

24th ANNUAL REPORT

Board of Directors	Shri Rajan R. Harivallabhdas	Chairman & Managing Director
	Shri Nahoosh J. Jariwala	Executive Director
	Shri Chinubhai R. Shah	Director
	Shri Prafull Anubhai	Director
	Shri Janak G. Nanavaty	Director
	Dr. Himanshu C. Patel	Director
	Shri Naishadh I. Parikh	Director
	Shri Dharmesh R. Harivallabhdas	Director (w.e.f. 22.04.2009)

**General Manager (Finance) &
Company Secretary**

Akhaykumar P. Shah

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

Auditors :
M/S. C. C. CHOKSHI & CO.,
Chartered Accountants,
Ahmedabad.

Registered Office :
201, Aniket, C. G. Road,
Navrangpura, AHMEDABAD - 380 009.
Phone : (079) 2646 8752, 2640 2429
Fax : (079) 2646 0910

Plant Location :
253/P, Chekhala,
Sanand-Kadi Highway,
Tal. Sanand,
Dist. AHMEDABAD - 382 145.
Phone : (02717) 325390, 324390
Fax : (02717) 222616

E-mail :

hkindia@hkfinechem.com

Share Transfer Agent :
Pinnacle Shares Registry Pvt. Ltd.
Near Ashoka Mills, Naroda Road,
Ahmedabad - 380 025.

Website :

www.hkfinechem.com





NOTICE

NOTICE is hereby given that the **Twenty Fourth 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 - 380 009 on **Tuesday, September 29th, 2009 at 4.00 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, 2009, 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 Naishadh I. Parikh who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. Himanshu C. Patel who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and in that connection, to pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT M/s. Shah & Shah Associates, Chartered Accountants be and are hereby appointed as the auditors of the Company in place of the retiring Auditors M/s. C. C. Chokshi & Co., Chartered Accountants, to hold office until the conclusion of next Annual General Meeting at a remuneration as may be decided by Board of Directors of the Company."

Special Business :

5. **To consider and if thought fit, to pass with or without modification the following Resolution as a Ordinary Resolution:-**

"RESOLVED THAT Shri Dharmesh R. Harivallabhdas who was appointed by the Board of Directors as an Additional Director of the Company with effect from 22.04.2009 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company."

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. It may be noted that M/s C.C. Chokshi & Co., Chartered Accountants Ahmedabad, Statutory Auditors of the Company has conveyed their unwillingness for reappointment as Statutory Auditors of the Company in the forthcoming Annual General Meeting of the Company. Hence it is proposed to appoint M/s. Shah & Shah Associates, Chartered Accountants as Statutory Auditors of the Company.
3. The relative Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956 in respect of the business under item No. 5 of the Notice, is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 23rd September, 2009 to Tuesday, 29th September, 2009, both days inclusive.
5. The documents / papers referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.

July 28, 2009

Registered Office :

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

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





ANNEXURE TO THE NOTICE

(Explanatory Statement pursuant to Section 173 of the Companies Act, 1956)

ITEM NO. 5 :

Shri Dharmesh R. Harivallabhdas is an MBA from North Eastern University (U.S.A.). He acquired work experience at a Multinational Company Mars Inc (U.S.A) and has successfully established Trading business in Dubai (UAE).

Shri Dharmesh R. Harivallabhdas was appointed as an additional director of the Company on 22.04.2009 pursuant to the provision of Section 260 of the Companies Act, 1956 until the ensuing Annual General Meeting.

As required under Section 257 of the Companies Act, 1956 the Company has received a notice from the members, proposing name of Shri Dharmesh R. Harivallabhdas as candidate for the office of the Director.

The Board of directors considered it in the best interest of the Company to continue to have the benefit of the long and varied experience of Shri Dharmesh R. Harivallabhdas and therefore recommended his appointment as a Director.

Except Shri Rajan R. Harivallabhdas no other Director of the Company is interested or concerned in the Item No.5.

The Board recommends this Resolution for approval of Members.

July 28, 2009

Registered Office :

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

By Order of the Board

Akshaykumar P. Shah

General Manager (Finance)
& Company Secretary

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DIRECTORS' REPORT

To,
The Members,

Your Directors present the Twenty Fourth Annual Report together with the audited accounts for the year ended March 31, 2009.

FINANCIAL RESULTS :

	(Rupees in Lakhs)	
	Year ended on 31-03-2009	Year ended on 31-03-2008
Income	3409.17	3134.28
Profit before Interest, Depreciation & Taxation	144.62	332.25
Less : Interest	182.43	144.91
(Loss)/ Profit before Depreciation & Taxation	(37.81)	187.33
Less : Depreciation	165.37	161.56
(Loss)/ Profit before tax	(203.18)	25.78
Less : Provision for taxation		
- Current Tax	-----	6.54
- Fringe Benefit Tax	1.80	2.29
- Deferred Tax	(63.30)	(19.52)
- MAT	-----	(2.66)
Excess Provisions of Income Tax of earlier year	3.28	(43.05)
Net Profit (Loss) after Tax	(144.96)	82.18

DIVIDEND :

In view of the Loss your Directors do not recommend any dividend.

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

The sales and other income of the Company during 2008-09 were marginally higher at Rs. 3409.17 lacs compared to Rs. 3134.28 lacs of the previous year. This was due to increase in prices.

(B) Raw Material :

Both raw materials were in short-supply and there was also rise in prices.

(C) Export :

The company was able to procure the required orders for Toco-concentrates. The Company has made export of Rs. 6,04,68,562/- during the year.

DIRECTORS :

Shri Dharmesh R. Harivallabhdas was appointed as an Additional Director on the Board of Directors of the Company on 22.04.2009. He ceases to be Director on the date of this Annual General Meeting. Notice under section 257 has been received in respect of his appointment as Director on the Board.

Shri Naishadh I. Parikh and Dr. Himanshu C. Patel retires by rotation and being eligible offer themselves for re-appointment. The relevant resolutions relating to these appointments forming part of the Notice of the Annual General Meeting are placed for your approval.

**PERSONNEL :**

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

PARTICULARS OF EMPLOYEES :

There was no employee drawing an annual salary of Rs. 24.00 lacs or more where employed for full year or monthly salary of Rs. 2,00,000/- 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 :

The Company is conscious of the need to save energy.

- (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 :

- (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 and product costs, import substitution and export promotion. This is done through constant interaction with employees, customers and vendors.

The Company continued experiment with process route and resultant finished products for use in hitherto untapped market and overall maximisation of profit.

C. Foreign Exchange Earnings and outgo

Foreign Exchange Earnings Rs. 6,04,68,562/-

Foreign Exchange Utilised Rs. 8,93,561/-

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, 2009 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 have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE :

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

FIXED DEPOSITS :

The Company continued to accept the deposits. As on March 31, 2009, public deposits stood at Rs. 89.72 lacs. As at 31st March, 2009 there were unclaimed deposit aggregating to Rs. 110,000/-.

AUDITORS :

There is a proposal for appointment of M/s. Shah & Shah Associates, Chartered Accountants, Ahmedabad as the auditors of the company in place of M/s. C. C. Chokshi & Co., Chartered Accountants, Ahmedabad, who are retiring at the forthcoming Annual General Meeting and have expressed their inability to offer themselves for reappointment in the forth coming Annual General Meeting. We take this opportunity to appoint M/s. Shah & Shah Associates, Chartered Accountants. We take this opportunity to thank M/s. C. C. Chokshi & Co., Chartered Accountants, Ahmedabad, for their co-operation & understanding.

M/s. Shah & Shah Associates, Chartered Accountants, Ahmedabad has also conveyed that they are eligible for the appointment as Statutory Auditors and if they are appointed it will be in accordance with the limit specified in section (1-B) of section 224 of the companies act, 1956.

ACKNOWLEDGMENTS :

The Directors place on record their sincere appreciation for the co-operation and assistance received from HDFC Bank Limited.

Ahmedabad
July 28, 2009

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 :		2008-09	Previous Year
1. ELECTRICITY			
A. Purchased :			
Units		36,81,930	42,65,920
Total Amount (Rs.)		2,07,85,174	2,08,02,506
Rate / Unit (Rs.)		5.65	4.88
B. Own Generation :			
Units		1,63,464	2,24,120
Unit per Ltr. of Diesel		3.28	3.35
Average Cost / Unit (Rs.)		10.75	10.18
2. FURNACE OIL			
Quantity (in KL)		400.27	401.035
Total Cost (Rs.)		94,73,114	82,46,612
Average Rate per Litre (Rs.)		23.67	20.57
3. LIGNITE / COAL			
Quantity (in MT)		9662.118	12,434.300
Total Cost (Rs.)		3,59,76,460	2,54,72,869
Average Rate per Kg. (Rs.)		3.725	2.05
4. OTHERS (IF ANY)		----	----
B. Consumption per unit of Production :			
	Production (M. Tons)	Standards if any	Per M. Ton
1. ELECTRICITY			
Deodorizer Distillate (Mixed Tocopherols)	460.00 (387.99)	----- -----	KWH 1156.51 (1282.56)
Linoleic Acid / Oleic Acid	786.09 (1827.42)	----- -----	2595.630 (1662.26)
Dimer Acid	1064.57 (614.04)	----- -----	603.92 (785.05)
2. FURNACE OIL			
Deodorizer Distillate (Mixed Tocopherols)	460.00 (387.99)	----- -----	LTRS. 84.40 (81.75)
Linoleic Acid / Oleic Acid	786.09 (1827.42)	----- -----	253.150 (149.93)
Dimer Acid	1064.57 (614.04)	----- -----	83.52 (99.85)
3. LIGNITE / COAL			
Deodorizer Distillate (Mixed Tocopherols)	460.00 (387.99)	----- -----	KGS. 2037.45 (2373.16)
Linoleic Acid / Oleic Acid	786.09 (1827.42)	----- -----	6111.18 (4460.14)
Dimer Acid	1064.57 (614.04)	----- -----	1836.09 (2936.47)

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

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

Transparency and accountability leading to management reliability are the touchstone of Corporate Governance at H. K. Finechem Limited. The entire process begins with the functioning of the Board of Directors, with leading professionals and experts serving as independent directors and represented in various Board Committees. H. K. Finechem Limited philosophy on corporate governance envisages the attainment of highest level of transparency, accountability and equity in all facets of its operations and in all interactions with its stakeholders including shareholders, employees, the government, lenders and the society. The company believes that all its operations and actions must serve the underlying goal of enhancing long term shareholder value.

2. Board of Directors

● Composition of the Board of Directors (Board)

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

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

Directors	Category	Attendance Particulars		Directorships in other Public Ltd. Companies Incorporated in India	Committee Memberships**	
		Board Meetings	Last AGM		Member	Chairman
Shri Rajan R. Harivallabhdas (Chairman & M.D.)	Promoter, Executive	4	Yes	Nil	Nil	Nil
Shri Chinubhai R. Shah	Independent, Non-Executive	5	No	14	5	4
Shri Nahoosh J. Jariwala (Executive Director)	Promoter, Executive	5	Yes	Nil	Nil	Nil
Shri Prafull Anubhai	Independent, Non-Executive	4	Yes	5	5	3
Shri Janak G. Nanavaty	Independent, Non-Executive	2	No	1	1	1
Dr. Himanshu C. Patel	Independent, Non-Executive	3	No	3	Nil	Nil
Shri Naishadh I. Parikh	Independent, Non-Executive	2	No	10	5	1
* Shri Dharmesh R. Harivallabhdas	Promoter, Non-Executive	--	--	--	--	--

* Appointed as Additional Director w.e.f. 22.04.2009

** Includes only Audit and Shareholders' / Investors' Grievance and Remuneration Committee in other Public Limited Companies.