

25th ANNUAL REPORT

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

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

Akshaykumar P. Shah

Financial Institutions/Bankers :

HDFC Bank Limited
State Bank of India

Auditors :

M/S. Shah & Shah Associates
Chartered Accountants,
Ahmedabad.

Registered Office :

201, Aniket, C. G. Road,
Navrangpura, AHMEDABAD - 380 009.
Phone : (079) 2646 8752, 3290 8752
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
Regd. Office :**

Sharepro Services (India) Pvt. Ltd.
13AB, Samhita Warehousing Complex,
2nd Floor, Sakinaka,
Telephone Exchange Lane,
Andheri (E), Mumbai - 400 072.

Website :

www.hkfinechem.com



NOTICE

NOTICE is hereby given that the **Twenty Fifth Annual General Meeting** of the Members of H. K. FINECHEM LIMITED will be held at Jain International Trade Organisation, Third Floor, TCL Heritage, B/h. Visnagar Bank, Nr. Gujarat Vidyapith, Ashram Road, Ahmedabad - 380 014 on **Monday, August 30th, 2010 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, 2010, the Balance Sheet as at that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint Auditors and in that connection, to pass with or without modification, the following resolution as an Ordinary Resolution.

“RESOLVED THAT M/s Jhaveri Shah & Co., Chartered Accountants be and are hereby appointed as the auditors of the Company in place of the retiring Auditors M/s Shah and Shah Associates., 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:

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

“RESOLVED THAT Shri. Utkarsh B. Shah who was appointed by the Board of Directors as an Additional Director of the Company with effect from 01.04.2010 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act and 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.”

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

“RESOLVED THAT Shri. Hemant N. Shah who was appointed by the Board of Directors as an Additional Director of the Company with effect from 01.04.2010 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act and 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.”

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

“RESOLVED THAT Shri. Jayesh K. Shah who was appointed by the Board of Directors as an Additional Director of the Company with effect from 01.04.2010 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act and 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.”

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

“RESOLVED THAT Shri. Kalpesh A. Patel who was appointed by the Board of Directors as an Additional Director of the Company with effect from 01.04.2010 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act and 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.”

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

“RESOLVED THAT Shri. Sharvil P. Patel who was appointed by the Board of Directors as an Additional Director of the Company with effect from 01.04.2010 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act and 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.”

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

“RESOLVED THAT pursuant to the provisions of Section 198,269,309, 310 and 311 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and such other approvals, if any, as may be necessary, consent of the members is be and is hereby accorded to the appointment of Shri Nahoosh J. Jariwala, as Managing Director of the Company for a period of two years with effect from 15th May, 2010 on the terms and conditions and remuneration and perquisites payable as under:

REMUNERATION :

(A) Salary: Salary of Rs 1,07,500/- per month for 2 years.

(B) Amenities:

- i. Conveyance facilities

The Company shall provide a Car with driver at the entire cost to the company.

- ii. Communication facilities

The Company shall provide telephone, internet and other communication facilities at the residence of Managing Director.

Explanation :

Perquisites shall be evaluated as per Income tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at the actual cost.

"RESOLVED FURTHER THAT the term of office of Shri. Nahoosh J. Jariwala, as Managing Director of the company shall not be subject to retirement by rotation."

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

“RESOLVED THAT Shri. Bimal D. Parikh who was appointed by the Board of Directors as an Additional Director of the Company with effect from 01.04.2010 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act and 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. He is also appointed as a Wholetime Director of the Company, for a period of two years with effect from 15th May, 2010, or till such earlier date to confirm with the policy on retirement as may be determined by the Board of Directors of the Company and /or by any applicable statutes, rules, regulations or guidelines, on the terms and conditions and remuneration payable as under:

Consolidated Salary per Month: Rs. 45000/-

Contribution to Provident Fund : 12% p.a.

"RESOLVED FURTHER THAT the term of office of Shri. Bimal D. Parikh, as Wholetime Director of the company shall not be subject to retirement by rotation."

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

“RESOLVED THAT pursuant to the provisions of Section 21 and other applicable provisions, if any, of the Companies act 1956, (including any statutory modification or re-enactment thereof for the time being in force) and subject to the approval of the Central Government or any other authority as may be necessary,



the consent of the members be and is hereby given to change the name of the Company from H.K. Finechem Limited to Adi Finechem Limited.

“RESOLVED FURTHER THAT the name H.K. Finechem Limited wherever appearing in the Memorandum and Articles of Association, documents etc. be substituted by the new name Adi Finechem Limited upon approval of the same by the members and Central Government.”

“RESOLVED FURTHER THAT Shri Nahoosh J. Jariwala be and is hereby authorized to file necessary Forms with the Registrar of Companies.”

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. Members are requested to bring their attendance slip along with their copy of the Annual Report to the meeting.
3. 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.
4. It may be noted that M/s Shah and Shah Associates, Chartered Accountant 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 Jhaveri Shah & Co., Chartered Accountants as Statutory Auditors of the Company.
5. The relative Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956 in respect of the business under item No. 3, 4, 5, 6, 7, 8, 9 & 10 of the Notice, is annexed hereto.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 24th August, 2010 to Monday, 30th August, 2010, both days inclusive.
7. 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 15, 2010

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. 3 :

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

Shri. Utkarsh B. Shah was appointed as an additional director of the Company on 01.04.2010 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 member, proposing name of Shri. Utkarsh B. Shah 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. Utkarsh B. Shah and therefore recommended his appointment as a Director.

Except Shri. Utkarsh B. Shah himself, no other Director of the Company is interested or concerned in the Item No.3.

The Board recommends this Resolution for approval of Members.

ITEM NO. 4:

Shri. Hemant N. Shah is a Commerce Graduate. He is engaged in business of Logistics, garments, trading of minerals and retailing since 25 years.

Shri. Hemant N. Shah was appointed as an additional director of the Company on 01.04.2010 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 member, proposing name of Shri. Hemant N. Shah 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. Hemant N. Shah and therefore recommended his appointment as a Director.

Except Shri. Hemant N. Shah himself, no other Director of the Company is interested or concerned in the Item No.4.

The Board recommends this Resolution for approval of Members.

ITEM NO. 5:

Shri. Jayesh K. Shah is a Commerce Graduate and Chartered Accountant. He is a Director and Chief Financial Officer of Arvind Limited and has extensive financial, regulatory and managerial expertise with his vast experience in the field.

Shri. Jayesh K. Shah was appointed as an additional director of the Company on 01.04.2010 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 member, proposing name of Shri. Jayesh K. Shah 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. Jayesh K. Shah and therefore recommended his appointment as a Director.

Except Shri. Jayesh K. Shah himself, no other Director of the Company is interested or concerned in the Item No.5.

The Board recommends this Resolution for approval of Members.

ITEM NO. 6:

Shri. Kalpesh A. Patel is a Chemical Engineer and MBA from USA. He is Executive Director of Nirma



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

Shri. Kalpesh A. Patel was appointed as an additional director of the Company on 01.04.2010 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 member, proposing name of Shri. Kalpesh A. Patel 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. Kalpesh A. Patel and therefore recommended his appointment as a Director.

Except Shri. Kalpesh A. Patel himself, no other Director of the Company is interested or concerned in the Item No.6.

The Board recommends this Resolution for approval of Members.

ITEM NO. 7

Shri. Sharvil P. Patel is having Specialisation in chemical and pharmaceutical sciences from the University of Sunderland, U.K., Doctarate in breast cancer research from John Hopkins Bayview Medical Centre and the National Institute of ageing. He is a director in Zydus Pharmaceuticals Ltd. since 1997 and deputy managing director since April 2007. He is on board of various limited and private limited companies of Zydus group engaged in business of manufacturing of pharmaceutical products.

Shri. Sharvil P. Patel was appointed as an additional director of the Company on 01.04.2010 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 member, proposing name of Shri. Sharvil P. Patel 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. Sharvil P. Patel and therefore recommended his appointment as a Director.

Except Shri. Sharvil P. Patel himself, no other Director of the Company is interested or concerned in the Item No.7.

The Board recommends this Resolution for approval of Members.

ITEM NO. 8:

Shri. Nahoosh J. Jariwala is associated with the company since more than 15 years. He holds a Commerce Degree. He has vast experience in running the company. Looking to his contribution in the growth and working of the company and his truly dedicated efforts through out his long association with the company, the board of directors of your company at its meeting held on 15th May, 2010 approved the recommendations of the remuneration committee which is in the interest of the company to appoint him as Managing Director of the company.

REMUNERATION :

(A) Salary: Salary of Rs 1,07,500/- per month for 2 years.

(B) Amenities:

i. Conveyance facilities

The Company shall provide a Car with driver at the entire cost to the company.

ii. Communication facilities

The Company shall provide telephone, internet and other communication facilities at the residence of Managing Director.

Explanation:

Perquisites shall be evaluated as per Income tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at the actual cost.

Except Shri. Nahoosh J. Jariwala himself no other directors of the company is interested or concerned in the item no.8

The Board recommends the above resolution for your approval

ITEM NO. 9:

The Board of Directors of your company at its meeting held on 15th May, 2010 approved the recommendations of the Remuneration Committee for the appointment of Shri. Bimal D. Parikh as Wholetime Director of the company as set out in the respective resolution relating to his appointment, on the following remuneration, subject to approval of the Members:

Consolidated Salary per Month: Rs. 45000/-

Contribution to Provident Fund : 12% p.a.

Except Shri. Bimal D. Parikh himself no other directors of the company is interested or concerned in the item no.9

The Board recommends the above resolution for your approval

ITEM NO. 10:

Management of the Company has been changed therefore to reflect the similarity of the group companies of the new management the board has decided to change the name of the company.

The Board recommends the above resolution for your approval.

July 15, 2010

Registered Office :

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

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

**DIRECTORS' REPORT**

To,
The Members,

Your Directors are pleased to present the Twenty Fifth Annual Report and the Audited Accounts of the Company for the year ended March 31, 2010.

FINANCIAL RESULTS :

	(Rupees in Lakhs)	
	Year ended on 31-03-2010	Year ended on 31-03-2009
Income	3852.69	3406.48
Profit before Interest, Depreciation & Taxation	265.08	144.62
Less : Interest	162.07	182.43
Profit before Depreciation & Taxation	103.01	(37.81)
Less : Depreciation	169.10	165.37
Profit before tax	(66.09)	(203.18)
Less : Provision for taxation		
- Current Tax	0.21	----
- Fringe Benefit Tax	-----	1.80
- Deferred Tax	(16.68)	(63.30)
- MAT	-----	----
Short Provisions of Income Tax of earlier year	3.66	3.28
Previous Year Expense (net)	2.31	----
Net Profit (Loss) after Tax	(55.59)	(144.96)

DIVIDEND :

In view of the Loss your Directors are not recommending any Dividend on the Equity Shares of the Company.

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

The sales and other income of the Company during 2009-10 were marginally higher at Rs. 3852.69 lacs compared to Rs. 3406.48 lacs of the previous year. The company has incurred a loss of Rs. 55.59 lacs compared to previous year's loss of Rs 144.96 lacs. This is due to better utilization of capacity.

(B) Raw Material :

Main 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. 9, 98, 09,996/- during the year.

TECHNICAL ACHIEVEMENT :

The company has modified the production process which has resulted in better yield.

DIRECTORS :

During the year under review, existing promoters / Directors namely, Shri Rajan R. Harivallabhdas, Shri Dharmesh R. Harivallabhdas and their Associates have transferred their shareholding in favour of various persons forming part of new management in compliance with applicable laws / regulations. In view of the above Shri. Utkarsh B. Shah, Shri. Bimal D. Parikh, and Shri. Hemant N. Shah, were appointed as Additional Directors on the Board of Directors of the Company on 01.04.2010, who forms part of new management. Shri. Sharvil P. Patel, Shri. Kalpesh A. Patel and Shri. Jayesh K. Shah who are Independent were appointed as additional Directors on the board of directors of the company on 01.04.2010. As per provisions of the Companies Act, 1956 they will hold office of director up to the date of forthcoming Annual General Meeting. Notices under section 257 have been received in respect of their appointment as Directors on the Board.

Shri. Rajan R. Harivallabhdas, Shri. Dharmesh R. Harivallabhdas, Shri. Chinubhai R. Shah, Shri. Prafull Anubhai, Shri. Janak G. Nanavaty, Shri. Himanshu C. Patel and Shri. Naishadh I. Parikh have resigned from the directorship of the company w.e.f 01.04.2010. The board of directors wish to place on record their sincere appreciation for the valuable advice and guidance rendered by them during their tenure as directors. New management is very optimistic and committed to lead the company to newer better growth and heights.

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. 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. The energy conservation initiative programs such as optimization of boiler efficiencies, installation of proper pumps and motors and improvement in process efficiencies being driven at plant and the same have resulted in reduction in steam consumption and electricity consumption per ton of production.

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

Various steps and measures are being initiated to continuously improve on consumption of lignite, coal and electricity. Some of the major investments planned are putting up a splitter for reducing the time and increase the production without increasing the fuel cost.

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

Despite an increase in the production volume and increase in fuel prices the above mentioned energy saving initiatives have helped the company to reduce its utility cost by Rs 90.48 lacs in 2009-10 as compared with 2008-09

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

As per annexure attached.

B. Technology Absorption

The Company has an on going 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 earnings.

C. Foreign Exchange Earnings and outgo

Foreign Exchange Earnings Rs. 9,98,09,996/-

Foreign exchange utilised Rs. 59,63,213/-

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: