ideal product mix. Over a period, Company has acquired skills which are required in procuring raw materials and selling premium products in domestic market. The manufacturing process of the company provides a natural entry barrier for competition as the technical specifications of raw materials vary as they are procured from different vegetable oil refineries but the customer requires stringent specification in the final product.

Over a period, Your company has acquired skills which are required in procuring raw materials and selling premium products in domestic market. The technical specifications of raw materials procured from different vegetable oil refineries will vary based on process parameters followed by each one of them and the kind of crude vegetable oil (which is a natural agricultural commodity) used by them. At the same time, our raw materials are by-products of such vegetable oil refineries and so it gets relatively less importance at their end as far as quality and keeping separate streams of different oils are concerned.

Thus by its very nature, this business is quite demanding. The Company does not foresee entry of any one else in this line in the near future.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

There are adequate Internal Control Systems for financial reporting and time bound compliance of applicable laws and regulations. An independent firm of Chartered Accountants is carrying out internal audit of the books of accounts of the Company on a quarterly basis. The Audit Committee also reviews from time to time, adequacy and effectiveness of these internal control systems.

TRANSPARENCY IN SHARING INFORMATION

Transparency refers to sharing information and acting in an open manner. Processes and information are directly accessible to those concerned with them, and enough information is provided to understand and monitor them. Your Company believes in total transparency in sharing information about the business operations with all its stakeholders. Your Company strives to provide maximum possible information about its business operations with all its stakeholders. Your Company strives to provide maximum possible information in this report to keep stakeholders updated about the business performance.

CAUTIONARY STATEMENT

The indicative projections, estimated data and graphs etc. used in this Report related to overall markets, global scenario etc. are taken from documents available on the internet / websites and we don't confirm their correctness. Further, some of the statements (expressed or implied) or inference drawn from statements in Management Discussion and Analysis Report or elsewhere in this Annual Report may be 'forward looking statements' and made for the limited context of the respective subject/ topic. These may be categorized as such within the applicable laws and regulations. As these are based on certain subjective factors, assumptions and expectations of future events hence may differ materially from actual results. The company assumes no responsibility to publicly amend, modify or revise any forward-looking statement. Readers are cautioned that the Company is in no way responsible for any loss / adverse result caused to the readers attributable to these statements. The risks outlined here are not exhaustive. Readers are requested to exercise their own judgment in assessing the risk associated with the company.

NOTICE

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of the Members of **ADI FINECHEM LIMITED** will be held at **Memories Hall, 2nd Floor, TGB Banquets & Hotel Ltd., (The Grand Bhagwati), S. G. Road, Bodakdev, Ahmedabad- 380 054 on Monday, 30th June, 2014 at 5.00 p.m.** to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2014, the statement of Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To Declare a Dividend on Equity Shares.
3. To appoint a Director in place of Shri Bimal D. Parikh (holding DIN00375335) who retires by rotation in terms of Article 103 of the Articles of Association of the Company and being eligible offers himself for reappointment.
4. 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 an **Ordinary Resolution**:

“RESOLVED THAT M/s. Jhaveri Shah & Co., Chartered Accountants, (Reg. No. 127390W) be and are hereby 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 reimbursement of out of pocket expenses.”

Special Business:

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Jayesh K. Shah (holding DIN 00008349), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019.”

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Kalpesh A. Patel (holding DIN 00322811), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019.”

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Nitin R. Patel (holding DIN 01872924), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and who pursuant to provisions of the Companies Act (being an Independent Director) is no longer liable to retire by rotation and who in accordance with the Companies Act, 2013 is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019.”

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Ganpatraj L. Chowdhary (holding DIN 00344816), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and who pursuant to provisions of the Companies Act (being an Independent Director) is no longer liable to retire by rotation and who in accordance with the Companies Act, 2013 is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Bhavin A. Shah (holding DIN 02927860), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and who pursuant to provisions of the Companies Act (being an Independent Director) is no longer liable to retire by rotation and who in accordance with the Companies Act, 2013 is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019.”

10. To consider and if thought fit, to pass, with or without modification, the following resolution as a **SPECIAL RESOLUTION** :

“RESOLVED THAT in accordance with section 63 of the Companies Act, 2013 & all other applicable provisions of the Companies Act, 2013 read with the relevant Rules thereof (including any statutory modifications or re-enactment(s) thereof for the time being in force) read with Article 135 of Articles of Association of the Company and subject to provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and subject to such approvals, permissions and sanctions as may be necessary and also subject to such terms, conditions and modifications as may be prescribed in granting approvals, permissions and sanctions by appropriate authority or authorities and agreed to by the Board of Directors of the Company (hereinafter called the Board, which term shall be construed as to include any committee which the Board may have constituted or may hereafter constitute to exercise the powers including the powers conferred vide this resolution), the consent of the members of the company be and is hereby accorded to capitalize a sum of **Rs. 1,25,40,000/- (Rupees One Crore Twenty Five Lacs Forty Thousands Only)** out of the Reserve fund or such other reserves being eligible for the purpose and as may be deemed appropriate and suitable by the Board and be applied for issue and allotment of 12,54,000 (Twelve lacs fifty four thousands) new fully paid up equity share of Rs. 10/- (Rupees Ten) each as bonus shares in the proportion of 1 (One) new equity shares of Rs. 10/- each for every 10 (Ten) existing fully paid up equity share of Rs. 10/- each, held as on the record date to be determined by the Board and that the new bonus shares so issued and allotted shall be treated for all purposes as an increase in the paid-up share capital of the company held by each such member and not as income.”

“RESOLVED FURTHER THAT the new equity shares shall be allotted subject to the terms and condition in the Memorandum and Articles of Association of the Company and shall in all respects rank pari passu with the existing equity shares of the Company,

“RESOLVED FURTHER THAT no letter of allotment shall be issued in respect of Bonus Shares and in the case of the members who hold shares or opt to receive the shares in Dematerialized form, the Bonus Shares shall be credited to the respective beneficiary accounts of the Members with their respective Depository Participants and in case of the members who hold equity shares in physical form, the share certificates in respect of Bonus Shares will be dispatched, within such time as prescribed by law and relevant authorities.”

“RESOLVED FUTHER THAT the issue and allotment of the said Bonus Shares to Non-Resident Indians (NRIs), Overseas Corporate Bodies (OCBs) and other foreign investors of the Company, shall be subject to the approval of the Reserve Bank of India under the Foreign Exchange Management Act, 1999 including any statutory modification(s) or re-enactment thereof for the time being in force.”

“RESOLVED FUTHER THAT where the proportion of the new equity shares is not in the exact proportion of the holding of the existing equity shares and results in any member becoming entitled to fraction of new equity shares to be allotted as Bonus Shares, the Company shall not issue any certificate or Coupon in respect of such fractional shares but the total number of new equity shares representing such fraction shall be allotted by the Board of Directors to a person/ persons appointed by the Directors to act as a trustee/ trustees for and on behalf of the members, who shall have the right to be allotted such fractional certificates on behalf of the existing members and the Company shall issue in favour of such trustee, such equity shares certificates after consolidating all the fractional certificates into a marketable lot and thereafter such equity shares shall be sold by such trustee or trustees at the prevailing a market rate(s) and the net sale proceeds (after deduction of all such expenses incurred for sale) of such shares be distributed amongst such members who are entitled to such fractional certificates in proportion to their respective fractional entitlement thereto.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of such shares on the Stock Exchange(s) where the securities of the Company are listed as per the provision of the Listing Agreement with the concerned Stock Exchange(s) and other applicable guidelines, rules and regulations.”

“RESLOVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things and to give such directions as may be necessary and expedient, and to settle any question, difficulty or doubt that may arise in this as the Board in its absolute discretion may deem necessary or desirable and its decision shall be final and binding.”

11. To consider and if through fit to pass, with or without modification(s) the following as a **SPECIAL RESOLUTION** :

“RESOLVED THAT in supersession of the resolution passed by the Company at the Annual General Meeting held on 24th June, 2013 with respect to the borrowing powers of the Board of Directors, consent of the Company be and is hereby accorded pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act 2013 (hereinafter referred to as the “Act”), or any statutory modification or re-enactment thereof, to the Board of Directors, borrowing moneys (apart from temporary loans from time to time obtained from the Company’s Bankers in the ordinary course of business) in excess of the aggregate of paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, as the Board may, from time to time deem necessary, provided that the sum or sums so borrowed and remaining outstanding at any one time shall not exceed in the aggregate Rs. 100 Crores (Rupees One hundred crores only).

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

‘RESOLVED THAT in supersession of the resolution passed by the Company at the Annual General Meeting held on 28th September, 2000 with respect to mortgaging and/or charging by the Board of Directors, consent of the Company be and is hereby accorded in terms of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act 2013 (hereinafter referred to as the “Act”), or any statutory modification or re-enactment thereof, to the Board of Directors to mortgage and/or charge (by way of first, second or other subservient charge as may be agreed to between the Company and the lenders), all the immovable and movable properties, present and future, pertaining to any one or more of the Company’s Units and any other undertaking of the Company wheresoever situate and the whole or substantially the whole of any one or more of the said undertakings of the Company, with the right to take over the management and concern of the undertaking(s) whose properties are agreed to be mortgaged and/or charged in certain events, to or in favour of any Financial Institutions, Banks and other lending Institutions, to secure their respective Loans or other Financial Assistance lent, granted and advances or agreed to be lent, granted and advanced to the Company of such amount or amounts not exceeding Rs. 100 Crores in the aggregate on account of principal, together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment, costs, charges and other moneys payable by the Company to the respective Financial Institutions, Banks and other lending institutions under the Loan / Subscription Agreement(s) entered into/to be entered into by the Company in respect of the said Term Loans or other financial instruments or assistance.

RESOLVED FURTHER THAT the Board of Directors of the Company including a Committee thereof, be and is hereby authorized to finalize with the Financial Institutions, Banks and other lending Institutions, the documents

for creating mortgage(s) and/or charge(s) as aforesaid and to do all acts, deeds and things in connection therewith and incidental thereto.

May 19, 2014

ADI FINECHEM LIMITED

C.I.N. : L15140GJ1985PLC007845

By Order of the Board

Registered Office:

1st Floor, 2, Sigma Corporates,
B/H HOF Living, SindhuBhavan Road,
Off S.G. Road, Ahmedabad – 380 059.

Rajen Jhaveri

Vice President & 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. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed on Saturday, May 31, 2014 for the purpose of Annual General Meeting and payment of Dividend.
3. An Explanatory statement pursuant to section 102 (1) of the Companies Act, 2013 in respect of item Nos. 5 to 12 of the Notice as set out above is annexed hereto.
4. If Dividend on Equity shares as recommended by the Board of Directors is passed at the meeting, payment of such dividend will be made within 30 days on or after July 01, 2014 to those members whose names are on the company's Register of Members on May 31, 2014. 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 May 31, 2014, as per the details furnished by the Depositories for this purpose.
5. 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.
6. Members are requested to bring their attendance slip along with their copy of the Annual Report to the meeting.
7. As a part of Green Initiatives in the corporate governance, the ministry of corporate affairs vide circular no. 17 & 18 dated April 21, 2011 and April 29, 2011 respectively clarified that a company would have complied with section 53 of the companies act, 1956 if the service of the document has been made through electronic mode, provided the company has obtained e-mail address of its members for sending the notice/documents through e-mail by giving an advance opportunity to every shareholder to register their mail address and changes therein from time to time with the company.
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.
9. Relevant documents referred to in the accompanying Notice are open for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, between 03.00 pm. And 5.00 p.m upto the date of the Meeting.
10. Voting through electronic means
 - I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):
The instructions for e-voting are as under:
 - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:
 - (i) Open email and open PDF file viz; "AFL e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.

- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder – Login
- (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
- (vii) Select “EVEN” of Adi Finechem Limited.
- (viii) Now you are ready for e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
- (x) Upon confirmation, the message “Vote cast successfully” will be displayed
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to evoting@parikhdave.com with a copy marked to evoting@nsdl.co.in

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :

- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM : EVEN (E Voting Event Number) USER ID PASSWORD / PIN
- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com

- II. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
- III. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IV. The e-voting period commences on 23rd June, 2014 (9:00 am) and ends on 25th June, 2014 (6:00 pm). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 31st May, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- V. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 31st May, 2014.
- VI. VII. Mr. Uday G. Dave, Company Secretary (Membership No.FCS 6545), Partner, M/s. Parikh Dave & Associates has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VII. The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer’s Report shall be placed on the Company’s website www.adifinechem.com and on the website of NSDL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the Bombay Stock Exchange Limited and Ahmedabad Stock Exchange Limited.

ANNEXURE TO NOTICE

Explanatory statement pursuant to Section 102 (1) of the Companies Act, 2013

ITEM NO. 5 :

Mr. Jayesh K. Shah is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in April, 2010. Mr. Jayesh K. Shah is Chairman of the Audit Committee of the Board of Directors of the Company.

Mr. Jayesh K. Shah is a Chartered Accountant. He has more than 25 years of professional experience, including 20 years at Arvind Ltd. where currently he is Director and Chief Financial Officer.

He does not hold any equity shares of the Company and is not related to any Director of the Company.

The details of Directorships, Memberships/Chairmanships of Committees of Other Companies held by Mr. Jayesh K. Shah are as under:

Sr. No.	Name of the Company in which holding Directorship	Name of the Committee	Committee Membership
1	Arvind Limited	–	–
2	Arvind Lifestyle Brands Limited	–	–
3	Arvind Accel Limited	–	–
4	Arvind Brands and Retail Limited	–	–
5	Arvind Internet Limited	–	–
6	Arvind PD Composite Pvt. Ltd.	–	–
7	Arvind Goodhill Suit Manufacturing Pvt. Ltd.	–	–
8	Anagram Knowledge Academy Limited	–	–
9	e-Infochips Limited	–	–
10	Firenze Properties & Investment Pvt. Ltd.	–	–
11	Arvind Textile Mills Ltd., Bangladesh	–	–
12	Arvind Worldwide Inc., U.S.A.	–	–
13	Arvind Spinning Limited, Mauritius	–	–

Mr. Jayesh K. Shah is a Director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Mr. Jayesh K. Shah, being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019. A notice has been received from a member proposing Mr. Jayesh K. Shah as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Jayesh K. Shah fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Jayesh K. Shah as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Sunday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Jayesh K. Shah as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Jayesh K. Shah as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Jayesh K. Shah, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

ITEM NO. 6:

Mr. Kalpesh A. Patel is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in April, 2010. Mr. Kalpesh A. Patel is Chairman of the Remuneration Committee of the Board of Directors of the Company.

Mr. Kalpesh A. Patel is Executive Director of Nirma Limited. He has more than 20 years of industrial experience of running a manufacturing unit.

He does not hold any equity shares of the Company and is not related to any Director of the Company.

The details of Directorships, Memberships/Chairmanships of Committees of Other Companies held by Mr. Kalpesh A. Patel are as under:

Sr. No.	Name of the Company in which holding Directorship	Name of the Committee	Committee Membership
1	Nirma Limited	Shareholders' Grievance	Member
2	The Pharmaceutical Form-Fill-Seal Association of India	–	–
3	Nirlife Mexico S.A. DE C.V.	–	–

Mr. Kalpesh A. Patel is a Director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Mr. Kalpesh A. Patel, being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019. A notice has been received from a member proposing Mr. Kalpesh A. Patel as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Kalpesh A. Patel fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Kalpesh A. Patel as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Sunday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Kalpesh A. Patel as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Kalpesh A. Patel as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Kalpesh A. Patel, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

ITEM NO. 7:

Mr. Nitin R. Patel is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in November, 2012. Mr. Nitin R. Patel is the Member of the Audit Committee of the Board of Directors of the Company.

Mr. Nitin R. Patel is a Commerce Graduate and is associated with the Food industry since last 35 years. He is the Chairman of Shree Bhagwati Flour and Foods Pvt. Ltd. and is also associated with M/s. Shri Bhagwati Flour Mills Pvt. Ltd..

He does not hold any equity shares of the Company and is not related to any Director of the Company.

The details of Directorships, Memberships/Chairmanships of Committees of Other Companies held by Mr. Nitin R. Patel are as under:

Sr. No.	Name of the Company in which holding Directorship	Name of the Committee	Committee Membership
1	Shri Bhagwati Flour Mills Pvt. Ltd.	–	–
2	Shri Bhagwati Flour & Foods Pvt. Ltd..	–	–

Mr. Nitin R. Patel is a Director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Mr. Nitin R. Patel, being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019. A notice has been received from a member proposing Mr. Nitin R. Patel as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Nitin R. Patel fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Nitin R. Patel as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Sunday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Nitin R. Patel as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Nitin R. Patel as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Nitin R. Patel, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

ITEM NO. 8:

Mr. Ganpatraj Chowdhary is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in November, 2012. Mr. Ganpatraj Chowdhary is the Member of the Audit Committee of the Board of Directors of the Company.

Mr. Ganpatraj Chowdhary is a Commerce Graduate and is the Managing Director and overall in charge of M/s. Riddhi Siddhi GlucoBiols Ltd., a Company listed on Bombay Stock Exchange.

He does not hold any equity shares of the Company and is not related to any Director of the Company.

The details of Directorships, Memberships/Chairmanships of Committees of Other Companies held by Mr. Ganpatraj Chowdhary are as under:

Sr. No.	Name of the Company in which holding Directorship	Name of the Committee	Committee Membership
1	Riddhi Siddhi Gluco Biols Ltd.	–	–
2	Rouquette Riddhi Siddhi Private Ltd.	–	–
3	Creelotex Engineers Pvt. Ltd.	–	–
4	Vicas Vehicles Pvt. Ltd.	–	–
5	Vascroft Design Private Ltd.	–	–
6	Revival Infrastructure and Recreation Pvt. Ltd.	–	–
7	Safari Infrastructure Private Limited	–	–
8	The All India Starch Manufacturers' Association Private Ltd.	–	–

Mr. Ganpatraj Chowdhary is a Director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Mr. Ganpatraj Chowdhary, being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019. A notice has been received from a member proposing Mr. Ganpatraj Chowdhary as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Ganpatraj Chowdhary fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Ganpatraj Chowdhary as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Sunday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Ganpatraj Chowdhary as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Ganpatraj Chowdhary as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Ganpatraj Chowdhary, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 8. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

ITEM NO. 9:

Mr. Bhavin A. Shah is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in November, 2012. Mr. Bhavin A. Shah is the Member of the Investors' Grievance Committee of the Board of Directors of the Company.

Mr. Bhavin A. Shah has a Masters degree in the field of Business Administrations. He is currently Managing Director and Chief Executive Officer of Equirus Securities Pvt. Ltd.. He was earlier also associated with J P Morgan, Hong Kong and India as Head of Asia-Pacific Technology Research and Global Sector Leader.

He holds 9,349 equity shares of the Company. He is not related to any Director of the Company.

The details of Directorships, Memberships/Chairmanships of Committees of Other Companies held by Mr. Bhavin A. Shah are as under:

Sr. No.	Name of the Company in which holding Directorship	Name of the Committee	Committee Membership
1	Equirus Securities Private Limited	–	–
2	Kahaani Football Club Pvt. Ltd.	–	–

Mr. Bhavin A. Shah is a Director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Mr. Bhavin A. Shah, being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019. A notice has been received from a member proposing Mr. Bhavin A. Shah as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Bhavin A. Shah fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Bhavin A. Shah as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Sunday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Bhavin A. Shah as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Bhavin A. Shah as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Bhavin A. Shah, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 9. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.



ITEM NO. 10:

The Board of Directors of the company evaluated encouraging performance during the financial year 2013-14. It also discussed its sustainability in the current year and after careful evaluation of foreseeable future earning and other criteria felt that it is appropriate to capitalize the part of reserve fund by way of issue of bonus shares in the ratio of 1 (One) new equity share for 10 (Ten) existing equity shares as proposed in the resolution.

Pursuant to the applicable provisions of the Companies Act, 2013 and Articles of Association of the Company, it would be necessary to obtain approval of the members by way of special resolution for issue of bonus shares by capitalization of its reserve fund and hence necessary resolution has been proposed for the approval of members.

Your Directors recommend passing of the proposed Resolution.

The Directors, the Key Managerial personnel of the Company and their relatives are deemed to be concerned or interested in the resolution to the extent of shares held, if any by them in the Company. The proposed resolution does not relate or affect any other company.

Item No. 11:

The Company, at its Annual General Meeting held on 24th June, 2013 (AGM), authorized the Board of Directors of the Company by way of Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 to borrow for the purpose of the Company moneys in excess of the paid-up capital of the Company and its free reserves provided the sum or sums so borrowed and remaining outstanding at any point of time shall not exceed Rs. 100 Crores.

However, pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013 (the 'Act'), since notified, the Board can exercise such borrowing powers only with the approval of Members of the Company by way of Special Resolution. The resolution is accordingly recommended for approval as a Special Resolution under the Act.

Your Directors recommend passing of the proposed Resolution.

None of the Directors, Key Managerial Personnel of the Company, and/or their relatives may be deemed to be concerned or interested in the proposed resolution. The proposed resolution does not relate or affect any other company.

Item No. 12:

The Company, at its Annual General Meeting held on 28th September, 2000(AGM), authorized the Board of Directors of the Company by way of Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956, to create mortgage and/or charge on the immovable and movable properties of the Company in favour of the lenders to secure the financial assistance not exceeding the limit for which approval is in place u/s. 293(1)(d) for the amount to be borrowed from time to time.

However, pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013 (the 'Act'), since notified, the Board can exercise such power to create mortgage and/or charge on the immovable and movable properties of the Company, only with the approval of Members of the Company by way of Special Resolution. The resolution is accordingly recommended for approval as a Special Resolution under the Act.

Your Directors recommend passing of the proposed Resolution.

None of the Directors, Key Managerial Personnel of the Company, and/or their relatives may be deemed to be concerned or interested in the proposed resolution. The proposed resolution does not relate or affect any other company.

May 19, 2014

ADI FINECHEM LIMITED

C.I.N. : L15140GJ1985PLC007845

By Order of the Board

Registered Office:

1st Floor, 2, Sigma Corporates,
B/H HOF Living, SindhuBhavan Road,
Off S.G. Road, Ahmedabad – 380 059.

Rajen Jhaveri
Vice President & Company Secretary

DIRECTORS' REPORT

To,

The Members,

Your Directors are indeed pleased to present the Twenty Ninth Annual Report and Audited Accounts of the Company for the financial year ended March 31, 2014.

FINANCIAL RESULTS :

Rs. in Crores

		Year ended on	
		31-03-2014	31-03-2013
(1)	Income	152.38	123.46
(2)	Profit before Interest, Depreciation & Taxation	33.69	17.63
	Less : Interest	2.66	2.48
(3)	Profit before Depreciation and Taxation	31.03	15.15
	Less : Depreciation	2.64	2.27
	Extra-ordinary Item	--	0.25
	Sub-Total	2.64	2.52
(4)	Profit before Tax for the year	28.39	12.63
	Less : Provision for Taxation :		
	Current Tax	9.31	4.03
	Deferred Tax	0.40	0.21
	Sub-total	9.71	4.24
(5)	Net profit after Tax for the year	18.68	8.39
	Add :Balance B/ffrom previous year's a/c. (After utilisation for bonus shares)	18.26	12.35
(6)	Total funds available for appropriation	36.94	20.74
	Less : (a) Proposed Dividend	1.88	1.14
	(b) Dividend Distribution Tax	0.32	0.18
	Sub-total	2.20	1.32
(7)	Balance C/f to next year's account	34.74	19.41

OPERATIONS:

(A) Sales and Profit:

The sales and other income of the Company during 2013-14 were higher at Rs. 152.38 crores compared to Rs. 123.46 crores of the previous year reflecting increase of 23.42%. The company has made Profit before tax of Rs.28.39 crores compared to previous year's Rs 12.63 crores. This is mainly due to increased production resulting in economies of scale, higher export earnings and process optimisation.

(B) Raw Material:

Required quantities of both the Raw materials were available from within India.

(C) Export:

Company was able to procure the required orders for its export products. Company made export of Rs. 54.94 crores during the year.

CORPORATE GOVERNANCE/MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

A Report on the Corporate Governance Code along with 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 dividend of Re.1.50 per equity share (Previous Year Re.1/- per equity share) on the increased Equity Share Capital for the financial year ended March, 31, 2014, subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company.

TECHNICAL ACHIEVEMENT:

The Company keeps on exploring the possibility of technical improvement and process optimization for better yields / product mix / energy efficiency.

DIRECTORS:

Shri Bimal D. Parikh shall retire at the forthcoming Annual General Meeting of the Company and being eligible, offers himself reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956 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, 2014 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.

LISTING

Company's Securities are listed with the Stock Exchanges at Mumbai & Ahmedabad. The Company has already paid the listing fees to these 2 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 pursuant to the provision of the Section 139 of The Companies Act, 2013 and willingness to be re- reappointed.

COST AUDITOR:

Ministry of Corporate Affairs vide its circular No. F.No. 52/26/CAB-2010 dated 24.01.2012 prescribed the Cost Audit of Product(s) falling under chapter 38 of Central Excise Tariff Act, 1985 from the year 2012-13 onwards. Accordingly, the Company had appointed M/s. Rajendra Patel & Associates, Cost Accountants as Cost Auditors for the financial year 2013-14. Subject to the rules as may be notified by Ministry of Corporate Affairs, the Company proposes to appoint the said firm as Cost Auditors for financial year 2014-15 also.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO:**A. Conservation of Energy**

- (a) Energy Conservation measures taken:

Energy Conservation is an ongoing feature at Adi Finechem Ltd.. The Company has bought energy efficient last generation boiler / steam generation / thermic fluid heaters. These equipments will be commissioned during F.Y. 2014-15.

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

—

- (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 / will help the company to contain its Power and Fuel costs.

- (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 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. **54,88,28,051/-**

Foreign Exchange utilized Rs. **1,68,23,214/-**

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.

For and on behalf of the Board of Directors,

Place : Ahmedabad
May 19, 2014

Utkarsh B. Shah
Chairman

ANNEXURE

Disclosure of Particulars with respect to Conservation of Energy.

A. POWER AND FUEL CONSUMPTION		2013-14	2012-13
1.	ELECTRICITY		
	a) Purchased	Units	4970670
		Total Amount (Rs.)	33805552
		Rate / Unit (Rs.)	6.80
	b) Own Generation	Units	198992
		Units per Litre of Diesel	3.35
		Average Cost / Unit (Rs.)	18.71
2.	FURNACE OIL		
		Quantity (in KL)	152
		Total Cost (Rs.)	6413991
		Average rate per litre (Rs.)	42.91
3.	LIGNITE / COAL		
		Quantity (in M.Tons)	13901
		Total Cost (Rs.)	60586918
		Average rate per Kg. (Rs.)	4.358
4.	OTHERS (IF ANY)		
			-

B. Consumption per unit of Production		Production (M.Tons)	Standards, if any	Per M.Ton
1.	ELECTRICITY			KWH
	Deodorizer Distillate (Mixed Tocopherol Concentrate)	715.270 (878.695)	-	550 (605)
	Linoleic Acid / Oleic Acid	1824.670 (1858.582)	-	295 (310)
	Dimer Acid	2150.340 (1714.162)	-	350 (380)
2.	FURNACE OIL			LITRES
	Deodorizer Distillate (Mixed Tocopherol Concentrate)	715.270 (878.695)	-	30 (30)
	Linoleic Acid / Oleic Acid	1824.670 (1858.582)	-	25 (25)
	Dimer Acid	2150.340 (1714.162)	-	37 (40)
3.	LIGNITE / COAL			KGS.
	Deodorizer Distillate (Mixed Tocopherol Concentrate)	715.270 (878.695)	-	1070 (1120)
	Linoleic Acid / Oleic Acid	1824.670 (1858.582)	-	950 (900)
	Dimer Acid	2150.340 (1714.162)	-	1280 (1300)

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

Bold Figures indicate Production and Consumption for the year 2013-14.

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

The company has set itself the objective of expanding its capacities and becoming globally competitive in its business. As a part of its growth strategy, the company believes in adopting the best practices that are followed in the area of Corporate Governance across geographies. The company emphasizes the need for full transparency and accountability in all its transactions, in order to protect the interest of its stakeholders. The Board considers itself as a Trustee of company's shareholders and acknowledges its responsibilities towards them for creation and safeguarding their wealth.

2. Board of Directors

• Composition of the Board of Directors (Board)

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

In compliance with the Corporate Governance norms in terms of constitution of the Board, headed by Non-executive Chairman, the Board currently has Two Executive Directors and seven Non-executive Directors, representing optimum combination of professionalism, knowledge and experience to ensure 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 Meeting	Last AGM		Member	Chairman
Shri Utkarsh B. Shah (Chairman)	Promoter - Non Executive	5	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	6	Yes	Nil	Nil	Nil
Shri Hemant N. Shah	Promoter, Non Executive	5	Yes	Nil	Nil	Nil
Shri Jayesh K. Shah	Independent, Non Executive	5	Yes	7	Nil	Nil
Shri Kalpesh A. Patel	Independent, Non Executive	5	Yes	1	1	Nil
Shri Ganpatraj L. Chowdhary	Independent, Non Executive	3	No	1	Nil	Nil
Shri Nitin R. Patel	Independent, Non Executive	5	Yes	Nil	Nil	Nil
Shri Bhavin A. Shah	Independent, Non Executive	5	Yes	Nil	Nil	Nil

* Includes only Audit, Shareholders' / 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.

• Board Meetings and Attendance

The Meeting of the Board of Directors is scheduled in advance. The Board meets at least once in a quarter *inter-alia* to review the performance of the Company and consideration of quarterly financial results. Each time, a detailed agenda is prepared in consultation with the Managing Director & Wholetime Director. Six Board

meetings were held in the year 2013-14 and the gap between two Board meetings has not exceeded four months. The dates on which meetings were held are as follows:

No.	Date of Meeting	No. of Directors Present	No.	Date of Meeting	No. of Directors Present
1	May 18, 2013	9	5	October 30, 2013	9
2	June 24, 2013	8	6	February 03, 2014	8
3	August 12, 2013	8			
4	September 14, 2013	3			

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 Hemant N. Shah, Shri Kalpesh A. Patel and Shri Nitin R. Patel as members.

Audit Committee comprises of four Non Executive 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 2013-14 - on May 18, 2013, August 12, 2013, October 30, 2013 and February 03, 2014.

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 Hemant N. Shah	Non Executive – Promoter	4
Shri Kalpesh A. Patel	Non Executive – Independent	4
Shri Nitin R. Patel	Non Executive – Independent	4

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, 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) Appointment of Cost Auditor.
- (13) 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 Managing Director, Wholetime Director, Internal Auditors, Statutory Auditors and 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, 2014 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 Committee

Remuneration Committee consists of Shri Kalpesh Patel as Chairman of the Committee, Shri Jayesh K. Shah and Shri Ganpatraj L. Chawdhary as members of the Committee. Remuneration Committee met once during the year on 18.05.2013 whereat all the three members of the committee were present.

Broad terms of reference of the Remuneration Committee are to recommend/review the remuneration packages of Managing Director and Whole time 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.

Details of remuneration paid to Directors during the financial year 2013-14.

(Amounts in Rs.)

Directors	Salaries	Perquisites	Sitting Fees	Total
Shri Utkarsh B. Shah	Nil	Nil	Nil	Nil
Shri Nahoosh J. Jariwala	# 53,09,376	59,584	Nil	53,63,960
Shri Bimal D. Parikh	##20,75,750	3,00,000	Nil	23,75,750
Shri Hemant N. Shah	Nil	Nil	Nil	Nil
Shri Jayesh K. Shah	Nil	Nil	25,000	25,000
Shri Kalpesh A. Patel	Nil	Nil	25,000	25,000
Shri Nitin R. Patel	Nil	Nil	23,500	23,500
Shri Ganpatraj L. Chowdhary	Nil	Nil	12,000	12,000
Shri Bhavin A. Shah	Nil	Nil	17,500	17,500

Includes Commission of Rs. 21,89,376/-

Includes Commission of Rs. 8,75,750/-

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

5. Shareholders'/Investors' Grievance Committee

Shareholders'/Investors' Grievance Committee consists of Shri Hemant N. Shah, Non-executive Director as Chairman of the committee, Bhavin Shah and Shri Bimal D. Parikh, Wholetime Director as members of the committee. Mr. Rajen Jhaveri 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. Management Committee

Management Committee comprises of 3 Members namely (1) Shri Nahoosh Jariwala, Managing Director (2) Shri Bimal Parikh, Wholetime Director and (3) Shri Hemant N. Shah. The Committee looks after businesses which are administrative in nature and within the overall Board approved directions and framework. One meeting of the Committee was held during the year. The Company Secretary acts as the Secretary to the Committee.

7. 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 conflict with the interests of the Company at large.

Details of related party transactions are elaborated in Note No. 27 to the financial statements.

(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 Company has complied with the following non-mandatory requirement as prescribed in Annexure – ID to clause 49 of the Listing Agreement with Stock Exchanges:

The Board of Directors of the Company has set up a Remuneration Committee to review and recommend remuneration packages for Managing Director and Whole Time Director including pension rights and compensation payment. Please see the para. on Remuneration to Directors under the title "Remuneration committee" for further details.

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

8. 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.

9. 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.

10. 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
26th AGM	2010-2011	Aarohi Starz Club Pvt. Ltd., Aarohi Greens, Sanand, Kadi Road, Chekhala, Ahmedabad - 382115	July 30, 2011 at 5.00 p.m.	Nil
27th AGM	2011-2012	Aarohi Starz Club Pvt. Ltd., Aarohi Greens, SanandKadi Road, Chekhala, Ahmedabad - 382115	August 6, 2012 at 5.00 p.m.	Nil
28th AGM	2012-2013	Aarohi Starz Club Pvt. Ltd., Aarohi Greens, SanandKadi Road, Chekhala, Ahmedabad - 382115	June 24, 2013 at 5.00 p.m.	Two

General Shareholder Information

Date, time and venue of 29th Annual General Meeting

Monday, 30th June, 2014 at 5.00 p.m. at 'Memories Hall', 2nd Floor, TGB Banquets & Hotels Ltd. (The Grand Bhagwati), S. G. Road, Bodakdev, Ahmedabad - 380054.

Book Closure Date : May 31, 2014

Dividend Payment Date (Subject to approval of the Shareholders)

On or after July 01, 2014

Financial Calendar (Tentative)

Financial reporting for the quarter ending June 30, 2014

First week of August, 2014

Financial reporting for the quarter/half year ending September 30, 2014

First week of November, 2014

Financial reporting for the quarter ending December 31, 2014

First week of February, 2015

Financial reporting for the year ending March 31, 2015

Third week of May, 2015

Annual General Meeting for the year ending March 31, 2015

July, 2015

STOCK PRICE:

High/Low of monthly Market Price of Company's Equity Shares traded on the Mumbai Stock Exchange during the financial year 2013-14 is furnished below:

Month	High (Rs.)	Low (Rs.)	Volume (Nos.)
April, 2013	61.80	50.05	86638
May, 2013	69.95	55.00	37904
June, 2013	67.00	61.00	37966
*July, 2013	65.95	51.50	41173
August, 2013	57.00	51.25	12071
September, 2013	51.90	39.20	14900
October, 2013	59.65	44.15	12577
November, 2013	60.85	55.00	8688
December, 2013	60.50	54.20	8190
January, 2014	68.10	55.00	352817
February, 2014	121.10	65.05	1358874
March, 2014	150.00	106.25	559136

* Ex-Bonus w.e.f. 4th July, 2013.

The year end price of the equity share of the Company at Stock Exchange, Mumbai was Rs. 136.60. No trading was reported on Ahmedabad Stock Exchange.



With effect from January 13, 2014, the Company's scrip has been withdrawn from the list of scrips covered under 'Periodic Call Auction Mechanism by Stock Exchange, Mumbai pursuant to SEBI's circular dated 19th December, 2013.

Share Transfer System

Transfer of shares held in physical mode is processed by M/s. Sharepro Services (India) Pvt. Limited having registered office situated at 13AB, Samhita Warehousing Complex, Sakinaka Telephone Exchange Lane, Off Andheri, Kurla Road, Sakinaka Mumbai – 400 072, Share Transfer Agent 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, 2014, 98.05 % 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, 2014

Category (shares)	No. of Shareholders	Percentage	No. of Shares	Percentage
1-500	1953	75.41	293609	2.34
501-1000	203	7.84	142188	1.13
1001-2000	138	5.33	197342	1.57
2001-3000	71	2.74	180983	1.44
3001-4000	31	1.20	112847	0.90
4001-5000	18	0.70	82372	0.66
5001-10000	70	2.70	487751	3.88
Above 10000	106	4.10	11042908	88.07
TOTAL	2590	100%	12540000	100.00%

Categories of Shareholders, Category-wise Shareholding as on March 31, 2014

Category	No. of Shares held	% to total shares held
Individual	36,95,149	29.47
Promoters		
- Indian Promoters	78,84,444	62.87
- Foreign Promoter	–	–
Other Corporate Bodies	6,75,137	5.38
Financial Institutions / Mutual Funds / Banks	90,000	0.72
Director & their relatives	–	–
Foreign Institutional Investors / Overseas Corporate Bodies	50,602	0.40
Non-Resident Indians	1,44,668	1.16
TOTAL	1,25,40,000	100

Listing on Stock Exchanges at:

Ahmedabad Stock Exchange Limited Kamdhenu Complex, Panjrapole, Opp. Sahjanand College, Ambavadi, Ahmedabad - 380 015.	Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.
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Listing fees for the year 2014-15 have been paid to both the Stock Exchanges.

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

Registered Office 1st Floor, 2, Sigma Corporates, Behind HOF Living, Sindhu Bhavan Road, Off. S.G.Road, Ahmedabad – 380059.
Tele No. (079) 32908752/29701675

Contact Person Mr. Rajen Jhaveri
Vice President & Company Secretary
E-mail cs@adifinechem.com; rajenjhaveri@adifinechem.com

Unclaimed Dividends Rs. 1,77,765/-for the financial year 2010-11
Rs. 1,34,679/-for the financial year 2011-12
Rs. 1,26,670/-for the financial year 2012-13

Plant Location 253/P and 312, Chekhala, Sanand-Kadi Highway, Ta. Sanand, Dist. Ahmedabad - 382 115

Registrar & Transfer Agent: Sharepro Services (India) Pvt. Ltd.
13AB, Samhita Warehousing Complex
2nd Floor, Sakinaka, Telephone Exchange Lane, Andheri (East), 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, 2014.

Ahmedabad
May 19, 2014

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** for the year ended on 31st March 2014, 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 condition 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 explanation 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 mentioned Listing Agreement.

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 & Co.
Chartered Accountants
FRN : 127390W

Place : Ahmedabad
Date : 19th May, 2014

Ronak Shah
Partner
M No : 102249

Independent Auditor's Report

To the Members of
Adi Finechem Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Adi Finechem Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting principles generally accepted in India including Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date, and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of section 227 (4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act 2013; and
- (e) On the basis of the written representations received from the Directors as on 31st March, 2014 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2014, from being appointed as a Director in terms of section 274 (1) (g) of the Companies Act, 1956.

For Jhaveri Shah & Co.
Chartered Accountants
FRN : 127390W

Place : Ahmedabad
Date : 19th May, 2014

Ronak Shah
Partner
M No : 102249

Annexure to Independent Auditors' Report

Referred to in our report to the members of Adi Finechem Limited (the Company) for the year ended 31st March, 2014. We report that:

- (1) In respect of its Fixed Assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
 - (b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification;
 - (c) The Company has not disposed off a substantial part of fixed assets during the year.
- (2) In respect of inventories:
 - (a) Physical verification of inventory has been conducted at reasonable intervals by the management;
 - (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 the 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 covered in the register maintained under section 301 of the Companies Act, 1956.
 - (b) The Company has taken loans from seven companies covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and year end balance of such loans aggregates to Rs. 455 lacs and Rs. 455 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. The Company is regular in payment of interest.
- (4) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure 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. 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 and exceed the value of rupees five lacs in respect of each party during the year have been made at prices which appear reasonable as per the information available with the Company.
- (6) According to the information and explanations given to us, the Company has not accepted any deposit from the public as per the provisions of sections 58A, 58AA or other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- (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 its size and nature of its business.
- (8) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, maintenance of cost records has been prescribed under clause (d) of sub-section (1) of section 209 of the Companies Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate and complete.
- (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 explanation 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, 2014 for a period of more the 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 31st March, 2014 on account of any dispute are given below :

Sr. No.	Name of the Statute	Nature of Dues	Period to which amount relates (Financial Year)	Forum where dispute is pending	Amount (in Rs.)
1	Income Tax Act, 1961	Interest	2004-05	Income Tax Appellate Tribunal	2,429
2	Income Tax Act, 1961	Income Tax and interest	2005-06	Income Tax Appellate Tribunal	8,59,646
3	Income Tax Act, 1961	Fringe Benefit tax	2005-06	Income Tax Officer	8,040
4	Central Excise Act	Excise Duty including Interest & penalty as applicable	Demand pertaining to F.Y. 2012-13	Joint Commissioner, Central Excise, Ahmedabad	22,79,219
Total					31,49,334

- (10) The Company has no accumulated losses as at 31st March, 2014 and it has not incurred any cash losses in such 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 loan 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 (Auditors' Report) Order, 2003 is 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 bank 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 for the purpose 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, the funds raised on short-term basis have not been used for long term investment.
- (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 Act.
- (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 & Co.
Chartered Accountants
FRN : 127390W

Place : Ahmedabad
Date : 19th May, 2014

Ronak Shah
Partner
M No : 102249

Balance Sheet as at 31st March, 2014

Amount in Rs.

PARTICULARS	Notes	As at 31st March, 2014	As at 31st March 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	125,400,000	114,000,000
Reserves and Surplus	2	347,455,247	194,132,748
		472,855,247	308,132,748
Non - Current Liabilities			
Long term Borrowings	3	70,329,129	53,698,011
Deferred Tax Liabilities	4	39,927,511	35,927,998
Long term Provisions	5	1,252,488	1,087,622
		111,509,128	90,713,631
Current Liabilities			
Short Term Borrowings	6	207,831,849	116,960,196
Trade Payables	7	28,379,105	19,120,584
Other Current Liabilities	8	22,075,580	43,577,937
Short term Provisions	9	34,016,335	17,800,479
		292,302,869	197,459,196
TOTAL		876,667,244	596,305,575
ASSETS			
Non - Current Assets			
Fixed Assets			
Tangible Assets (Net)	10	328,043,145	270,751,150
Capital Work-in-Progress		116,344,362	13,294,994
Long Term Loans & Advances	11	4,571,815	8,204,782
		448,959,322	292,250,926
Current Assets			
Inventories	12	157,377,371	99,086,591
Trade Receivables	13	212,842,648	154,013,747
Cash and Bank Balances	14	713,465	538,542
Short Term Loans & Advances	15	56,441,505	50,211,681
Other Current Assets	16	332,933	204,088
		427,707,922	304,054,649
TOTAL		876,667,244	596,305,575
Significant accounting policies and Notes on financial statements	1 to 41		

As per our report of even date

For Jhaveri Shah & Co.

Firm Registration Number - 127390W

Chartered Accountants

Ronak Shah

Partner

Mem.No :102249

Place : Ahmedabad

Date : May 19, 2014

For and on behalf of the Board

Nahoosh Jariwala

Managing Director

Bimal D. Parikh

Wholetime Director

Rajen N. Jhaveri

Vice President & Company Secretar

Place : Ahmedabad

Date : May 19, 2014

Statement of Profit and Loss for the year ended on 31st March, 2014

Amount in Rs.

PARTICULARS	Notes	For the Year ended on 31st March, 2014	For the Year ended on 31st March, 2013
Income			
Revenue from Operations (Gross)	17	1,636,031,036	1,340,097,133
Less : Excise duty recovered		(117,801,477)	(109,103,403)
Revenue from Operations (Net)		1,518,229,559	1,230,993,730
Other Income	18	5,572,125	3,649,782
Total Revenue		1,523,801,684	1,234,643,512
Expenses			
Cost of Material and Components Consumed	19	934,877,498	880,200,910
Changes in Inventory of Finished Goods & Work in Progress	20	5,933,058	(6,542,140)
Employee benefits expenses	21	55,595,558	41,676,246
Other expenses	22	190,464,031	143,054,447
Depreciation	10	26,427,394	22,653,334
Finance Costs	23	26,563,308	24,792,924
Total Expenses		1,239,860,847	1,105,835,721
Profit Before Extra-ordinary items and Tax		283,940,837	128,807,791
Less : Extra-Ordinary Items :			
Loss of Inventories due to fire		-	2,512,739
Profit Before Tax		283,940,837	126,295,052
Tax Expense			
Current Tax		93,124,000	40,324,000
Deferred Tax		3,999,513	2,109,932
		97,123,513	42,433,932
Profit for the year		186,817,324	83,861,120
Earnings per equity share of face value of Rs.10/- each			
Basic / Diluted (in Rs.)	24	14.90	6.69
Significant accounting policies and Notes on financial statements	1 to 41		

As per our report of even date

For Jhaveri Shah & Co.

Firm Registration Number - 127390W

Chartered Accountants

Ronak Shah

Partner

Mem.No :102249

Place : Ahmedabad

Date : May 19, 2014

For and on behalf of the Board

Nahoosh Jariwala

Managing Director

Bimal D. Parikh

Wholetime Director

Rajen N. Jhaveri

Vice President & Company Secretar

Place : Ahmedabad

Date : May 19, 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

Amount in Rs.

PARTICULARS		As at 31st March, 2014		As at 31st March, 2013	
(A)	CASH FLOW FROM OPERATING ACTIVITIES:				
	Net profit/(loss) before tax and extra-ordinary items		283,940,837		126,295,052
	Adjustments for :				
	Depreciation	26,427,394		22,653,334	
	Unrealised Foreign Exchange Loss (Net)	4,092,782		2,842,964	
	Interest Received	(337,256)		(216,421)	
	Interest paid	26,563,308		24,792,924	
	Loss/ (Profit) on sale of Fixed Assets (net)	165,177		278,541	
			56,911,405		50,351,342
	Operating Profit before Working Capital		340,852,242		176,646,394
	Changes :				
	Adjustments for :				
	(Increase)/Decrease in Trade and other receivables	(63,528,955)		(13,765,067)	
	(Increase)/Decrease in Inventories	(58,290,780)		(3,892,547)	
	(Increase)/Decrease in Loans and advances & Other Current Assets	1,123,476		(7,856,303)	
	Increase/(Decrease) in Trade and other payables	(21,099,656)		6,092,851	
	Increase/(Decrease) in Provisions	4,050,082		(2,399,259)	
			(137,745,833)		(21,820,325)
	Cash Generated from operations				
	Income-tax		(80,793,360)		(34,774,636)
	Net cash from operating activities	(A)	122,313,049		120,051,433
(B)	CASH FLOW FROM INVESTING ACTIVITIES :				
	Purchase of Fixed Assets (see note no:3)	(190,924,382)		(59,526,154)	
	Sale of fixed assets	141,270		8,408,253	
	Interest Received	337,256		216,421	
	Net cash from Investing activities	(B)	(190,445,856)		(50,901,480)
(C)	CASH FLOW FROM FINANCING ACTIVITIES:				
	Proceeds from Long Term Borrowings	16,631,117		(8,476,762)	
	Proceeds from working capital loan	91,489,286		(25,476,980)	
	Interest paid	(26,563,308)		(24,792,924)	
	Dividend paid on Equity Shares	(11,400,000)		(9,500,000)	
	Tax on dividend	(1,849,365)		(1,541,138)	
	Net cash from financing activities	(C)	68,307,730		(69,787,804)
	Net Increase/(Decrease) in cash & cash equivalents	(A) + (B) + (C)	174,923		(637,851)
	Cash and cash equivalents (see note no:1) (Opening balance)		538,542		1,176,393
	Cash and cash equivalents		713,465		538,542

Amount in Rs.

PARTICULARS	As at 31st March, 2014		As at 31st March, 2013	
NOTES :				
(1) Cash and Cash equivalent includes :				
Particulars:				
Cash on Hand		243,255		188,943
Bank Balances with Scheduled Banks in :				
Current Accounts		470,210		349,599
Total		713,465		538,542
(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.

Firm Registration Number - 127390W

Chartered Accountants

Ronak Shah

Partner

Mem.No :102249

Place : Ahmedabad

Date : May 19, 2014

For and on behalf of the Board

Nahoosh Jariwala

Managing Director

Bimal D. Parikh

Wholetime Director

Rajen N. Jhaveri

Vice President & Company Secretary

Place : Ahmedabad

Date : May 19, 2014

Notes to Financial Statements for the year ended 31st March 2014

1 Summary of Significant Accounting Policies

1.1 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 / income and costs / expenditure are generally accounted on accrual basis, as they are earned or incurred.

1.2 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 revenue and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

1.3 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 input tax credit availed less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the assets to its working condition for its intended use. Borrowing cost, if any, attributable to acquisition / construction of fixed assets capitalized as per the policy stated in note 1.13. Fixed assets, which are not put to use are shown as Capital Work in Progress.

1.4 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.

1.5 Inventories:

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

Stores & Fuel: FIFO Basis

Raw Materials: Weighted Average Basis

Semi-finished Goods: Absorption cost basis

1.6 Revenue recognition:

- i) Sales are recognized 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.

1.7 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 difference between the year end rates and rate on the date of contract is recognized as exchange rate difference and the premium paid / discount received on forward contracts is recognized over the life of contract.

1.8 Prior period Expenses / Income:

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

1.9 Employees Benefits:

(a) Defined Contribution Plan

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

(b) Defined Benefit Plan

The employees' gratuity fund scheme managed by Trust (Life Insurance Corporation of India) is a 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 recognized on a straight line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognized 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 the 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.

1.10 Cenvat Credit:

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

1.11 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 capitalized 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.

1.12 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 recognized, 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.

1.13 Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized 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.

1.14 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.

1.15 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.

1.16 Earnings per Share:

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity share holders by the weighted average number of equity shares during the year. The weighted average number of equity shares outstanding during the year and for all the years presented is adjusted for events, such as bonus shares, that have changed the number of equity shares outstanding, without corresponding change in resources.

1.17 Proposed Dividend:

Dividend proposed by the Board of Directors is provided for in the books of account, pending approval of share holders at the Annual General Meeting.

NOTES FORMING PART OF FINANCIAL STATEMENTS

Amount in Rs.

PARTICULARS	As at		As at	
	31st March, 2014		31st March, 2013	
1 Share Capital				
Authorised Share Capital				
1,45,00,000 (Previous Year 1,45,00,000) Equity Shares of Rs. 10 each		145,000,000		145,000,000
50,000 (Previous year 50,000) Preference Shares of Rs.100 each		5,000,000		5,000,000
TOTAL		150,000,000		150,000,000
Issued, Subscribed and fully paid - up share capital				
1,25,40,000 (Previous Year 1,14,00,000) Equity Shares of Rs. 10 each, fully paid-up		125,400,000		114,000,000
TOTAL		125,400,000		114,000,000
1.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period				
At the beginning of the year		11,400,000		9,500,000
Issued during the year as bonus shares in the ratio of one fully paid-up Equity Share for every ten (Previous year : five) shares.		1,140,000		1,900,000
Outstanding at the end of the year		12,540,000		11,400,000
1.2 Details of Shareholders holding more than 5% of Equity Shares:				
	As at 31st March, 2014		As at 31st March, 2013	
	Nos	Rs.	Nos	Rs.
Shri. Utkarsh Bhikhoobhai Shah	1,633,332	13.02%	1,484,848	13.02%
Shri. Hemant Navinchandra Shah	927,209	7.39%	842,918	7.39%
Shri. Raj Bhikhoobhai Shah	818,098	6.52%	743,726	6.52%
Shri. Bimalbhai D. Parikh	754,043	6.01%	685,494	6.01%
Harihar Mfg & Trading Pvt. Limited	697,456	5.56%	634,051	5.56%
	4,830,138	38.52%	4,391,037	38.52%
1.3 The equity share holders of the Company are entitled to receive interim and / or final dividend as declared and approved by the Board of Directors and / or the share holders of the Company. The dividend so declared will be in proportion to the number of equity shares held by the shareholders.				
1.4 In the event of the liquidation of the Company, equity share holders will be entitled to receive remaining assets of the Company. The distribution will in proportion to the number of equity shares held by the shareholders.			Rupees	Rupees
1.5 Equity shares allotted as fully paid bonus shares during the last five years : (Issued during FY: 2012-13 & 2013-14)			30,400,000	19,000,000

NOTES FORMING PART OF FINANCIAL STATEMENTS

Amount in Rs.

PARTICULARS	As at 31st March, 2014	As at 31st March, 2013
2 Reserves & Surplus		
Securities Premium Account		
Opening Balance	-	1,386,000
Less: Deduction during the year (Utilised for issue of bonus shares)	-	1,386,000
Total (A)	-	-
Capital Redemption Reserve Account		
Opening Balance	-	5,000,000
Less: Deduction during the year (Utilised for issue of bonus shares)	-	5,000,000
Total (B)	-	-
General Reserve Account		
As per Last Balance Sheet	-	-
Add : Transferred from Profit and Loss Account	10,000,000	-
Total (C)	10,000,000	-
Surplus in the statement of Profit and Loss		
Balance as per last financial statement	194,132,748	136,134,993
Profit for the year	186,817,324	83,861,120
	380,950,072	219,996,113
Less: Appropriations		
Transferred to General Reserve	10,000,000	-
Dividend on equity shares and Dividend distribution tax	22,094,825	13,249,365
Less: Utilised for issue of Fully Paid-up Bonus shares to Equity Share Holders	11,400,000	12,614,000
Net Surplus in the Statement of Profit & Loss	337,455,247	194,132,748
Total (D)	337,455,247	194,132,748
Total Reserves & Surplus (A + B + C + D)	347,455,247	194,132,748
3 Long Term Borrowings		
*Loans from Bank	22,258,471	6,455,960
*Loans - Against hypothecation of vehicles	2,570,658	1,742,051
Inter-Corporate Deposits	45,500,000	45,500,000
TOTAL	70,329,129	53,698,011
The above amount includes:		
Secured Borrowings	24,829,129	8,198,011
Unsecured Borrowings	45,500,000	45,500,000
TOTAL	70,329,129	53,698,011
<i>* Installment falling due in respect of all the above Loans during next twelve months have been grouped under " Current maturities of long term Debt" (Refer Note: 8)</i>		

Nature of Security and terms of repayment for Long term secured borrowings :

- 3.1 Term loans of Rs. 2,22,58,471/- (Previous Year Rs. 64,55,960/-) are secured primarily by Hypothecation by way of first charge on all present and future stocks, book debts, vehicles and collaterals security by way of Equitable mortgage of industrial property bearing Survey No. 253/P and 312 situated at village Chekhala, Sanand Kadi road and Hypothecation of plant and machinery installed at the factory premises. Further secured by personal guarantee given by Promoter Directors. Current rate of Interest is 12.65% per annum, repayable in 36 / 60 monthly installments commencing from the date of respective disbursement.
- 3.2 The Vehicle loans from HDFC Bank Limited are secured by hypothecation of vehicles and are further secured by personal guarantee given by a Director of the company. The vehicle loan from ICICI Bank Ltd is secured by hypothecation of vehicle.

NOTES FORMING PART OF FINANCIAL STATEMENTS

Amount in Rs.

PARTICULARS	As at 31st March, 2014	As at 31st March, 2013
4 <u>Deferred Tax Liabilities</u>		
(A) Deferred Tax Liability :		
Depreciation	41,460,155	37,019,530
Total (A)	41,460,155	37,019,530
(B) Deferred Tax Asset		
Expense allowable for tax purpose when paid	1,532,644	1,091,532
Total (B)	1,532,644	1,091,532
Net Deferred Tax Liability (A) - (B)	39,927,511	35,927,998
5 <u>Long Term Provisions</u>		
<u>Provision for Employee Benefits</u>		
Leave Encashment	1,252,488	1,087,622
TOTAL	1,252,488	1,087,622
6 <u>Short Term Borrowings</u>		
Working Capital Loans (Including Pre Shipment packing credit Rs.3,82,68,708/- (Previous year : Rs. 763,52,664/-)	207,831,849	116,960,196
TOTAL	207,831,849	116,960,196
Working Capital Loans Rs. 20,78,31,849/- (Previous Year Rs. 11,69,60,196/-) are secured primarily by Hypothecation by way of first charge on all present and future stocks, book debts, vehicles and collaterals security by way of Equitable mortgage of industrial property bearing Survey No. 253/P and 312 situated at village Chekhala, Sanand Kadi road and Hypothecation of plant and machinery installed at the factory premises. Further secured by personal gurarantee given by Promoter Directors. Current Rate of Interest is 12.25% for rupee loan and 250 bps over 6 months LIBOR for PCFC loan per annum.		
7 <u>Trade Payables</u>		
Trade Payables (Refer note no. 37 for details of dues to Micro and Small Enterprises)	28,379,105	19,120,584
TOTAL	28,379,105	19,120,584

NOTES FORMING PART OF FINANCIAL STATEMENTS

Amount in Rs.

PARTICULARS	As at 31st March, 2014	As at 31st March, 2013
8 Other Current Liabilities		
Current Maturities of Long term Debt	12,524,249	9,655,349
Interest accrued but not due on borrowings	307,201	161,637
Interest accrued and due on borrowings	87,336	188,113
Unclaimed interest on matured deposits (There is no amount due to be credited to investor Education & Protection Fund)	2,336	2,336
Unclaimed Dividend	439,114	312,144
Fraction Money-Bonus Payable to Share Holders	-	4,340
Advances from Customers	1,467,529	6,916,579
Bills Payable	2,346,622	20,810,952
Statutory Liabilities	2,155,180	3,143,954
Other Liabilities	2,746,013	2,382,534
TOTAL	22,075,580	43,577,937
9 Short Term Provisions		
Leave Encashment	411,441	323,712
Superannuation	-	21,516
Bonus / Exgratia Payable	3,265,335	1,884,790
Salary Payable	6,097,821	2,321,096
Proposed Equity Dividend	18,810,000	11,400,000
Provision for Income Tax (Net of Adv Tax)	2,234,978	-
Tax On Equity Dividend	3,196,760	1,849,365
TOTAL	34,016,335	17,800,479

10 FIXED ASSETS : TANGIBLE ASSETS

Amount in Rs.

Description of Asset	Gross Block (At Cost)				Depreciation				Net Block	
	As on 01.04.2013	Additions	Sales/ Deduction	As at 31-03-2014	As on 01.04.2013	For the year	Sales/ Deduction	As at 31-03-2014	As at 31-03-2014	As at 31.03.2013
1. Land	6,310,290	-	-	6,310,290	-	-	-	-	6,310,290	6,310,290
2. Building	84,332,864	10,435,292	-	94,768,156	22,340,812	2,967,240	0	25,308,052	69,460,104	61,992,052
3. Plant & Machinery	352,229,183	63,313,500	-	415,542,683	175,226,814	20,705,759	0	195,932,573	219,610,110	177,002,369
4. Electric Installation	22,783,308	2,124,511	-	24,907,819	9,691,120	1,149,645	0	10,840,765	14,067,054	13,092,188
5. Air Conditioners	1,292,592	1,014,200	-	2,306,792	284,858	73,781	0	358,639	1,948,153	1,007,734
6. Office Equipments	3,754,799	955,856	161,600	4,549,055	2,188,621	226,554	84,293	2,330,882	2,218,173	1,566,178
7. Furniture & Fixtures	6,525,123	2,799,100	-	9,324,223	1,955,816	475,250	-	2,431,066	6,893,157	4,569,307
8. Vehicles	7,456,289	3,383,377	952,240	9,887,426	2,245,257	829,165	723,100	2,351,322	7,536,104	5,211,032
Total As at 31-03-2014	484,684,448	84,025,836	1,113,840	567,596,444	213,933,298	26,427,394	807,393	239,553,299	328,043,145	270,751,150
As at 31.03.2013	450,822,540	44,677,712	10,815,804	484,684,448	193,408,974	22,653,334	2,129,010	213,933,298	270,751,150	
Capital Work in Progress									116,344,362	132,294,994

NOTES FORMING PART OF FINANCIAL STATEMENTS

Amount in Rs.

PARTICULARS	As at 31st March, 2014	As at 31st March, 2013
11 Long Term Loans & Advances (Unsecured & Considered Good)		
Security Deposits	4,279,855	3,366,044
Advance Tax (Net of Prov for Tax)	-	4,520,068
Balances with statutory authorities	291,960	318,670
	4,571,815	8,204,782
Less :		
Considered Doubtful	-	-
TOTAL	4,571,815	8,204,782
12 Inventories		
Raw Materials and Components (including Goods in transit Rs. 59,86,389/- (Previous Year Rs. 49,23,211/-)	119,553,638	58,312,682
Stores, Fuel & Packing material (Including Goods in Transit Rs. 11,06,407/- (Previous Year Rs. 1,47,789/-)	22,242,754	19,259,872
Semi-finished Goods	15,580,979	21,514,037
TOTAL	157,377,371	99,086,591
13 Trade Receivables		
(a) Outstanding for a period exceeding six months from the date they are due for payment - (Unsecured) Considered good	59,441	112,974
(b) Others - (Unsecured) Considered good	212,783,207	153,900,773
TOTAL	212,842,648	154,013,747
14 Cash and Bank Balances :		
Cash & cash equivalents		
Cash on Hand	243,255	188,943
Balances with Banks		
- Current Accounts (Including Dividend Account Rs. 4,39,114/- (Previous Year Rs. 3,12,144/-)	470,210	349,599
TOTAL	713,465	538,542
15 Short term Loans & Advances (Unsecured & Considered Good)		
Security Deposits	27,549	64,127
Balances with statutory authorities	14,782,702	3,229,058
Advance to vendors	10,645,052	4,488,169
Capital advances	22,083,453	18,234,275
Prepaid Expenses	1,594,296	1,526,784
Excess deposit in Gratuity Fund	2,387,885	1,971,634
Insurance Claim Receivable	-	17,130,680
Others	4,920,568	3,566,954
TOTAL	56,441,505	50,211,681

NOTES FORMING PART OF FINANCIAL STATEMENTS

Rs. in lacs

PARTICULARS	As at 31st March, 2014	As at 31st March, 2013
16 Other Current Assets		
Interest Accrued but not Due	332,933	204,088
TOTAL	332,933	204,088
<hr/>		
PARTICULARS	For the Year ended on 31st March, 2014	For the Year ended on 31st March, 2013
17 Revenue from Operations		
17.1 Revenue from Operations		
a) Sale of Products		
- Finished Goods	1,623,108,646	1,330,672,010
b) Other Operating Revenues	12,922,390	9,425,123
	1,636,031,036	1,340,097,133
Less: Excise Duty	117,801,477	109,103,403
TOTAL	1,518,229,559	1,230,993,730
18 Other Income		
Foreign Exchange Gain(Net)	1,601,993	3,387,915
Dr./Cr. Balances Written back	3,455,935	-
Interest received / receivable	337,256	216,421
Miscellaneous income	176,942	45,446
TOTAL	5,572,125	3,649,782
19 Cost of materials & components consumed		
Inventory at the beginning of the year	53,389,471	45,410,369
Add : Transferred From Goods in Transit (Net of Cenvat)	4,593,084	8,023,842
Add: Purchases	975,891,988	878,961,708
	1,033,874,543	932,395,919
Less: Inventory at the end of the year	113,567,249	53,389,471
	920,307,294	879,006,448
Less : Loss of Inventory due to fire	-	(11,623,911)
Raw Materials (A)	920,307,294	867,382,537
Packing Materials (B)	14,570,204	12,818,373
Cost of Materials Consumed (A)+(B)	934,877,498	880,200,910
19.1 Details of Raw materials consumed		
Vegetable Oil Based Fatty Acid Distillate	361,658,354	259,409,309
Acid Oil	541,069,917	580,571,554
Others	-	15,864,101
Chemicals	17,579,023	11,537,573
TOTAL	920,307,294	867,382,537

NOTES FORMING PART OF FINANCIAL STATEMENTS

Amount in Rs.

PARTICULARS	For the Year ended on 31st March, 2014	For the Year ended on 31st March, 2013
20 Changes in Inventory of Finished Goods & Work in Progress		
Inventories at the end of the year		
Work In Progress	15,580,979	21,514,037
Less : Inventories at the beginning of the year		
Work In Progress	21,514,037	14,971,897
TOTAL	5,933,058	(6,542,140)
21 Employee Benefit Expenses		
Salaries Wages & Bonus	51,240,019	37,038,979
Contribution to Provident Fund & Other Funds	2,305,243	2,819,475
Staff Welfare Expenses	2,050,296	1,817,792
TOTAL	55,595,558	41,676,246
22 Other Expenses		
Stores and Spares Consumed	16,674,661	14,882,092
Consumable stores	3,748,920	4,235,105
Power & Fuel	106,163,024	90,445,139
Laboratory Chemical Consumed	1,209,275	923,242
Rates and Taxes	894,582	162,437
Insurance	1,975,827	1,532,928
Repairs and Maintenance :		
- Machinery	2,744,750	2,259,139
- Buildings	3,939,402	1,136,771
- Others	183,148	292,154
Travelling and Conveyance	1,706,893	1,022,268
Telephone & advertisement Expense	1,737,336	1,385,095
Directors' Sitting Fees	99,850	53,500
Remuneration to Auditors	350,000	337,080
Sales Expense	12,515,735	9,731,873
General Charges	29,654,576	8,097,429
Legal and Professional fees	1,892,642	1,974,970
Vehicle running charges	3,466,283	3,010,883
Loss on assets sold / discarded (Net)	165,177	278,541
Bank Charges	1,341,950	1,293,802
TOTAL	190,464,031	143,054,447

NOTES FORMING PART OF FINANCIAL STATEMENTS

Amount in Rs.

PARTICULARS	For the Year ended on 31st March, 2014	For the Year ended on 31st March, 2013
22.1 Payment to auditors:		
As auditor:		
Statutory Audit	393,260	337,080
In other Capacity:		
Others	-	50,000
TOTAL	393,260	387,080
23 Finance Costs		
Interest Expenses on		
- Loan from Banks	20,870,846	17,966,590
- Inter Corporate Deposits	5,687,499	6,825,000
- Others	4,963	1,334
TOTAL	26,563,308	24,792,924
24 Earnings per Share (EPS)		
Profit / (Loss) after Taxation	186,817,324	83,861,120
Number of Equity Shares	12,540,000	11,400,000
Nominal value per Equity Share (Rs.)	10	10
Earnings / (Loss) per share [Basic and Diluted] (Rs.)	14.90	6.69

25 Employee Benefits	Amount in Rs.	
Particulars	Gratuity (Funded)	Leave Encashment (Unfunded)
i) Net Liabilities recognised in Balance Sheet as at March 31, 2014		
Present Value of Funded obligation	4,697,255	-
	(4,216,086)	(-)
Fair Value of Plan Asset	7,085,140	-
	(6,187,720)	(-)
Present value of unfunded obligation	-	1,663,929
	(-)	(1,411,334)
Net Liabilities	(2,387,885)	1,663,929
	(1,971,635)	(1,411,334)
ii) Expense recognised in Profit & Loss Account for the year ended March 31,2014 (Included in Note No. 21 in item "Employee benefit expenses")		
Current Service Cost	528,646	329,251
	(499,645)	(440,937)
Interest Cost	339,276	100,182
	(262,900)	(69,781)
Expected return on plan assets	(570,852)	-
	461,294	(-)
Net actuarial losses /(gain)	(195,874)	217,169
	(659,210)	(200,704)
Past Service Liability	-	-
	(-)	(174,336)
Total Expense	101,196	646,602
	(960,461)	(885,758)

Amount in Rs.

Particulars	Gratuity (Funded)	Leave Encashment (Unfunded)
iii) Reconciliation of opening and closing balance of changes in present value of the defined benefit obligation		
Opening Balance of defined benefit obligation as at April 1,2013	4,216,086 (3,331,115)	1,411,334 (1,116,327)
Current service cost	528,646 (499,645)	329,251 (440,937)
Interest cost	339,276 (262,900)	100,182 (69,781)
Actuarial losses/(gain)	(179,466) (598,780)	217,169 (200,704)
Past Service Liability	- (-)	- (174,336)
Benefits paid	(207,287) 476,355	(394,007) 590,751
Closing Balance of defined benefit obligation as at March 31,2014	4,697,255 (4,216,085)	1,663,929 (1,411,334)
March 31, 2014		
Actuarial Assumption		
Discount Rate	9.10 % (8.25%)	
Expected rate of return on plan asset	9% (9%)	
Expected rate of salary increase	6% (6%)	
Mortality rate	LIC (2006-08) published table of mortality rates	
Withdrawal Rates	(P.Y. 5%) at younger age and reducing to (P.Y. 1%) at older age	
Retirement age	60 Years	
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.		
Defined Contribution Plans :		
Rs.23,05,243/- (Previous Year Rs.28,19,475/-) recognised as an expense and included in the note 21 of Profit and Loss Account under the head “ Contribution to provident fund ,Gratuity and superannuation”		

26 Segment Reporting:

The Company has only one reportable business segment "Speciality Chemicals" as primary segment. The Company has identified the Secondary Segment as geographical segment based on the location of customers.

Secondary Segment

Amount in Rs.

Particulars	For the Year Ended 31-03-2014	For the Year Ended 31-03-2013
Segmental Revenue		
Segment – Domestic sales	968,825,810	901,211,220
Segment – Exports sales	549,403,749	329,782,510
Segment – Domestic - Other income	5,572,125	3,649,782
Total	1,523,801,684	1,234,643,512
Segmental Assets	As at 31st March, 2014	As at 31st March, 2013
In India	755,524,410	527,307,348
Outside India	121,142,834	68,998,227
Total Assets	876,667,244	596,305,575
Capital Expenditure during the year		
In India	81,622,344	44,677,712
Outside India	2,403,492	-
	84,025,836	44,677,712

27 Related Party Disclosures :

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

- (i) Enterprise over which Key management personnel and their relatives are able to exercise significant influence

Adicorp Enterprise Private Limited
 PCD Investment Private Limited
 UKM Investment Private Limited
 Harihar Manufacturing & Trading Private Limited
 Adi Enterprise
 Dasrath Jagmohandas Investment Pvt. Limited
 Super Handlers Private Limited
 Ashmak Investment Private Limited
 Adi Logistics

- (ii) **Key Management Personnel**

Shri Nahoosh J. Jariwala
 Shri Bimal D.Parikh

Details of Transactions with Related Parties for the year 2013-2014

Amount in Rs.

	Nature of Transaction	Parties referred to in (i) above	Parties referred to in (ii) above	Parties referred to in (iii) above	Total
A	Deposits Taken / Repaid				
	Adicorp Enterprise Private Limited	-	-	-	-
	Repaid	-	-	-	-
	Balance as at Year End	14,000,000 (14,000,000)	-	-	14,000,000 (14,000,000)
	PCD Investment Private Limited	-	-	-	-
	Repaid	-	-	-	-
	Balance as at Year End	5,000,000 (5,000,000)	-	-	5,000,000 (5,000,000)
	UKM Investment Private Limited	-	-	-	-
	Repaid	-	-	-	-
	Balance as at Year End	5,000,000 (5,000,000)	-	-	5,000,000 (5,000,000)
	Harihar Mfg. & Trading Private Ltd.	-	-	-	-
	Repaid	-	-	-	-
	Balance as at Year End	8,500,000 (8,500,000)	-	-	8,500,000 (8,500,000)
	Dashrath Jagmohandas Investment Pvt. Ltd.	-	-	-	-
	Repaid	-	-	-	-
	Balance as at Year End	6,000,000 (6,000,000)	-	-	6,000,000 (6,000,000)
	Super Handlers Private Limited	-	-	-	-
	Repaid	-	-	-	-
	Balance as at Year End	6,000,000 (6,000,000)	-	-	6,000,000 (6,000,000)
	Ashmak Investment Private Ltd	-	-	-	-
	Repaid	-	-	-	-
	Balance as at Year End	1,000,000 (1,000,000)	-	-	1,000,000 (1,000,000)

	Nature of Transaction	Parties referred to in (i) above	Parties referred to in (ii) above	Parties referred to in (iii) above	Total
B	Interest Paid				
	Adicorp Enterprise Private Limited	1,750,000 (2,100,000)	- -	- -	1,750,000 (2,100,000)
	PCD Investment Private Limited	625,000 (750,000)	- -	- -	625,000 (750,000)
	UKM Investment Private Limited	625,000 (750,000)	- -	- -	625,000 (750,000)
	Harihar Mfg. & Trading Private Ltd	1,062,499 (1,275,001)	- -	- -	1,062,499 (1,275,001)
	Dasrath Jagmohandas Investment Pvt. Ltd.	750,000 (900,000)	- -	- -	750,000 (900,000)
	Super Handlers Private Limited	750,000 (900,000)	- -	- -	750,000 (900,000)
	Ashmak Investment Private Ltd	125,000 (149,999)	- -	- -	125,000 (149,999)

Details of Transactions with Related Parties for the year 2013-2014

C	Purchase/Consumption of Material				
	Adi Enterprise				
	Purchases made during the year	- -	- -	- -	- -
	Payment made during the Year	- (179,140)	- -	- -	- (179,140)
	Balance as on year end	- -	- -	- -	- -
D	Services Availed				
	Adi Logistic				
	Services availed during the year	- -	- -	- -	- -
	Payment during the Year	- (53,567)	- -	- -	- (53,567)
	Balance as on year end	- -	- -	- -	- -
	Managerial remuneration				
	Shri Nahoosh J. Jariwala	- -	5,363,960 (1,318,800)	- -	5,363,960 (1,318,800)
	Shri Bimal D. Parikh	- -	2,375,750 (604,800)	- -	2,375,750 (604,800)

28 Contingent Liabilities

	Particulars	As at 31st March 2014	As at 31st March 2013
	(a) Outstanding Bank Guarantees given to various Statutory bodies	-	-
	(a) In respect of disputed Income Tax matters	870,115	870,115
	(b) In respect of Civil Suit	1,500,000	1,500,000
	(c) In respect of Custom Duty	520,360	520,360
	(d) In respect of Excise Duty	2,279,219	-
		5,169,694	2,890,475
	(d) Commitments: Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	51,205,113	36,210,700
29	Disclosure of Derivatives The Company uses derivative instruments i.e forward contracts to hedge its risks of net exposure associated with foreign currency fluctuations. The Company does not enter into any forward contract which is intended for trading or speculative purposes. However there are no outstanding foreign exchange forward contracts for hedging foreign currency in relation to Exports as at March 31, 2014.		
	Foreign Currency exposure not hedged by derivative instrument as at March 31, 2014	121,142,834	68,998,227
30	The Board of Directors, in its meeting held on May 19, 2014, recommended the dividend of Rs. 1.50 per equity share of Rs. 10/-each.		
31	Details of Sales under broad heads:		
	Products	For the Year Ended 31-03-2014	For the Year Ended 31-03-2013
	Deodorizer Distillate (Mixed tocopherol)	428,392,474	330,711,010
	Linoleic Acid/ Oleic Acid	135,098,901	144,687,111
	Dimer Acid	259,066,391	194,463,961
	Other Fatty Acids	385,311,547	403,914,919
	Fatty Oil	167,047,081	139,256,711
	Others	130,643,175	8,772,592
	Sub Total	1,505,559,569	1,221,806,304
	Add: Cenvat Duty	117,549,077	108,865,706
	Total	1,623,108,646	1,330,672,010

Note : Excluding statutory levy.

32	Value of Imported and Indigenous Raw materials, Spare Parts, Components and other items consumed.	For the Year Ended 31-03-2014		For the Year Ended 31-03-2013	
		% Total Consumption	Value Rs	% Total Consumption	Value Rs
	Raw Materials				
	Imported	1.12%	10,279,837	5.85%	50,743,068
	Indigenous	98.88%	910,027,457	94.15%	816,639,469
		100%	920,307,294	100%	867,382,537
	Spares, Components, packing material and other items				
	Imported	-	-	0.21%	67,580
	Indigenous	100%	34,993,785	99.79%	31,867,990
		100%	34,993,785	100%	31,935,570
33	Value of imports on C.I.F. basis				Amount in Rs.
	Particulars		For the Year Ended 31-03-2014	For the Year Ended 31-03-2013	
	Raw Material		7,292,406	37,135,223	
	Consumable Stores		-	57,776	
	Capital Goods		6,000,556	643,425	
	Total		13,292,962	37,836,424	
34	Expenditure in Foreign Currency				
	For Kasruth Certification Fees		2,297,831	2,344,360	
	Travelling Expense		1,200,937	462,968	
	Others		31,484	19,450	
	Total		3,530,252	2,826,778	
35	Earnings in Foreign Exchange				
	Exports of Goods on FOB basis		548,530,826	331,211,574	
	Total		548,530,826	331,211,574	
36	Remittances made on account of dividend in foreign currency		Nil	Nil	
37	Disclosure of details pertaining to Micro and Small Enterprises as defined in Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act")				

Particulars	As at 31st March 2014	As at 31st March 2013
1. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	677,311	270,950
2. (a) Amount of Principal paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(b) The amount of the payments (Interest amount) made to the supplier beyond the appointed day, during the year	-	-
3. Interest due and payable [not covered by Section 16 of the MSMED Act] in respect of the delay in payment during the year	-	-
4. (a) The amount of interest accrued at the end of each accounting year	-	-
(b) The amount of interest remaining unpaid at the end of each accounting year	-	-
5. Further interest remaining due and payable even in the succeeding years.	-	-
6. 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 Note No. 7 "Trade Payables". This has been relied upon by the auditors.		
38 Insurance claim lodged by the Company in respect of fire that took place in previous financial year ended 31-03-2013 is settled during the year.		
39 The balances under the head of Sundry Debtors, Sundry Creditors, Loans & Advances, Secured / Unsecured Loans are subject to confirmation and reconciliation.		
40 Excise duty shown as deduction from domestic sales represents the amount of excise duty on sales. Excise duty expense under Note No. 22 "Other Expenses " represents excise duty paid on sample etc. is not recoverable from sales.		
41 Leases :		
Finance Lease :		
In accordance with accounting standards 19 "Leases" issued by the institute of Chartered Accountants of India, the assets acquired on finance lease on or after April 01, 2001 are capitalised and a loan liability recognised. 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 installments and present value as at March 31, 2014 in respect of asset acquired under the lease agreement are as under :		

Particulars	Amt in Rupees
i) Payable not later than 1 year	1,681,820
ii) Payable later than one year and not later 5 years	3,017,949
iii) Payable later than 5 Years	-
Total Minimum instalments	4,699,769
Less: Future Finance charges	791,898
Present Value of Minimum Instalments	3,907,871
<hr/>	
Present Value of Minimum Instalments	
i) Payable not later than 1 year	1,337,213
ii) Payable later than one year and not later 5 years	2,570,658
iii) Payable later than 5 Years	-
Total Present Value of Minimum Instalments	3,907,871

SIGNATURES TO NOTES 1 TO 41

As per our report of even date

For Jhaveri Shah & Co.

Firm Registration Number - 127390W

Chartered Accountants

Ronak Shah

Partner

Mem.No :102249

Place : Ahmedabad

Date : May 19, 2014

For and on behalf of the Board

Nahoosh Jariwala

Managing Director

Bimal D. Parikh

Wholetime Director

Rajen N. Jhaveri

Vice President & Company Secretary

Place : Ahmedabad

Date : May 19, 2014



FORM OF PROXY

ADI FINECHEM LIMITED

Regd. Office : 1st Floor, 2, Sigma Corporates, B/h. HOF Living,
Sindhu Bhavan Road, Off S. G. Road, Ahmedabad - 380059.
CIN : L15140GJ1985PLC007845

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 Monday, 30th
June, 2014 and at any adjournment thereof.

Affix
Revenue
stamp

Resolution No. :

1. 2. 3. 4. 5.
6. 7. 8. 9. 10.
11. 12.

Signed this day of 2014.

Signature

Ledger Folio No.

• Depository NSDL / CDSL * DP ID Client ID

• For Shares held in Electronic Form

No. of Equity 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.



ATTENDANCE SLIP

ADI FINECHEM LIMITED

Regd. Office : 1st Floor, 2, Sigma Corporates, B/h. HOF Living,
Sindhu Bhavan Road, Off S. G. Road, Ahmedabad - 380059.
CIN : L15140GJ1985PLC007845

I, hereby, record my presence at the Annual General Meeting of the Company at 'Memories Hall', 2nd Floor, TGB Banquets & Hotels Ltd., S. G. Road, Bodakdev, Ahmedabad. on Monday, 30th June, 2014 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 JOINT HOLDER

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.



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ADI FINECHEM

Regd. Office

1st Floor, 2-Sigma Corporates,
B/h. HOF Living, Sindhu Bhavan Road,
Off. S. G. Road, Ahmedabad - 380 059.
Gujarat, INDIA.
Phone : (079) 32908752 / 29701675

E-mail : cs@adifinechem.com

Website : www.adifinechem.com



ADI FINECHEM

ADI FINECHEM LIMITED

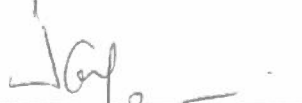
Regd. Office : 1st Floor, 2, Sigma Corporates, Behind HOF, Sindhu Bhavan Road,
Off S. G. Road, AHMEDABAD – 380 059. INDIA.

Phone : (079) 32908752 / 29701675 Email : info@adifinechem.com

CIN : L15140GJ1985PLC007845 Website: www.adifinechem.com

FORM A

Format of covering letter of the Annual Audit Report to be filed with the Stock Exchange

1.	Name of the company	ADI FINECHEM LIMITED (BSE Code : 530117 / ASE Code : 24855)
2.	Annual financial statements for the year ended	31 st March, 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	NOT APPLICABLE
5.	To be signed by-	
	• CEO/Managing Director	 _____ (Shri Nahoosh Jariwala)
	• CFO	 _____ (Rajen Jhaveri)
	• Auditor of the company	 _____ (Ronak Shah)
	• Audit Committee Chairman	 _____ (Shri Jayesh Shah)