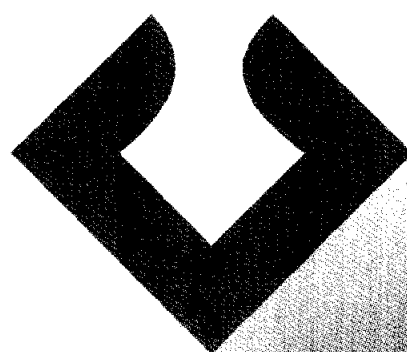


Annual Report

2001-2002



Report



H. K. FINECHEM LIMITED

ANNUAL REPORT 2001-2002

REGISTERED OFFICE :

201, Aniket, C. G. Road,
Navrangpura,
AHMEDABAD - 380 009.

Phone : (079) 646 8752, 640 2429

Fax : (079) 646 0910

WORKS :

253/P, Chekhala,
Sanand-Kadi Highway,
Ta. Sanand,
Dist. AHMEDABAD - 382 145.

Phone : (079) 3722617-18-19

Fax : (079) 3722616

BOARD OF DIRECTORS

SHRI RAJAN R. HARIVALLABHDAS

Chairman & Managing Director

SHRI SANJAY S. LALBHAI

SHRI SHYAM B. GHIA

SHRI CHINUBHAI R. SHAH

SHRI NAHOOSH J. JARIWALA

Executive Director

SHRI PRAFULL ANUBHAI

SHRI JANAK G. NANAVATY

SHRI VISHNU VARSHNEY

(Nominee of GVFL Ltd.)

AUDITORS :

M/S. C. C. CHOKSHI & CO.,

Chartered Accountants,
Ahmedabad.

BANKERS :

Bank of Baroda

General Manager (Finance)
& Company Secretary :

RAJEN N. JHAVERI

Report Junction.com



NOTICE

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Members of **H. K. Finechem Limited** will be held at Ahmedabad Textile Mills' Association's Hall, Ashram Road, Navrangpura, Ahmedabad - 380009 on Wednesday, the 18th September, 2002 at 5.00 p.m. to transact the following business :

Ordinary Business :

1. To receive, consider and adopt the Profit & Loss account for the year ended 31st March, 2002, the Balance Sheet as at that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Chinubhai R. Shah who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Shyam B. Ghia who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company for the period commencing from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

AHMEDABAD
Date : June 14, 2002.

Registered Office :
201, Aniket, C. G. Road,
Navrangpura, Ahmedabad - 380 009.

By Order of the Board,
Rajen N. Jhaveri
General Manager (Finance)
& Company Secretary

Report  junction.com

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.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 6th August, 2002 to Friday, the 16th August, 2002, both days inclusive.

ANNUAL REPORT 2001-2002**DIRECTORS' REPORT**

To,
The Members,

Your Directors present the Seventeenth Annual Report together with the audited accounts for the year ended March 31, 2002.

FINANCIAL RESULTS :

	(Rupees in Lakhs)	
	Year ended on 31-03-2002	Year ended on 31-03-2001
Income	1189.39	2117.12
Operating Profit	48.88	308.24
Less : Depreciation	104.95	100.08
(Loss) / Profit before tax	(56.07)	208.16
Less : Provision for taxation	0.00	2.25
Net (Loss) / Profit after tax	(56.07)	205.91

OPERATIONS :**(A) Sales and Profit :**

The sales and other income of the Company during 2001-02 were sharply lower at Rs. 1189.39 lacs compared to that of previous year. This was mainly due to steep fall in the international prices of our export product viz. Deodorizer Distillate (Mixed Tocopherols) which is the base material for making natural Vitamin E. This fall was the result of entry in U.S.A. of multinationals who also control the raw material in this business.

To withstand and tide over such pressures of volatility in international prices, Company had taken following steps :

- (1) Higher values of existing products by developing export market for the same and further upgradation of one of the finished products :

This has been implemented in 2 ways. First, one of the main products meant for local sale viz. Linoleic Acid is now further processed to make 'DIMER ACID' which is an import substitute. Second, new application for one of the streams was found out which has started fetching higher values. However, both these could settle during last 4 months of the financial year only and therefore, benefits of the same for the full year will be available during the current financial year viz. 2002-03 only.

- (2) Saving on Fuel cost by installing coal/lignite Fired Boiler :

The Company is likely to commission by early July, 2002 its new Coal / Lignite Fired Boiler which will result into savings in running cost as compared to Furnace Oil Fired Boiler.

(B) Technical Achievement :

During the year, the company successfully implemented Dimer Acid project which is first of its kind in India. The highlight of the project was that the process was developed 'In-house' by the Company and results after few subsequent improvements at the plant scale are very encouraging. During the last 4 months of the year, all major users in the Country have taken trials of our Dimer Acid which till the other day was entirely imported from Europe and U.S.A.

(C) Raw Material :

The Company was able to procure the required raw material from India only .

**(D) Export :**

The Company could achieve important break-through in marketing its main export product viz. Deodorizer Distillate (Mixed Tocopherols) to a Japanese Company after the termination of exclusive arrangement with Cognis Corporation, U.S.A.. During the last quarter, the Company also succeeded in exporting one of its streams containing sterols to Cognis Corporation.

STEROL CONCENTRATION PROJECT :

The Company is presently working on further upgradation of its stream to make Concentrated Sterols. This new product has a good market in developed nations and can substantially increase export values.

DIRECTORS :

Shri Chinubhai R. Shah and Shri Shyam B. Ghia retire by rotation and being eligible offer themselves for re-appointment.

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. 12.00 lacs or more where employed for full year or monthly salary of Rs. 1,00,000/- 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 read with The Companies (Particulars of Employees) Rules, 1975 is required to be given.

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

(a) Energy Conservation measures taken :

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

Company is installing new coal/lignite fired boiler which is likely to result in saving in fuel cost.

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

The measures mentioned in (b) above will result in savings in the consumption cost of fuel .

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

As per annexure attached.

B. Technology Absorption

The Company maintained very stable yields and quality of all its products.

C. Foreign Exchange Earnings and outgo

Foreign Exchange Earnings	Rs. 3,57,38,959/-
Foreign Exchanges utilised	Rs. 49,77,629/-

ANNUAL REPORT 2001-2002**DIRECTORS' RESPONSIBILITY STATEMENT :**

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

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year viz. March 31, 2002 and of the loss 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 have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE :

With the allotment of further 10,00,000 equity shares of Rs. 10/- each at par in the month of March, 2002, the total share capital of the Company became Rs. 10.00 crores, thereby attracting the provisions of Clause 49 of the Listing Agreement with Stock Exchanges. The Company has initiated necessary steps to comply with the provisions of Clause 49 of the Listing Agreement. Board of Directors expect to comply with all the requirements during the financial year 2002-2003.

AUDIT COMMITTEE :

The Audit Committee constituted by the Board of Directors pursuant to the requirement under section 292A of the Companies Act, 1956 and clause 49 of the listing agreement consists of following 3 independent Directors.

- | | |
|----------------------------|----------|
| (1) Shri Chinubhai R. Shah | Chairman |
| (2) Shri Prafull Anubhai | Member |
| (3) Shri Vishnu Varshney | Member |

AUDITORS :

The term of Messrs. C. C. Chokshi & Co., as Auditors, expires at the conclusion of this Annual General Meeting and they are eligible for re-appointment. The Auditors have given a certificate to the effect that the re-appointment, if made, will be within the prescribed limits specified under Section 224 (1-B) of the Companies Act, 1956.

ACKNOWLEDGEMENTS :

The Directors place on record their sincere appreciation for the co-operation and assistance received from ICICI Ltd., Bank of Baroda and Gujarat Industrial Investment Corporation Limited.

AHMEDABAD
Date : June 14, 2002.

For and on behalf of the Board,
Rajan R. Harivallabhdas
Chairman & Managing Director



ANNEXURE

Disclosure of Particulars with respect to Conservation of Energy.

A. Power & Fuel Consumption :	Current Year	Previous Year
1. ELECTRICITY		
A. Purchased :		
Units	19,80,294	24,70,842
Total Amount (Rs.)	93,99,485	96,39,662
Rate / Unit (Rs.)	4.75	3.90
B. Own Generation :		
Units	2,71,080	3,27,024
Unit per Ltr. of Diesel	3.18	3.32
Average Cost / Unit (Rs.)	5.97	4.19
2. FURNACE OIL		
Quantity (in KL)	1,593.982	1,881.087
Total Cost (Rs.)	1,31,27,947	1,77,80,952
Average Rate (Rs.)	8.24	9.45
3. OTHERS (IF ANY)	-----	-----

B. Consumption per unit of Production :	Production (M. Tons)	Standards if any	Per M. Ton
1. ELECTRICITY			KWH
Deodorizer Distillate (Mixed Tocopherols)	376.635 (959.615)	----- -----	1335.20 (1343.90)
Linoleic Acid / Oleic Acid	1003.649 (1342.019)	----- -----	870.00 (877.04)
Dimer Acid	321.148 (--- ---)	----- -----	437.00 (--- ---)
2. FURNACE OIL			LTRS.
Deodorizer Distillate (Mixed Tocopherols)	376.635 (959.615)	----- -----	800.00 (1086.00)
Linoleic Acid / Oleic Acid	1003.649 (1342.019)	----- -----	550.00 (472.00)
Dimer Acid	321.148 (--- ---)	----- -----	532.80 (--- ---)

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