

ANNUAL REPORT 2011-12

27th 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

Company Secretary	Shri. Soham H. Parmar
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Financial Institutions/Bankers :	HDFC Bank Limited. State Bank of India
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Auditors	M/s Jhaveri Shah & Co. Chartered Accountants Ahmedabad
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Registered Office	253/P, Chekhala, Sanand Kadi Highway, Tal. Sanand Ahmedabad – 382115 Ph.: No. (02717) – 325390,324390
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Plant Location	253/P Chekhala, Sanand Kadi Highway, Tal. Sanand, Ahmedabad – 382 115. Ph.: No. (02717) – 325390,324390
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E-mail	adi@adifinechem.com
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Share Transfer Agent Reg. Off.:	Sharepro Services (India) Pvt. Ltd. 13AB, Samhita Warehousing Complex 2nd Floor, Sakinaka, TelephoneExchange Lane, Andheri East, Mumbai – 400 072.
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Web Site:	www.adifinechem.com
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N O T I C E

NOTICE is hereby given that the **Twenty Seventh Annual General Meeting** of the Members of ADI FINECHEM LIMITED will be held at **Aarohi Starz Club Pvt. Ltd., Aarohi Greens, Sanand Kadi Road, Chekhla, Ahmedabad - 382115 on Monday August 6th, 2012 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, 2012, 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 Shares for the year ended March 31, 2012.
3. To appoint a Director in place of Shri Jayesh K. Shah who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Kalpesh A. Patel 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. **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 re-appointment of Shri Nahoosh J. Jariwala, as Managing Director of the Company for a further period of three years with effect from 15th May, 2012 on the same terms and conditions of remuneration as were paid to him earlier, which are set out in the explanatory statement annexed to this Notice."

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the aforesaid period, the Company shall pay to Shri Nahoosh J. Jariwala remuneration and perquisites not exceeding the ceiling limit laid down in Section II of Part II of Schedule XIII of the Companies Act, 1956, as may be decided by the Board of Directors".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to vary any of the terms of remuneration in consultation with Managing Director provided such variation is in accordance with the provisions of Schedule XIII of the Companies Act, 1956 and/ or the provisions of law as may be applicable thereto from time to time."

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."

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7. 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 re-appointment of Shri Bimal D.Parikh, as Wholetime Director of the Company for a further period of three years with effect from 15th May, 2012 on the same terms and conditions of remuneration as were paid to him earlier, which are set out in the explanatory statement annexed to this Notice.”

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the aforesaid period, the Company shall pay to Shri Bimal D. Parikh remuneration and perquisites not exceeding the ceiling limit laid down in Section II of Part II of Schedule XIII of the Companies Act, 1956, as may be decided by the Board of Directors".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to vary any of the terms of remuneration in consultation with Whole Time Director provided such variation is in accordance with the provisions of Schedule XIII of the Companies Act, 1956 and/ or the provisions of law as may be applicable thereto from time to time."

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.”

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 on Monday 16th July, 2012 for the purpose of Annual General Meeting, Payment of Dividend and Bonus.
3. An Explanatory statement pursuant to section 173(2) of the companies Act, 1956 in respect of item no.6 & 7 of the notice as set out above is annexed hereto.
4. If Dividend on ordinary shares as recommended by the Board of Directors is passed at the meeting, payment of such dividend will be made on and after 7th August, 2012 to those members whose names are on the company's Register of Members on 16th July, 2012. In respect of Ordinary 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 16th July, 2012, 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 e-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.

May 26, 2012**ADI FINECHEM LIMITED**

Registered Office:
 253/P, Chekhala, Sanand Kadi Highway
 Tal. :Sanand,
 Ahmedabad - 382115.

By Order of the Board

Soham H. Parmar
Company Secretary

NOTE :

Company will provide free transportation to members from corporate office in Ahmedabad to the venue of AGM. Members desirous of availing this facility are requested to kindly inform on phone no. 079-32908752 or E-mail : cs@adifinechem.com so that the company can make appropriate arrangements.

ANNEXURE TO NOTICE

Explanatory statements Under Section 173(2) of the Companies Act, 1956

Item no. 06

The Board of Directors,after taking into consideration the substantial and significant contribution made by Shri Nahoosh J.Jariwala for rapid growth of the Company and also taking into account the future plans of the company,have reappointed him as Managing Director for further period of three years with effect from 15.05.2012 and fixed the remuneration payable to him as stated below,subject to the approval of the members at the ensuing Annual General Meeting.

Consolidated Salary Per Month : Rs.107,500/-.

The remuneration proposed to be paid to Shri Nahoosh J Jariwala,Which has been approved by the remuneration committee,is within the limits specified in Part II of Schedule XIII to the Companies Act,1956.

The Board commend the resolution set out at item no.6 of the notice for your approval.

Except Shri Nahoosh J. Jariwala himself no other directors of the company is interested or concerned in the item no.6

The above may be treated as an abstract of the terms of re-appointment payable to Shri Nahoosh J. Jariwala, as Managing Director as required, pursuant to section 302 of the Companies Act, 1956.

Item no. 07

The Board of Directors,after taking into consideration the substantial and significant contribution made by Shri Bimal D.Parikh for rapid growth of the Company and also taking into account the future plans of the company,have reappointed him as WholeTime Director for further period of three years with effect from 15.05.2012 and fixed the remuneration payable to him as stated below,subject to the approval of the members at the ensuing Annual General Meeting.

Consolidated Salary per Month: Rs.45000/-

Contribution to Provident Fund : 12% p.a.

The remuneration proposed to be paid to Shri Bimal D.Parikh,Which has been approved by the remuneration committee,is within the limits specified in Part II of Schedule XIII to the Companies Act,1956.

The Board commend the resolution set out at item no.7 of the notice for your approval.

Except Shri Bimal D.Parikh himself no other directors of the company is interested or concerned in the item no.7

The above may be treated as an abstract of the terms of re-appointment payable to Shri Bimal D.Parikh, as Whole Time Director as required, pursuant to section 302 of the Companies Act, 1956.

May 26, 2012

By Order of the Board

ADI FINECHEM LIMITED

**Soham H. Parmar
Company Secretary**

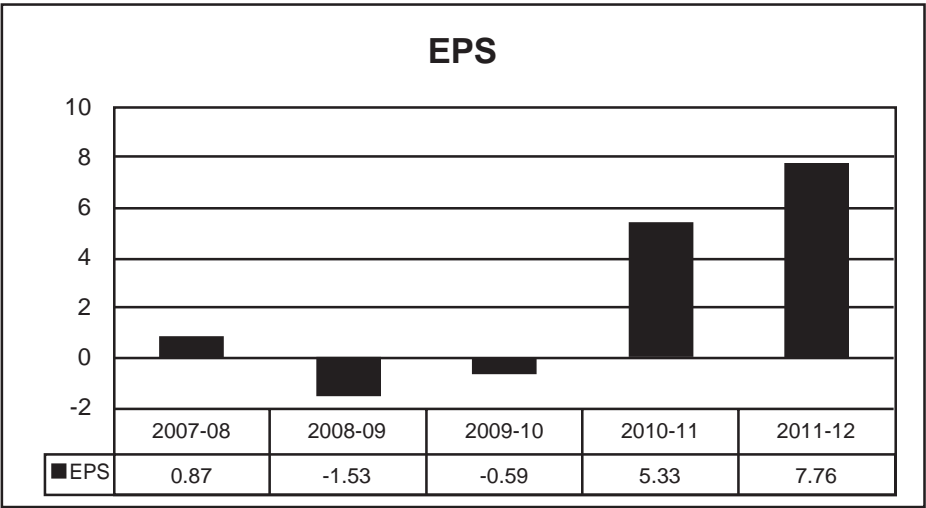
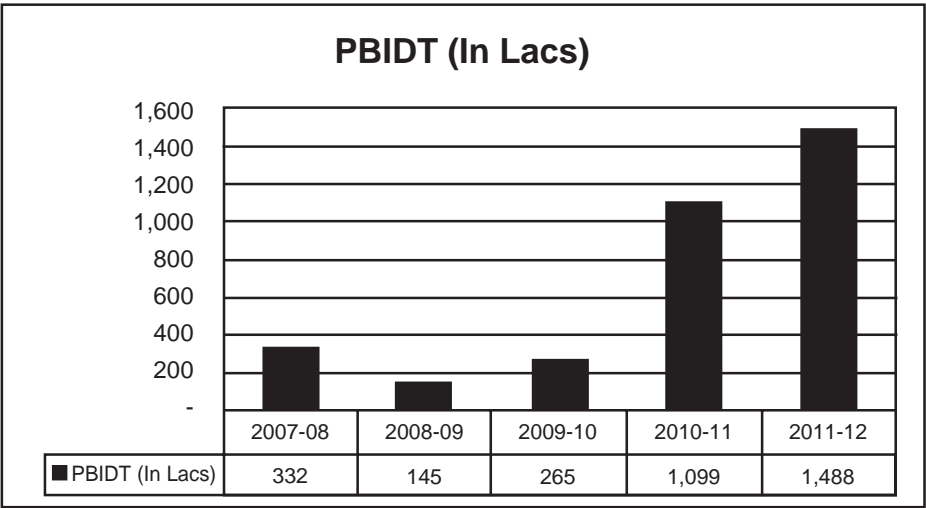
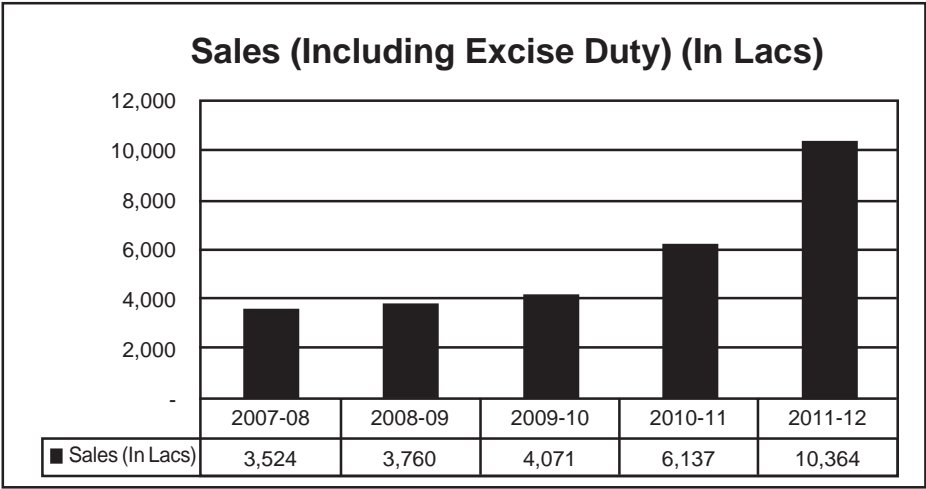
Registered Office:

253/P, Chekhala, Sanand Kadi Highway
Tal. :Sanand,
Ahmedabad - 382115.

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

Name of Director	Shri Jayesh K. Shah	Shri Kalpesh A. Patel
Date of Birth	25.05.1960	30.08.1967
Date of Appointment	01.04.2010	01.04.2010
Expertise in specific Functional Areas	At Present Director & Chief Financial Officer of Arvind Limited	Executive Director of Nirma Limited
Qualifications	Chartered Accountant	BE Chemical and MBA in Marketing from USA.
Directorship held in Other public companies (excluding foreign companies)	Arvind Limited, Arvind Retail Limited, Arvind Lifestyle Brands Ltd., Arvind Accel Ltd., Arvind Infrastructure Ltd., Arvind Brands & Retail Ltd., Anagram Knowledge Academy Ltd., e-Infochips Ltd.	Nirma Limited
Membership/Chairmanship of Other public companies (includes only audit comm. & shareholder/Investors Grievance Committee)	Adi Finechem Limited	Adi Finechem Limited, Nirma Limited
Shareholding in the Company(equity shares)	Nil	Nil

PERFORMANCE HIGHLIGHTS





DIRECTORS' REPORT

To,
The Members,

Your Directors are pleased to present the Twenty Seventh Annual Report and the Audited Accounts of the Company for the year ended March 31, 2012.

FINANCIAL RESULTS:

	(Rupees in Lacs)	
	Year ended on 31-03-2012	Year ended on 31-03-2011
Income	9740.69	5800.08
Profit before Interest, Depreciation & Taxation	1487.67	1098.87
Less : Interest	210.25	134.76
Profit before Depreciation and Taxation	1277.42	964.11
Less : Depreciation	197.64	173.11
Profit before tax	1079.78	791.00
Less : Provision for taxation		
- Current Tax	304.00	180.00
- Deferred Tax	38.31	104.49
(Excess)/Short Provision of Income Tax of earlier years	Nil	(0.12)
Previous Year Expense (net)	Nil	Nil
Net Profit (Loss) after tax	737.47	506.63
Balance carried from previous year's account	734.28	338.06
Profit/(Loss) available for Appropriations	1471.75	844.69
Proposed Dividend	95.00	95.00
Dividend Distribution Tax	15.41	15.41
Balance[+ / (-)] carried to next year's account	1361.34	734.28

OPERATIONS :

(A) Sales and Profit:

The sales and other income of the Company during 2011-12 were substantially higher at Rs. 9740.69 lacs compared to Rs. 5800.08 lacs of the previous year. The company has made a profit of Rs. 737.47 lacs compared to previous year's profit of Rs 506.63 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. 2746.07 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 (Previous year Re. 1/- per Equity Share) for the financial year ended March 31, 2012, subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company.

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FIXED DEPOSITS :

The Company had repaid all its fixed deposits during the year, except for unclaimed deposits, balance of which as on March 31, 2012 is Rs.60,000. During the year Company has not accepted any Fixed Deposits.

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 Jayesh K. Shah, and Shri Kalpesh A. Patel retire by rotation and being eligible offer themselves for reappointment.

Re-appointment of Managing Director & Wholetime Director:

During the year, Board of Directors had approved subject to the approval of shareholders, the re-appointment of Shri Nahoosh J. Jariwala as the Managing Director & Shri Bimal D. Parikh as Wholetime Director of the Company with effect from 15.05.2012 for the further period of three years on the same terms and conditions of remuneration as were paid to them earlier. The necessary Resolution for the approval of the same is covered in the Notice convening the Annual General Meeting.

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, 2012 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 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.

**COST AUDITOR :**

As per the circular of MCA order No. F.No. 52/26/CAB-2010 Dt. 24.01.2012 ordering the Cost Audit of Product(s) falling under chapter 38 of Central Excise Tariff Act, 1985 for the year 2012-13.

The Company has appointed Mr. Rajendra Patel of M/s Rajendra Patel & Associates, Cost Accountants as Cost Auditor(s) with the company for the financial year 2012-13.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**A. Conservation of Energy****(a) Energy Conservation measures taken :**

Energy Conservation is continuous ongoing feature at Adi Finechem Limited. During the year Company appointed independent external agency CII to conduct energy audit. As per their suggestions, variable drives have been installed and new air compressors have been purchased for instrumentation air & process air. To reduce process water consumption new three way separators have been installed.

(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 per ton consumption of Power and Fuel as compared to Previous Year.

(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. 273,946,336

Foreign exchange utilised Rs. 1,63,57,290

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

Ahmedabad
May 26, 2012

Utkarsh B. Shah
Chairman