

ADI FINECHEM LIMITED

ANNUAL REPORT 2014 - 2015



ADI FINECHEM

30th Annual Report

Board of Directors :	Shri Utkarsh B. Shah	<i>Chairman</i>
	Shri Nahoosh J. Jariwala	<i>Managing Director</i>
	Shri Bimal D. Parikh	<i>Executive Director</i>
	Shri Hemant N. Shah	<i>Whole time Director</i>
	Shri Jayesh K. Shah	<i>Director</i>
	Shri Kalpesh A. Patel	<i>Director</i>
	Shri Nitin R. Patel	<i>Director</i>
	Shri Ganapatraj Chowdhary	<i>Director</i>
	Shri Bhavin A. Shah	<i>Director</i>
	Ms. Sonal V. Ambani	<i>Director (w.e.f. 31.03.2015)</i>
Chief Financial Officer & Company Secretary	Rajen N. Jhaveri	
Bankers	HDFC Bank Limited	
Auditors	M/s. Jhaveri Shah & Co., Chartered Accountants, AHMEDABAD.	
Registered Office	1st Floor, 2-Sigma Corporates, B/h. HOF Living, Sindhu Bhavan Road, Off. S. G. Road, Ahmedabad - 380 059. INDIA. Phone : (079) 32908752 / 29701675	
Works	253/P & 312, Village Chekhala, Sanand- Kadi Road, Ta. SANAND, Dist. AHMEDABAD – 382 115. Phone No. : (02717) 325393 and 294375	
E-Mail Ids	cs@adifinechem.com rajenjhaveri@adifinechem.com	
Share Transfer Agent	Sharepro Services (India) Pvt. Ltd., 13 AB, Samhita Warehousing Complex, 2 nd Floor, Sakinaka, Tele. Exchange Lane, Andheri (East), MUMBAI – 400 072.	
Website	www.adifinechem.com	

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COMPANY OVERVIEW

Incorporated in 1985, Adi Finechem Limited (AFL), formerly known as H. K. Finechem Limited, is engaged in the business of manufacturing of speciality chemicals viz. Oleo Chemicals and Intermediate Nutraceuticals. The Company has unique in-house developed technical expertise in processing by-products or waste products of the Vegetable Oil Refineries, namely (a) Vegetable Oil based Fatty Acid Distillate and (b) Acid Oil. These by-products are generated during the processing of soft vegetable oils of Soya, Sunflower, Corn and Cotton (SSCC). From these raw materials, AFL manufactures value added products like Linoleic Acid, Dimer Acid and Monomer Acid and also Nutraceutical intermediate like (Natural) Mixed Tocopherol Concentrate .

The Company has a state-of-the-art manufacturing unit at Taluka Sanand in Ahmedabad district of Gujarat, which was set up in 1995. The company acquired critical equipments from Germany and Switzerland for its operations.

The company's oleo chemicals find applications in high growth industries like Paints, Inks, Soaps, Amines, Adhesives, etc. The company's nutraceutical or vegetable oil distillate derivative product Natural Mixed Topocherol concentrate is the only source for manufacturing Natural Vitamin E which finds application in Cosmetic, dietary supplement, pharmaceuticals etc. Some of our key clients for the Oleo Chemicals products are companies like Asian Paints, Micro Inks, Arkema, etc. and for its nutraceutical products are global Multinational Corporations like BASF (US), ADM (US), CARGILL INC. (US), RIKEN (Japan).

Your company's manufacturing facility is one of its kind in India that uses by-products of vegetable oil refineries, giving it a distinct cost advantage. The company has staff strength of more than 175 employees. More than 25% of the employees have been with the company for more than 8 years and around 2/3rd of the employees are employed in the Production related area of the company.

Over the last few years, the company has undertaken several initiatives in improving and revamping the manufacturing facilities by adding heat exchangers, vacuum systems and additional equipment like fat splitting, fractional distillation and other balancing equipments, all of which has resulted in improved efficiencies and debottlenecking of the existing manufacturing facilities. The company has also gradually increased its plant capacity over the last few years from a raw material throughput capacity of 8,000 MT p.a. in Financial Year 2009-2010 to 24,000 M.Tons. The company is further increasing this installed capacity to 45,000 MT p.a. which is expected to be operational by end of the second quarter of current financial year.

KEY MILESTONES

- 1985 Adi Finechem Limited, formerly known as H K Finechem Ltd., was incorporated as H K Agro Oil Limited on May 25th, 1985. The company was promoted by Shri Rajan Harivallabhdas and Shri Nahoosh J Jariwala.
- 1994 The name of the Company was changed to H. K. Agrochem Limited
- 1996 The Company started producing Mixed Tocopherol Concentrate (feed for making Natural Vitamin E) in India and supplied to Henkel Corporation, U.S.A.
- 2000 The Company changed its name from H K Agrochem Ltd. to H. K. Finechem Ltd. The company had successfully commissioned 'Fat Splitting Plant' to increase the availability of high value fatty acids for sale in domestic market.
- 2001 The Company started making Dimer Acid and Monobasic Acid by using one of its product stream.
- 2010 There was a partial change in the management with three new Promoters – Shri Utkarsh Shah, Shri Bimal Parikh and Shri Hemant Shah taking over equity stake of Shri Rajan Harivallabhdas. Shri Utkarsh Shah became Chairman of the company taking over from Shri Rajan Harivallabhdas. The name of The Company was changed to Adi Finechem Limited.
- 2011 The company focused more on reduction of manufacturing cost per ton. It went through a complete re-engineering of its Energy Consumption System and Installation of new balancing equipments. The raw material throughput capacity was increased from 8,000 M.Tons to 12,000 M.Tons during the year.
- 2012 The Company issued bonus equity shares in the ratio of 1 bonus share for every 5 equity shares.
- 2013 Increased manufacturing Capacity further to 18,000 MT p.a. The Company again issued bonus shares in ratio of 1 bonus share for every 10 equity shares.
- 2014 AFL increased its capacity to 24,000 MT p.a. and is undergoing a CAPEX to increase this capacity to 45,000 MT p.a. For the 3rd consecutive year, the company issued bonus shares this time again in the ratio of 1 share for every 10 equity shares.

KEY MANAGEMENT TEAM

Shri Utkarsh Shah, *Chairman*

He is the Chairman of Adi-Heritage Group involved in diversified activities like Global coal trade, real estate development and manufacturing. He is a Science graduate with Chemistry as principal subject. He has headed various businesses & International trade bodies and heads various charitable initiatives in field of health, education, Senior Citizen, rural development & economic empowerment. He is President of JITO (Jain International Trade Organization) – All India.

Shri Nahoosh Jariwala, *Managing Director*

He is associated with the company since more than 20 years. He holds a Commerce Degree. He has more than 25 years of experience in chemical manufacturing and trading of various textile products.

Shri Bimal Parikh, *Executive Director*

He holds a Degree in Chemical Engineering and engaged in manufacture of dyes & chemicals since last 30 years. In 2001, he was the President of Gujarat Dyestuff Manufacturers' Association. He was Honorary Secretary of the Gujarat Chamber of Commerce & Industry.

Shri Hemant Shah, *Whole time Director*

He is a Commerce Graduate and involved in business of logistics, garments, trading of minerals, and retailing since 25 years. He is a Member of numerous trade organizations like Gujarat Chamber of Commerce & Industry, Confederation of Indian Industry, Ahmedabad Management Association etc.. He is President of JITO (Jain International Trade Organization) – Ahmedabad Chapter

BOARD OF DIRECTORS

Shri Bhavin Shah

He is currently working with Equirus Securities Private Limited, Merchant Banker, as a Managing Director and Chief Executive Officer and has set up Institutional equities business. He was also associated with JP Morgan, Hong Kong and India as head of Asia-Pacific Technology Research and Global Sector Leader. He has also worked in Credit Suisse First Boston, Hong Kong as a Director (Head, Asia-Pacific Technology Research)

Shri Ganpatraj Chaudhary

He is the Managing Director and overall in charge of operations in M/s. Riddhi Siddhi Gluco Biols Limited, a Company listed on Bombay Stock Exchange, promoted by him and his family.

Shri Jayesh Shah

He is a Commerce Graduate and Chartered Accountant and holding the position of Director and Chief Financial Officer of Arvind Limited. He is associated with Arvind Limited since July, 1993. He has distinguished academic career and has extensive administrative, financial, regulatory and managerial expertise.

Shri Kalpesh Patel

He is Executive Director of Nirma Limited having annual turnover of more than Rs. 7,000 crores. He has rich all round experience of independently handling a large manufacturing unit and is a known figure amongst the business community.

Shri Nitin Patel

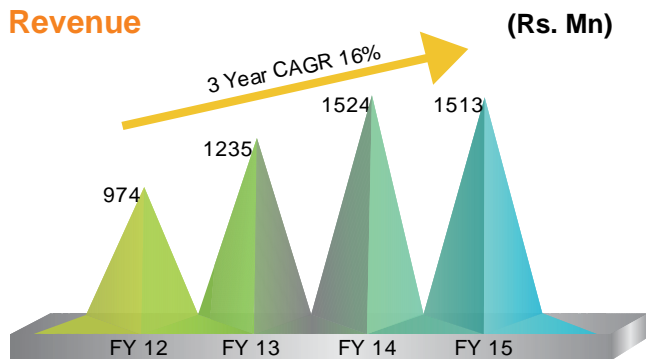
He is the Chairman of M/s. Shree Bhagwati Flour and Foods Private Limited and is also associated with M/s. Shri Bhagwati Flour Mills Private Limited. He is associated with the Food Industry since last 35 years

Ms. Sonal Vimal Ambani

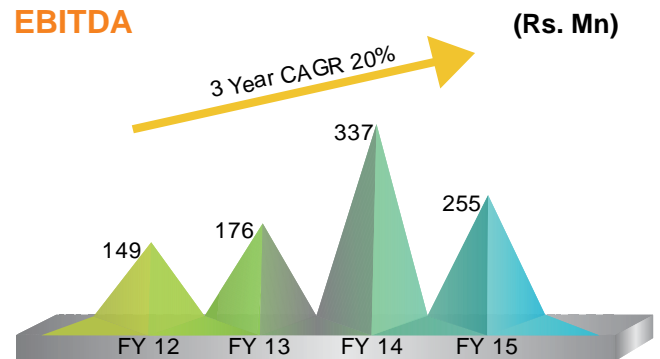
She is having a Bachelors Degree in Chemistry, an MBA in Marketing & Finance and a Ph.D in Business Management. She holds two patents granted in the US namely, "Systems and Method for Providing Financial Services to Children and Teenagers" and "Purchase Management System and Electronic Receipts". She is the founder of (a) Samara Art Gallery, (b) World Peace 2040, (c) Cancer Screening and Research Trust and (d) Founder member and first Chairperson of FICCI Ladies Organisation, Ahmedabad

Financial Performance

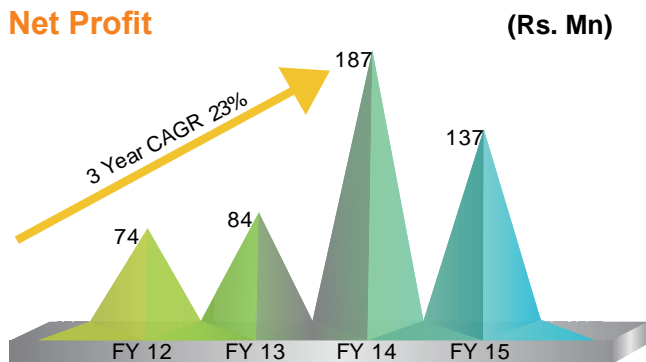
Revenue



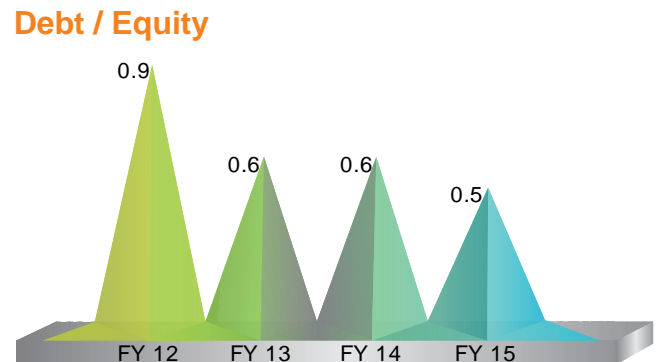
EBITDA



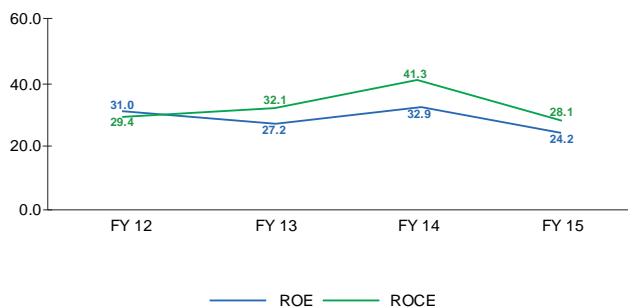
Net Profit



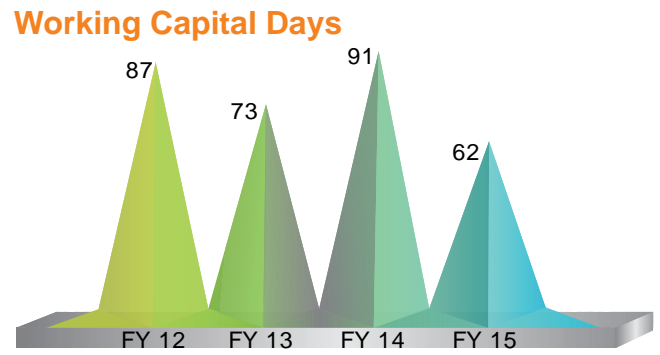
Debt / Equity



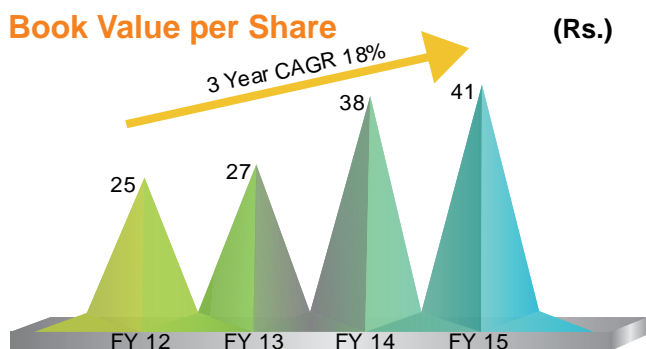
Efficiency Ratio



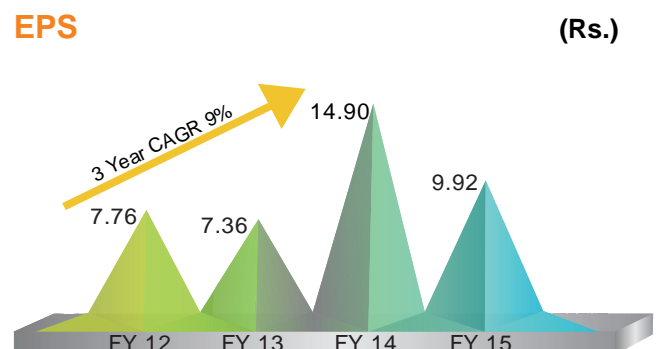
Working Capital Days



Book Value per Share

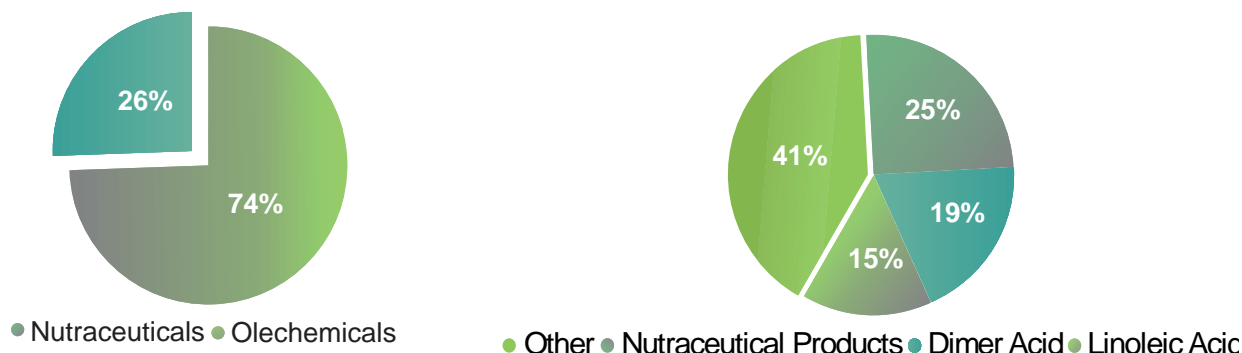


EPS



BUSINESS OVERVIEW

REVENUE BREAK UP FY 2015



Sales breakup (INR Mn)

	FY12	FY13	FY14	FY15
Nutraceutical Products :	276	331	549	383
Dimer Acid	171	194	259	283
Linoleic Acid / Soya Fatty Acid	100	145	219	220
Others	418	552	478	610
Total	965	1,222	1,505	1,497

Oleo Chemicals

Oleo Chemicals are organic compounds derived from natural vegetable oils or animal fats. They are analogous to petrochemicals which are chemicals derived from petroleum. These basic Oleo Chemicals substances like Fatty Acids, Fatty Acid Methyl Esters (FAME), Fatty Alcohols, Fatty Amines and Glycerol are formed by various chemical and enzymatic reactions.

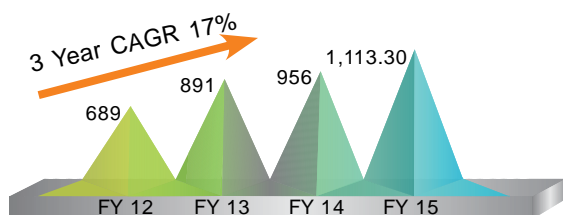
Oleo Chemicals are versatile products and are utilized in multiple industries, like personal care, flavors & fragrance and industrial markets for variety of applications, including manufacturing of paints, inks, detergents, surfactants, shampoos, soaps, cosmetics and plastics. The company offers a diverse range of product portfolio used across various such industries.

Adi Finechem is a leading producer of Oleo Chemicals from natural raw materials such as natural oils and fats derived from oils of Soya, Sun Flower, Corn and Cotton. The choice of raw material is done considering the fact that they are rich in carbon chain required for finished products manufactured by the Company.

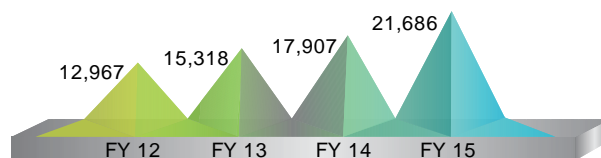
The company has over the years developed the expertise and mastered the process of manufacturing its entire product range from waste/by-product streams of natural vegetable oils by utilizing state of the art equipment of acceptable local and international quality.



Oleo Chemicals Revenue Contribution (Rs. Mn.)



Production Oleo Chemicals (M.Tons)



Some of our Products:

Dimer Acid:

Dimer acids, or dimerized fatty acids, are dicarboxylic acids prepared by dimerizing unsaturated fatty acids using clay catalysts. Dimer acids are used primarily for synthesis of polyamide resins and polyamide hot melt adhesives. They are mainly used in paints, inks, textiles, alkyd resins, adhesives, surfactants, fuel oil additives, lubricants, etc. It is a light yellow or yellow viscous transparent liquid. It is non-toxic. AFL is the only company in India to manufacture this product.

Linoleic Acid:

Linoleic acid is an unsaturated fatty acid. It is a light colour material which is liquid at room temperature. Linoleic acid belongs to one of the two families of essential fatty acids. It is designed especially to produce fast drying protective coating having lighter color. Applications that require both wetting and drying properties, such as paints and printing ink vehicles.

Other fatty Acids:

Monomer Acids are non-petroleum, non-animal based products that can be used as substitutes for various vegetable and tallow-based fatty acid derivative products.

Distilled fatty acids have a wide range of applications in consumer and industrial markets. They are generally liquids or soft solids, and contain a mixed composition of acids reflecting the parent oil or fat. Distilled fatty acids are important raw materials for the production of soaps, detergents, surfactants, lubricants, paints, textiles, etc.