



ADI FINECHEM  
LIMITED



**Annual Report**  
**2015-16**

## 31<sup>st</sup> Annual Report

<b>Board of Directors :</b>	Shri Utkarsh B. Shah	<i>Chairman</i>
	Shri Nahoosh J. Jariwala	<i>Managing Director</i>
	Shri Bimal D. Parikh	<i>Director</i>
	Shri Hemant N. Shah	<i>Director</i>
	Shri Jayesh K. Shah	<i>Director</i>
	Shri Kalpesh A. Patel	<i>Director</i>
	Shri Nitin R. Patel	<i>Director</i>
	Shri Ganpatraj Chowdhary	<i>Director</i>
	Shri Bhavin A. Shah	<i>Director</i>
	Ms. Sonal V. Ambani	<i>Director</i>
	Shri Harsha Raghavan	<i>Director (w.e.f. February 08, 2016)</i>
	Shri Sumit Maheshwari	<i>Director (w.e.f. February 08, 2016)</i>

**Chief Financial Officer &  
Company Secretary**

Rajen N. Jhaveri

**Bankers**

HDFC Bank Limited

**Auditors**

M/s. Jhaveri Shah & Co., Chartered Accountants,  
AHMEDABAD.

**Registered Office**

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Sindhu Bhavan Road, Off. S. G. Road,  
Ahmedabad - 380 059. INDIA.

Phone : +91 7818824096 and (079) 29701675

**Works**

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Ta. SANAND, Dist. AHMEDABAD – 382 115, Gujarat, INDIA.  
Phone No. : +91 9016324095 and (02717) 294375

**E-Mail Ids**

cs@adifinechem.com  
rajenjhaveri@adifinechem.com

**Registrar and Share  
Transfer Agent**

Link Intime India Pvt. Ltd.  
C-13, Pannalal Silk Mills Compound,  
LBS Road, Bhandup (West), Mumbai - 400078.

**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 viz. 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 intermediates like (Natural) Mixed Tocopherol Concentrate and Concentrated Sterols.

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 nutraceutical products are global Multinational Corporations like BASF (USA), ADM (USA), CARGILL INC.(USA).

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 175 employees. More than 35% 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 / Utilities 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 equipments like fat splitting, fractional distillation, autoclaves 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 installed 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 45,000 MT p.a. in Financial Year 2015-2016.

## KEY MILESTONES

- 1985     Adi Finechem Limited, formerly known as H K Finechem Ltd., was incorporated as H. K. Agro Oil Limited on 25th May, 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 finished product streams.
- 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 M.Tons p.a. The Company again issued bonus shares in ratio of 1 bonus share for every 10 equity shares.
- 2014     AFL increased its installed capacity to 24,000 M. Tons p.a. and undertook 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.
- 2015     AFL further increased its installed capacity to 45,000 M. Tons p.a.
- 2015     Canada based Fairfax Group entered into a Share Purchase Agreement with existing (Indian) Promoters to acquire 44.66 % equity stake in the Company at a price of INR 212/- per equity share of Rs. 10/- each fully paid.
- 2016     The proposed acquisition by Fairfax Group was completed in February, 2016.

## 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 past 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 nearly 30 years of overall experience in chemical manufacturing and trading of various textile products.

### **Shri Bimal Parikh, *Director***

He holds a Degree in Chemical Engineering and was earlier engaged in manufacture of dyes & chemicals. In 2001, he was the President of Gujarat Dyestuff Manufacturers' Association. He was Honorary Secretary of the Gujarat Chamber of Commerce & Industry. He was actively associated with the management of the Company in the capacity of Executive Director. He relinquished his executive responsibilities in the first week of March, 2016, consequent to sale of substantial portion of his equity stake to Fairfax group.

### **Shri Hemant Shah, *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. He was actively associated with the management of the Company in the capacity of Wholetime Director. He relinquished his executive responsibilities in the first week of March, 2016, consequent to sale of substantial portion of his equity stake to Fairfax group.

### **Shri Harsha Raghavan**

He holds MBA and MS in Industrial Engineering degrees - both from Stanford University, U.S.A. and a BA from UC Berkeley where he double majored in Computer Science & Economics. He is involved with the Indian private equity industry since 1996 and previously served as Head of India for Candover Investments, co-Head of India for Goldman Sachs PIA and Vice President of Indocean Chase Capital. He is the Managing Director of Fairbridge Capital Pvt.Ltd. (investment advisor to Fairfax Financial Holdings & Fairfax India Holding Corp)

### **Shri Sumit Maheshwari**

He has done PGP in Management from Indian School of Business. He also holds a Chartered Accountancy Degree from Institute of Chartered Accountants of India. He is Vice President at Fairbridge Capital Pvt. Ltd.

# BOARD OF DIRECTORS

## **Shri Bhavin Shah**

He is having rich experience in the field of finance. He was working with Equirus Securities Private Limited, Merchant Banker, as a Managing Director and Chief Executive Officer. 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 Chowdhary**

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 a Chemical Engineer and also M.B.A. in marketing from U.S.A. He is Chairman and Managing Director of M/s. Aculife Helathcare Pvt. Ltd., one of the largest Infusion and injectable company in the world and operating in over 50 Countries worldwide. He has rich all round experience of independently handling a large scale business and is 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

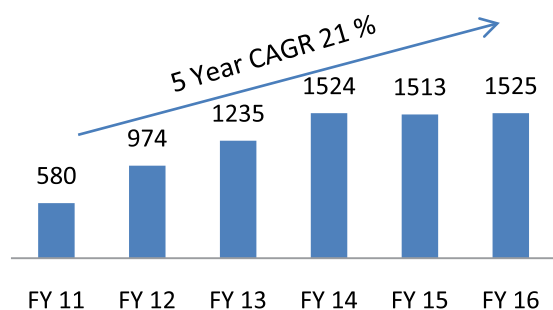
## **Ms. Sonal Vimal Ambani**

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

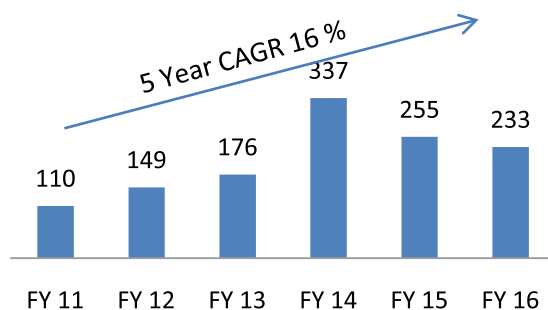
## Revenue

(Rs. Mn)



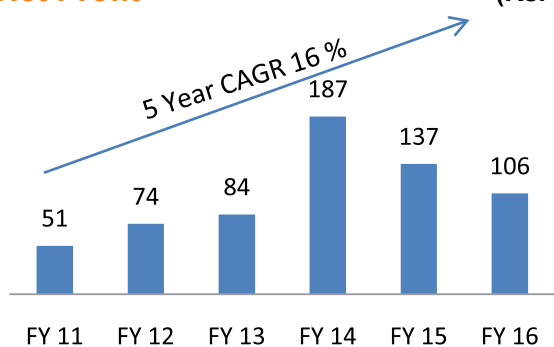
## EBITDA

(Rs. Mn)

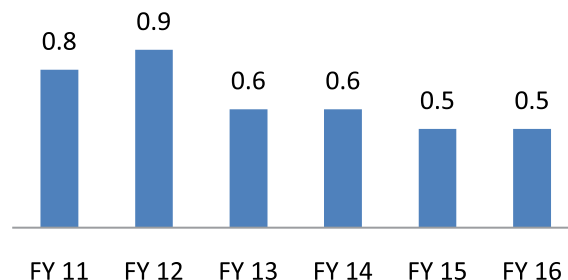


## Net Profit

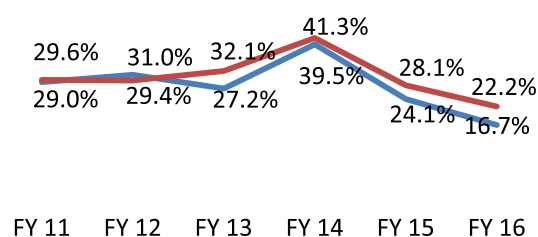
(Rs. Mn)



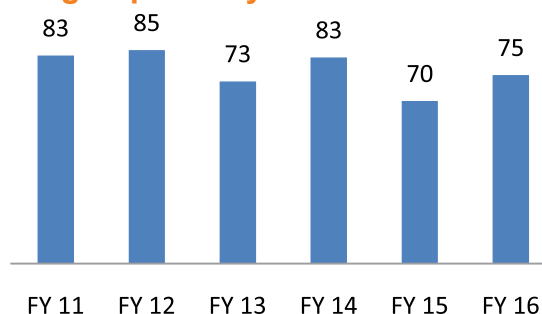
## Debt / Equity



## Efficiency Ratio

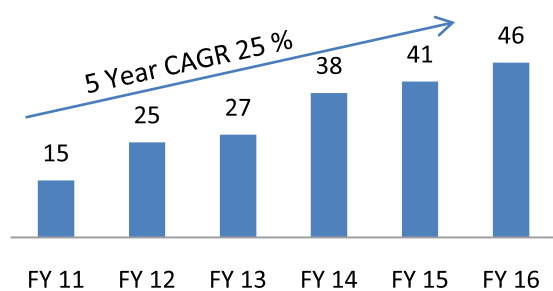


## Working Capital Days



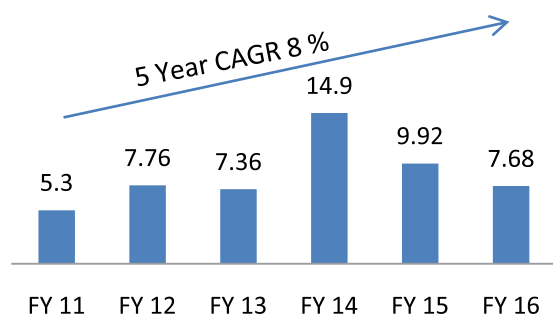
## Book Value per Share

(Rs.)



## EPS

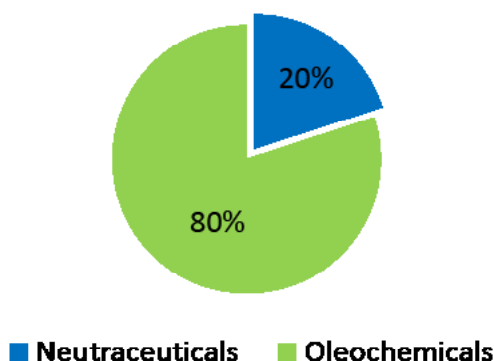
(Rs.)





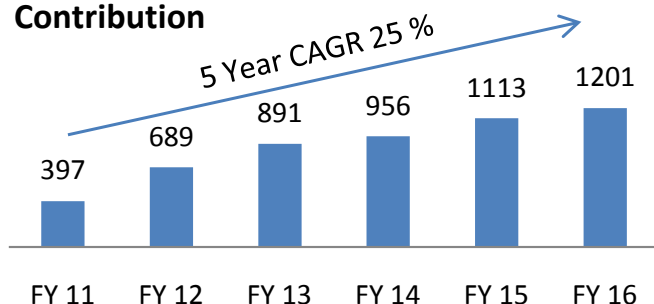
# BUSINESS OVERVIEW

## REVENUE BREAK UP FY 2016

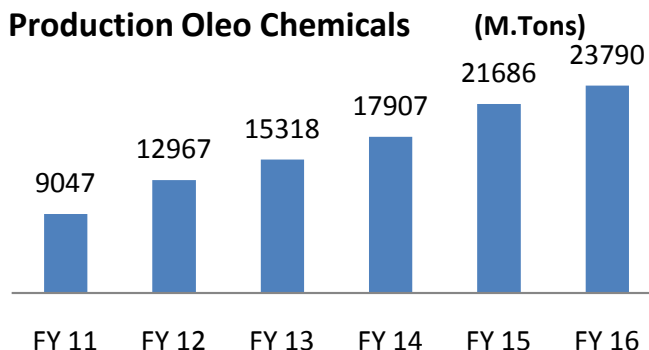


### Sales breakup (INR Mn)

#### Oleo Chemicals Revenue Contribution



#### Production Oleo Chemicals



## 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.

## Some of our Products:

### Dimer Acid:

Dimer acids, or dimerized fatty acids, are dicarboxylic acids prepared by dimerizing unsaturated fatty acids using clay catalysts. They are mainly used in paints, inks, textiles, 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 manufacturer of this product in India.

### 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 colour applications that require both wetting and drying properties, such as paints and printing ink vehicles.

### Other fatty Acids:

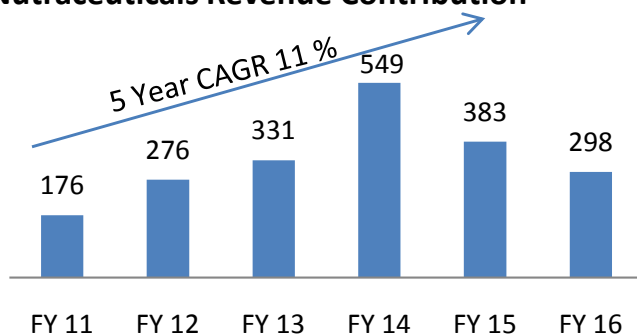
**Monomer Acids** are non-petroleum, non-animal based products that can be used as substitutes for various vegetable and tallow-based fatty acid derivative products.

**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.

## Nutraceuticals

### Sales breakup (INR Mn)

#### Nutraceuticals Revenue Contribution



#### Production Nutraceuticals

(M.Tons)

