

26th 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. Jhaveri Shah & Co.
Chartered Accountants,
Ahmedabad.

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

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

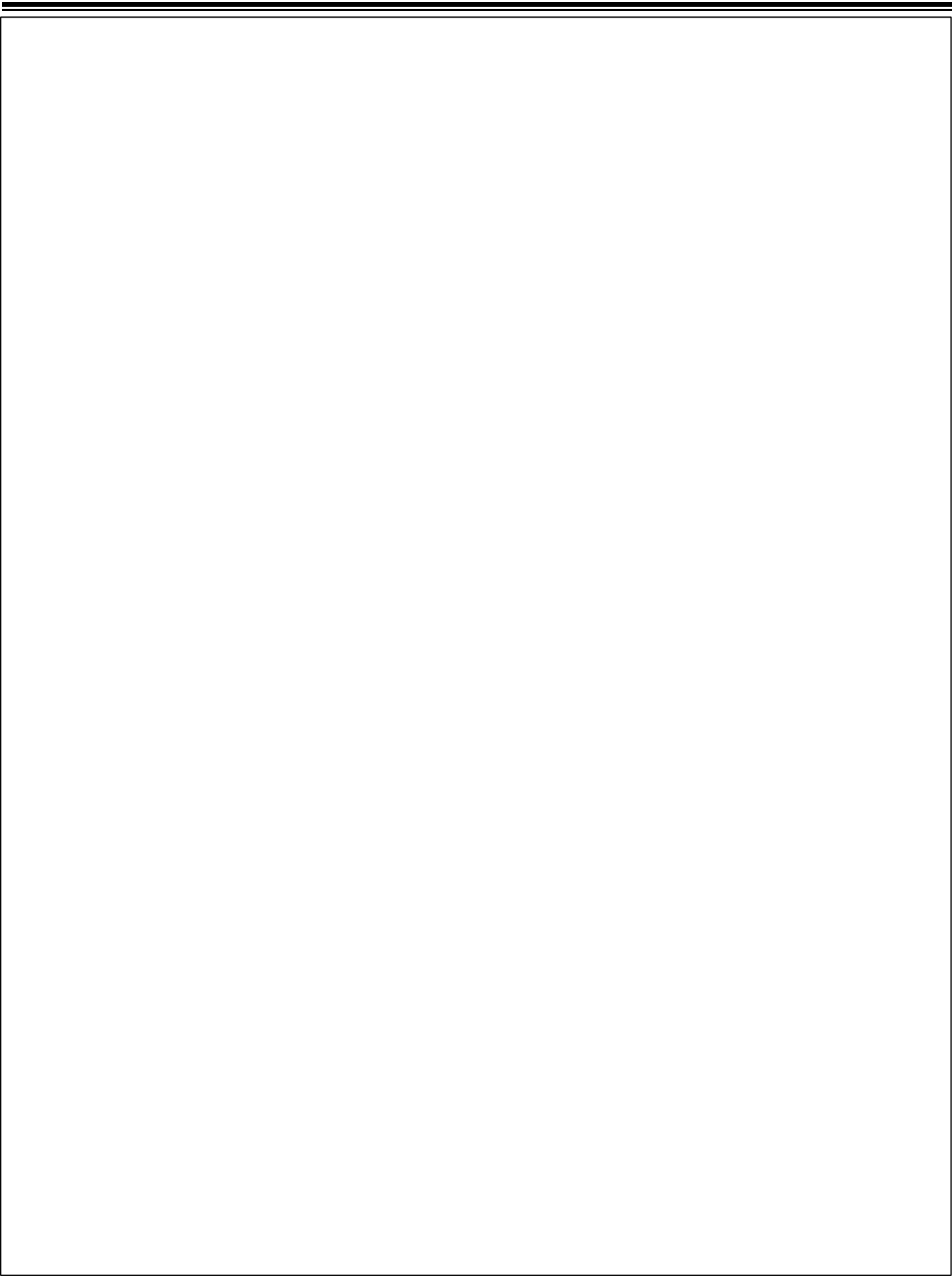
E-mail :

adi@adifinechem.com

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

Website :

www.adifinechem.com





NOTICE

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

ORDINARY BUSINESS :

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

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

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

SPECIAL BUSINESS :

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

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

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

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

May 12, 2011

ADI FINECHEM LIMITED

Registered Office :

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

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

NOTES :

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



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

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

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

Item No. 6

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

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

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

Your directors recommend to pass the proposed resolution.

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

May 12, 2011

ADI FINECHEM LIMITED

Registered Office :

253/P, Chekhala, Sanand Kadi Highway,

Tal. : Sanand, Ahmedabad - 382 115.

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

DIRECTORS' REPORT

To,
The Members,

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

FINANCIAL RESULTS :

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

OPERATIONS :

(A) Sales and Profit :

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

(B) Raw Material :

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

(C) Export :

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

CORPORATE GOVERNANCE/MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

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

DIVIDEND :

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

FIXED DEPOSITS :

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

**TECHNICAL ACHIEVEMENT :**

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

DIRECTORS :

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

CHANGE OF NAME OF COMPANY

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

CHANGE OF REGISTERED OFFICE OF THE COMPANY :

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

DIRECTORS' RESPONSIBILITY STATEMENT :

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

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

PERSONNEL :

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

PARTICULARS OF EMPLOYEES :

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

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

LISTING

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

AUDITORS :

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

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

A. Conservation of Energy

- (a) Energy Conservation measures taken :

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

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

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

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

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

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

As per annexure attached.

B. Technology Absorption

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

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

C. Foreign Exchange Earnings and outgo

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

Foreign exchange utilised Rs. 77,52,689

ACKNOWLEDGMENTS :

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

Ahmedabad
May 12, 2011

For and on behalf of the
Board of Directors

Utkarsh B. Shah
Chairman

**ANNEXURE**

Disclosure of Particulars with respect to Conservation of Energy.

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

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

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

Bold Figure indicates —production for the year 2010-2011

Report on Corporate Governance

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

1. Company's Philosophy on the Code of Governance

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

2. Board of Directors

* Composition of the Board of Directors (Board)

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

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

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

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