

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.

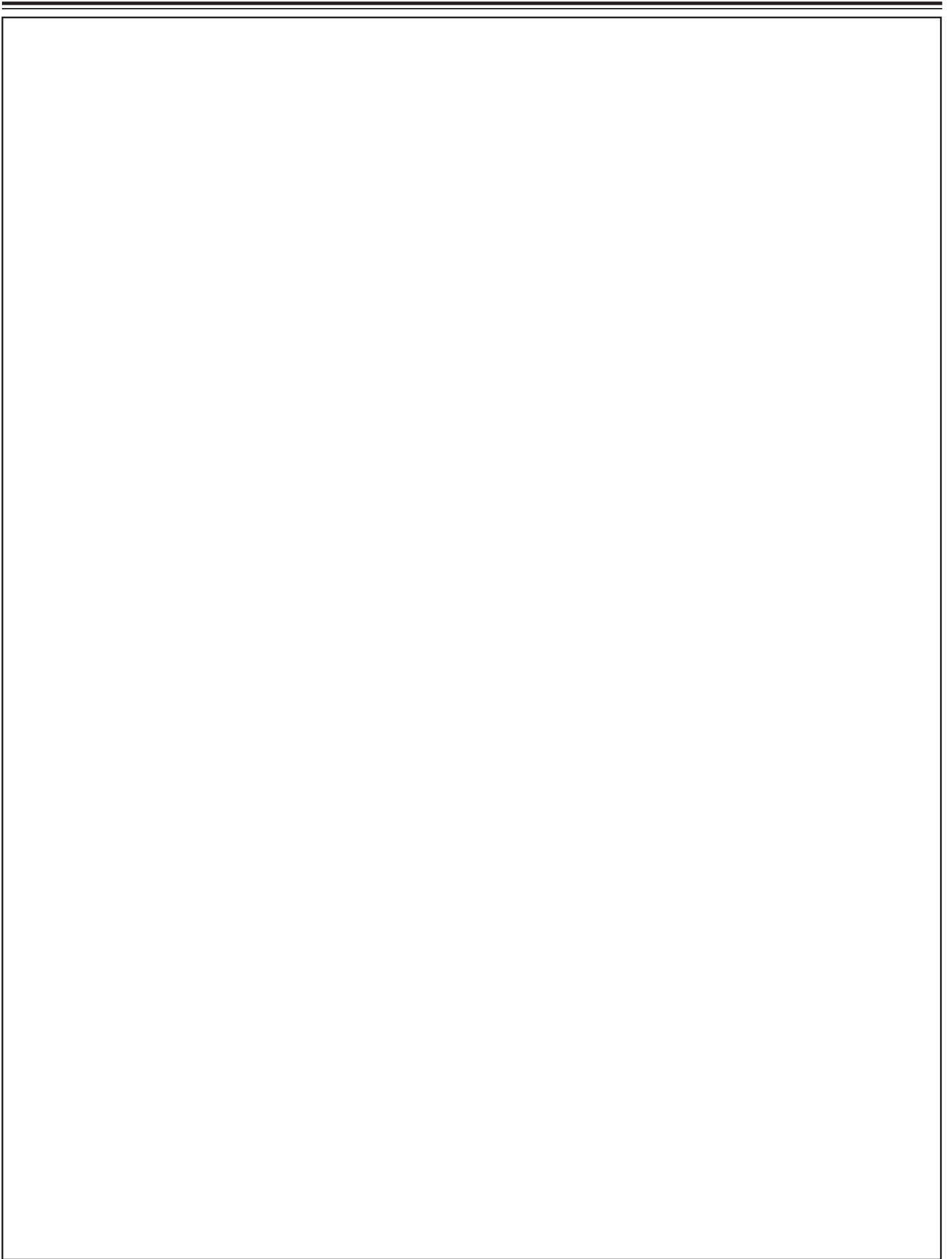
Registered Office : 201, Aniket, C. G. Road,
Navrangpura, AHMEDABAD - 380 009.
Phone : (079) 2646 8752, 3290 8752
Fax : (079) 2646 0910

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:

- (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, 2010 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.

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.

FIXED DEPOSITS :

The Company continued to accept the deposits. As on March 31, 2010, public deposits stood at Rs. 115.52 lacs. As on 31st March, 2010 there were unclaimed deposit aggregating to Rs. 60,000/-.

AUDITORS :

There is a proposal for appointment of M/s Jhaveri Shah & Co., Chartered Accountants, Ahmedabad as the auditors of the company in place of M/s Shah and Shah Associates, Chartered Accountants, Ahmedabad, who are retiring at the forthcoming Annual General Meeting and have expressed their inability to offer themselves for reappointment in the forth coming Annual General Meeting. We take this opportunity to appoint M/s Jhaveri Shah & Co., Chartered Accountants. We take this opportunity to thank M/s Shah and Shah Associates, Chartered Accountants, Ahmedabad, for their co-operation & understanding.

M/s Jhaveri Shah & Co., Chartered Accountants, Ahmedabad has conveyed that they are eligible for the appointment as Statutory Auditors and if they are appointed it will be in accordance with the limit specified in section (1-B) of section 224 of the Companies Act, 1956.

ACKNOWLEDGMENTS :

Your Board of Directors wishes to express their sincere appreciation for the excellent support and co-operation by shareholders, vendors, customers, bankers and all other business associates.

Ahmedabad
July 15, 2010

For and on behalf of the Board,

Utkarsh B. Shah
Chairman

ANNEXURE

Disclosure of Particulars with respect to Conservation of Energy.

A. Power & Fuel Consumption :	2009-2010	Previous Year	
1. ELECTRICITY			
A. Purchased :			
Units	36,21,500	36,81,930	
Total Amount (Rs.)	2,08,25,025	2,07,85,174	
Rate / Unit (Rs.)	5.75	5.65	
B. Own Generation :			
Units	1,11,424	1,63,464	
Unit per Ltr. of Diesel	3.37	3.28	
Average Cost / Unit (Rs.)	10.61	10.75	
2. FURNACE OIL			
Quantity (in KL)	429.33	400.27	
Total Cost (Rs.)	94,36,943	94,73,114	
Average Rate per Litre (Rs.)	21.98	23.67	
3. LIGNITE / COAL			
Quantity (in MT)	11,062.27	9662.118	
Total Cost (Rs.)	2,78,16,928	3,59,76,460	
Average Rate per Kg. (Rs.)	2.514	3.725	
4. OTHERS (IF ANY)	----	----	
B. Consumption per unit of Production :	Production (M. Tons)	Standards if any	Per M. Ton
1. ELECTRICITY			KWH
Deodorizer Distillate (Mixed Tocopherols)	724.492 (460.000)	-----	1100.00 (1156.51)
Linoleic Acid / Oleic Acid	821.988 (786.090)	-----	890.00 (2595.63)
Dimer Acid	1040.017 (1064.570)	-----	650.00 (603.92)
Cardanol	142.660 (----.----)	-----	184.00 (----.----)
2. FURNACE OIL			LTRS.
Deodorizer Distillate (Mixed Tocopherols)	724.492 (460.000)	-----	87.00 (84.40)
Linoleic Acid / Oleic Acid	821.988 (786.090)	-----	86.30 (253.15)
Dimer Acid	1040.017 (1064.570)	-----	80.00 (83.52)
Cardanol	142.660 (----.----)	-----	82.70 (----.----)
3. LIGNITE / COAL			KGS.
Deodorizer Distillate (Mixed Tocopherols)	724.492 (460.000)	-----	2100.00 (2037.45)
Linoleic Acid / Oleic Acid	821.988 (786.090)	-----	2060.00 (6111.18)
Dimer Acid	1040.017 (1064.570)	-----	1960.00 (1836.09)
Cardanol	142.66 (----.----)	-----	2200.00 (----.----)

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

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

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 H.K. 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. H.K. Finechem Limited 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 two Executive directors and Five 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 Rajan R. Harivallabhdas (Chairman & M.D.)	Promoter, Executive	7	Yes	Nil	Nil	Nil
Shri Chinubhai R. Shah	Independent, Non-Executive	6	No	14	Nil	Nil
Shri Nahoosh J. Jariwala (Executive Director)	Promoter, Executive	7	Yes	Nil	Nil	Nil
Shri Prafull Anubhai	Independent, Non-Executive	4	No	5	5	3
Shri Janak G. Nanavaty	Independent, Non-Executive	7	No	1	1	1
Dr. Himanshu C. Patel	Independent, Non-Executive	6	Yes	3	Nil	Nil
Shri Naishadh I. Parikh	Independent, Non-Executive	4	No	10	5	1
* Shri Dharmesh R. Harivallabhdas	Independent, Non-Executive	6	Yes	--	--	--

** Includes only Audit and Shareholders' / Investors' Grievance and Remuneration Committee in other Public Limited Companies.

During the year, there have been no materially significant related party transactions, pecuniary relationships or transactions between the company and its non-executive Directors that may have potential conflict with the interests of the Company at large.

The Board has laid down the Code of Conduct for all Board members and senior management personnel of the Company. Same has been posted on the website of the Company.

- Board meetings and attendance

The Meetings of the Board of Directors is scheduled well in advance. The Board meets at least once in a quarter *inter-alia* to review the performance of the Company. Each time, a detailed agenda is prepared in consultation with the Chairman & Managing Director. Seven Board meetings were held in the year 2009-10 and the gap between two Board meetings has not exceeded four months. The dates on which meetings were held are as follows :

Date of Meeting	No. of Directors Present	Date of Meeting	No. of Directors Present
April 22, 2009	6	January 25, 2010	7
May 27, 2009	6	February 15, 2010	7
July 28, 2009	6	February 27, 2010	7
October 30, 2009	8		

3. Audit Committee

- Composition

Audit Committee constituted by the Board of Directors consists of following Directors, viz. Shri Prafull Anubhai as Chairman of the Committee, Shri Chinubhai R. Shah, Shri Janak G. Nanavaty and Shri Himanshu C. Patel as members. There was no change in Audit Committee during Financial year 2009-10.

During the year under review Audit Committee comprises of 4 Directors, all being Non-Executive Independent Directors. All the members of the Committee are financially literate and have adequate accounting knowledge. The Audit Committee met four times during the financial year 2009-10, on May 27, 2009, July 28, 2009, October 30, 2009 and January 25, 2010.

The details of composition of the Committee and attendance at Meetings are as follows:

Name	Designation	No. of Committee Meetings attended
Shri Prafull Anubhai (Chairman)	Non Executive - Independent	2
Shri Chinubhai R. Shah	Non Executive - Independent	4
Shri Janak G. Nanavaty	Non Executive - Independent	4
Dr. Himanshu C. Patel	Non Executive - Independent	3

The scope of the Audit Committee includes:-

- (1) Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- (2) Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of statutory auditor and fixation of audit fees.
- (3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- (4) Reviewing with management the annual financial statements before submission to the Board for approval, with particular reference to:
 - (a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956,
 - (b) Changes, if any, in accounting policies and practices and reasons for the same,
 - (c) Major accounting entries involving estimates based on the exercise of judgment by management,
 - (d) Significant adjustments made in the financial statements arising out of audit findings,
 - (e) Compliance with listing and other legal requirements relating to financial statements,
 - (f) Disclosure of any related party transactions,
 - (g) Qualification in the draft audit report.
- (5) Reviewing with the management, the quarterly financial statements before its submission to the Board for approval.
- (6) Reviewing with the management, performance of statutory and internal auditors, the adequacy of internal control systems.
- (7) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- (8) Discussion with internal auditors any significant findings and follow up thereon.
- (9) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- (10) Discussion with statutory auditors before the audit commences, about nature and scope of audit as well as has post-audit discussion to ascertain any area of concern.
- (11) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- (12) To review the functioning of the Whistle Blower mechanism.
- (13) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

In addition to the areas noted above, Audit Committee looks into controls and security of the Company's internal control systems and internal audit reports.

The Committee Meetings were also attended by Chairman & Managing Director, Internal Auditors, Statutory Auditors and General Manager - Finance & Company Secretary, who also acted as Secretary of the Committee.

The Board has laid down a Code of Conduct for all Directors and senior Management staff of the Company, which is also available on the website of the Company. All Directors and members of the senior Management have affirmed their compliance with the said Code. A declaration signed by the Managing Director to this effect is appended at the end of this Report.

A certificate from the Managing Director on the financial statements and other matters of the Company for the financial year ended March 31, 2010 is also appended at the end of this Report.

4. Remuneration to Directors

Remuneration Committee constituted by Board of Directors consists of Shri. Prafull Anubhai as Chairman of the Committee, Shri Janak G. Nanavaty and Dr. Himanshu C. Patel as members of the Committee

Broad terms of reference of the Remuneration Committee are to recommend/review the remuneration package of Managing Director and Executive Director, based on performance and defined criteria. The remuneration policy is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in consonance with the existing Industry practice.

There was no meeting of Remuneration Committee during the year.

Details of remuneration paid to Directors during the financial year 2009-10.

(Amount in Rs.)

Directors	Salaries	Perquisites	Sitting Fees	Total
Shri Rajan R. Harivallabhdas	8,25,000	5,80,223	-	14,05,223
Shri Chinubhai R. Shah	-	-	7,500	7,500
Shri Nahoosh J. Jariwala	6,00,000	6,33,053	-	12,33,053
Shri Prafull Anubhai	-	-	4,500	4,500
Shri Janak G. Nanavaty	-	-	8,250	8,250
Dr. Himanshu C. Patel	-	-	6,750	6,750
Shri Naishadh I. Parikh	-	-	3,000	3,000
Shri Dharmesh R. Harivallabhdas	-	-	3,000	3,000

The Company has not granted any stock options to its Directors. Non-executive Directors do not hold any shares of the Company except Shri Chinubhai R. Shah who holds 400 Equity Shares of the Company.

5. Shareholders'/Investors' Grievance Committee

The committee functions under the Chairmanship of Shri Janak G. Nanavaty, an Independent Director. The other Members of the Committee are Shri Rajan R. Harivallabhdas, Managing Director of the Company and Shri Nahoosh J. Jariwala, Executive Director of the Company. At present, Shri Akshaykumar P. Shah is the Company Secretary and Compliance Officer of the Company.

During the year the Shareholders'/Investors' Grievance committee met as and when required and all the members attended the meetings. The Shareholders'/Investors' Grievance committee looks into the redressal of Shareholders' / Investors' Grievances, if any, like Transfer / Transmission / Demat of Shares; Loss of Share Certificates; Non-receipt of Annual Report; Non-receipt of Dividend etc.

During the year, Nil complaints were received from the Shareholders. The Company had no transfers pending at the close of the financial year.

6. Disclosures

(a) The Company has no materially significant related party transactions i.e. transactions of the Company of material nature with its promoters, the directors or the management, their subsidiaries or relatives etc., that may have potential conflicts with the interests of the Company at large.

Details of related party transactions are elaborated in the point No. 10 of Notes on Accounts.

- (b) There were no instances of non-compliance by the Company or Penalties imposed on the Company by the Stock Exchange(s) or SEBI or any statutory authority, on any matter related to Capital Markets, during the last three years.
- (c) The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure – ID to clause 49 of the Listing Agreement with Stock Exchanges:
- i. At present there is no policy of fixing the tenure of independent Directors.
 - ii. The Board of Directors of the Company has set up Remuneration Committee to determine remuneration packages for Executive Directors including pension rights and compensation payment. Please see the para on Remuneration to Directors for further details.
 - iii. The statutory financial statements of the Company are unqualified.
 - iv. At present there is no formal policy for performance evaluation of Non-Executive Directors.
 - v. The Company has not established any formal whistle blower policy.

7. Means of Communication

During the year, quarterly Unaudited Financial results and Audited Annual Financial results of the Company were submitted to the stock exchanges soon after its approval by the Board of Directors at their Meeting and were also published in English and vernacular newspapers. Annual financial performance of the Company is also posted on the Company's website i.e. www.hkfinechem.com.

The report on Management Discussion and Analysis is annexed and forms part of the annual report.

8. Details of General Meetings

Location, date and time of General Meetings held during the last 3 years:

Meeting	Year	Venue of General Meeting	Date & Time	No. of Special Resolutions
22 nd AGM	2006-2007	Ahmedabad Textile Mills' Association's Hall, Ashram Road, Ahmedabad - 380 009.	September 22, 2007 at 4:00 p.m.	1
23 rd AGM	2007-2008	As above	September 22, 2008 at 4:00 p.m.	-
24 th AGM	2008-2009	As above	September 29, 2009 at 4:00 p.m.	-

No postal ballot was conducted during the financial year 2009-10.

General Shareholder Information

Date, time and venue of 25th Annual General Meeting

Monday, 30th August, 2010 at 5.00 p.m.
at Jain International Trade Organisation
3rd Floor, TCL Heritage, Nr. Gujarat Vidyapith,
Ashram Road, Ahmedabad - 380 014.

Profile of Directors seeking appointment/re-appointment at the Annual General meeting are furnished as per Annexure - 1 attached herewith.

Book Closure Date

Tuesday, 24th August, 2010 to
Monday, August 30, 2010 (both days inclusive)

Dividend Payment Date

Not Applicable

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Financial Calendar (Tentative)

Financial reporting for the quarter ending June 30, 2010	15 th of July 2010
Financial reporting for the quarter/half year ending September 30, 2010	End of October, 2010
Financial reporting for the quarter ending December 31, 2010	End of January, 2011
Financial reporting for the year ending March 31, 2011	End of May, 2011
Annual General Meeting for the year ending March 31, 2011	September, 2011

High/Low of monthly Market Price of Company's Equity Shares traded on the Mumbai Stock Exchange during the financial year 2009-10 is furnished below:

Month	High (Rs.)	Low (Rs.)	Volume (Nos.)
April, 2009	16.15	13.55	3840
May, 2009	15.65	12.75	19079
June, 2009	18.02	11.54	50474
July, 2009	16.64	13.73	17571
August, 2009	15.93	12.78	50955
September, 2009	14.89	12.17	36967
October, 2009	13.80	12.00	33875
November, 2009	13.89	11.05	23208
December, 2009	14.33	11.03	56008
January, 2010	18.98	13.00	86063
February, 2010	27.80	18.35	4175803
March, 2010	24.90	23.10	148181

Share Transfer System

Transfer of shares held in physical mode is processed by M/s. Sharepro Services (India) Pvt. Limited w.e.f 1st March 2010 (earlier Pinnacle Share Registry Pvt. Ltd. Was the registrar) having registered office situated at 13AB, Samhita Warehousing Complex, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka Mumbai – 400 072 and approved by the Shareholders'/Investors' Grievance Committee. Valid Share transfers in physical form and complete in all respects were approved, registered and dispatched within stipulated period.

Dematerialisation of Shares and Liquidity

As on March 31, 2010, 97.53 % shares of the Company were held in dematerialised form and the rest in physical form. The shares are traded on Ahmedabad and Bombay Stock Exchanges.

Distribution of Shareholding as on March 31, 2010

Category (Shares)	No. of Shareholders	Percentage	No. of Shares	Percentage
1-500	2,096	78.92	3,50,682	3.69
501-1000	190	7.15	1,65,966	1.75
1001-2000	121	4.56	1,95,958	2.06
2001-3000	54	2.03	1,40,307	1.48
3001-4000	27	1.02	99,343	1.05
4001-5000	33	1.24	1,58,397	1.67
5001-10000	55	2.07	4,27,156	4.50
Above 10000	80	3.01	79,62,191	83.81
TOTAL	2,656	100.00	95,00,000	100.00

**Categories of Shareholders - Category-wise Shareholding as on March 31, 2010**

Category	No. of Shares held	Percentage to total shares
Individual	29,61,445	31.17
Promoters		
- Indian Promoters	56,65,538	59.64
- Foreign Promoter	-----	-----
Other Corporate Bodies	8,05,377	8.48
Financial Institutions / Mutual Funds / Banks	-----	-----
Director & their relatives	400	0.004
Foreign Institutional Investors / Overseas Corporate Bodies	-----	-----
Non-Resident Indians	67,240	0.71
TOTAL	95,00,000	100.00

Listing on Stock Exchanges at :

Ahmedabad Stock Exchange Limited Kamdhenu Complex, Panjrapole, Opp. Sahjanand College, Ahmedabad - 380 015.	Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 023.
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Listing fees for the year 2009-10 have been paid to both the Stock Exchanges.

Stock Codes	Ahmedabad Stock Exchange	24855
	Mumbai Stock Exchange	530117
Demat ISIN No. in NSDL & CDSL for Equity Shares		INE959A01019

Registered Office and Correspondence address 201, Aniket, C. G. Road,
Navrangpura, Ahmedabad - 380 009.
Tele Nos. (079) 3290 8752
Fax No. (079) 2646 0910

Contact Person Shri Akshaykumar P. Shah
E-mail : cs@hkfinechem.com

Unclaimed Dividends Rs. 1,11,127.20 for the year 2004-05.

Plant Location 253/P, Chekhala,
Sanand-Kadi Highway,
Tal. Sanand
Dist. Ahmedabad - 382 145.

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT POLICY

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended March 31, 2010.

Ahmedabad
July 15, 2010

For H. K. Finechem Limited
Nahoosh J. Jariwala
Managing Director

Annexure - 1

Brief Resume of Directors and their expertise in Functional areas	Directorship/Committee Membership in Other Public Limited Companies	Shareholding in H.K. Finechem Limited as on 30-6-2010
<p>Mr. Utkarsh Bhikhoobhai Shah He is a Science Graduate and engaged in business of coal/lignite transportation, coal trading, real estate since last 30 years.</p>	<p>Directorship in: Nil Committee Membership : Nil</p>	1165357
<p>Mr. Bimal Dashrathbhai Parikh He is an Engineer and engaged in manufacture of dyes & chemicals since last 30 years.</p>	<p>Directorship in: Nil Committee Membership : Nil</p>	584273
<p>Mr. Hemant Navinchandra Shah He is a Commerce Graduate and involved in business of logistics, garments, trading of minerals, and retailing since 25 years.</p>	<p>Directorship in: Nil Committee Membership : Nil</p>	702432
<p>Mr. Jayesh K Shah He is an Commerce Graduate and Chartered Accountant. He is a Wholetime director with the designation of Director & Chief Financial Officer of Arvind Limited and he has been associated with Arvind Limited since July 1993. He has extensive financial, regulatory and managerial expertise with his vast experience in the field. He also holds directorship in other companies.</p>	<p>Directorship in : Arvind Spinning Limited Arvind Products Limited Arvind Retail Limited Arvind Lifestyle Brands Ltd. Arya Omnitalk Wireless Solutions Limited Arvind Limited Anagram Stockbroking Ltd. Anagram Comtrade Limited Dropadi Finance Limited E-Infochips Limited Anagram Knowledge Academy Limited Arvind Accel Limited Anagram Capital Limited Arvind Infrastructure Limited Committee Membership : Nil</p>	Nil
<p>Mr. Kalpesh A Patel He is an Chemical Engineer and also MBA in Marketing from USA. At present he is an 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.</p>	<p>Directorship in: Nirma Limited Committee Membership : Nirma Limited</p>	Nil
<p>Mr. Sharvil P. Patel He has Specialization 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 pharmaceuticals product.</p>	<p>Directorship in: Cadila Healthcare Limited Dailforhealth India Limited Zydus Pharmaceuticals Ltd. Zydus Animal Health Limited Zydus Technologies Limited Zydus Wellness Limited Committee Membership: Dialforhealth India Limited</p>	Nil

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of **H. K. Finechem Limited** :

We have examined the compliance of the conditions of Corporate Governance by **H. K. Finechem Limited** for the year ended on 31st March 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the concerned Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression on financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in above mention Listing Agreement.

We state that in respect of the investor grievances received during the year ended on 31st March, 2010, no such investor grievances remained unattended/pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For, **SHAH & SHAH ASSOCIATES**
Firm Regn. No. : 113742 W
Chartered Accountants

AHMEDABAD

DATED : 15th July, 2010

Partner
SUNIL K. DAVE
Membership No. : 047236

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMIC SCENARIO

The year started in the midst of the global crisis, financial meltdown and adverse business condition. Increase in inflation, high interest rates and liquidity crunch witnessed slowdown in both local and export demand.

The Indian government introduced a lot of stimulus measures to boost the demand by increase in public expenditure, reduction in excise duty etc. The Reserve Bank of India also injected liquidity in the market by different measures. As a result of this the market sentiments improved in the later part of the year.

INDUSTRY STRUCTURE AND DEVELOPMENT:

The growth of vegetable oil refining industry has got boost due to changes in lifestyle, food habits, organized food retail, urbanization and increase in per capita income. Realizing vast untapped opportunities domestic & international players have been constantly expanding operations in India.

OPPORTUNITIES AND THREATS:

Company Processes by-product streams of vegetable oil refineries. Availability of the raw materials consumed by the company has increased during the year with minor increase in prices. Company is confident of selling additional quantity and passing the cost burden by increasing the prices of its products in Export and Domestic markets. Company has developed new product Cardanol from Cashew Nut Shell Liquid.

SEGMENTWISE PRODUCT WISE:

Company has two segments. Products manufactured from by-product streams of vegetable oil refineries are Mixed Tocopherol, Sterols, Dimer Acid, Linoleic Acid and Monobasic Acid and Product manufactured from Cashew Nut Shell Liquid.

A. Mixed Tocopherol Concentrate and Sterols are in good demand in the export market :

B. Linoleic Acid and Dimer Acids :

Linoleic Acid and Dimer Acids manufactured by the Company, continues to be in demand as a premium product in the domestic market.

C. Monobasic Acid :

Monobasic Acid is a by-product of Dimer Acid production. The Company is in a position to sell the quantity manufactured.

D. Cardanol :

Company has been able to successfully produce Cardanol of acceptable quality for both domestic and international Market.

OUTLOOK :

Due to Increase in availability of raw materials outlook appears better. Company is in process of de-bottlenecking its facility and will be able to process higher quantities of raw materials in future. The trend of high raw material prices, low availability of raw material and relatively low international prices of export and domestic product is steadily reversing in favour of the company.

RISK AND CONCERNS:

Sudden decrease in availability of raw materials and increase in prices due to less availability of Soya and sunflower oil by either drought like situation in world's major vegetable oil seeds producing countries or vegetable oil getting diverted in bio fuel industry are cause of concern.

INTERNAL CONTROL, AUDIT AND SYSTEMS :

The Company has effective and adequate internal control systems, which ensure reliable financial reporting, safeguarding of assets, adherence to management policies and promotion of ethical conduct. These systems are regularly reviewed, modified and improved upon, to confirm to changes in the business environment and processes. In addition, the Board has appointed an Audit Committee of Independent Directors, which regularly reviews the findings of external and internal audits and the adequacy of internal control systems.

HUMAN RESOURCES AND INDUSTRIAL RELATION :

The company employs persons well qualified in technical and managerial skills having the requisite competence required for their tasks. The company's HR process ensures the availability of competent and motivated team of employees.

The company follows the philosophy of market level compensation and benchmarks its compensation level with other companies in the sector.

The relationship between the management and the personnel of the company have continued to be cordial.

CAUTIONARY STATEMENT :

The management Discussion and Analysis Report may contain certain statements that might be considered forward looking. These statements are subject to certain risks and uncertainties. Actual results may differ materially from those expressed in the statement as important factors could influence the Company's operations such as Government policies, local, political and economic development, risks inherent to the company's growth and such other factors.

Auditors' Report TO THE MEMBERS OF H. K. FINECHEM LIMITED

1. We have audited the attached Balance Sheet of M/s. H. K. Finechem Limited as at 31st March, 2010, the Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the company so far as appears from our examinations of those books;
 - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) on the basis of written representations received from the directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2010;
 - b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For, **SHAH & SHAH ASSOCIATES**

Firm Regn. No. : 113742 W

Chartered Accountants

Partner

SUNIL K. DAVE

Membership No. : 047236

AHMEDABAD

DATED : 15th May, 2010

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) As explained to us, the Company has designed a phased program of verification of fixed assets to cover all the items over a period of three years which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, some part of fixed assets was physically verified by the management during the year. According to information and explanations given to us, no material discrepancies were noticed by the management on such verification.
(c) The Company has not disposed off a substantial part of fixed assets during the year.
2. (a) Physical verification of inventory has been conducted during the year by the management at reasonable intervals.
(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
(c) The Company is maintaining proper records of inventory. As explained to us there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. (a) The Company has not granted any loans to companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956.
(b) The Company has taken loans from six companies covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year-end balance of such loans aggregates to Rs. 275 lacs and Rs. 125 lacs respectively.
(c) In our opinion, the rate of interest and other terms and conditions on which such loans have been taken are not, prima facie, prejudicial to the interest of the Company.
(d) The terms of repayment have not been stipulated and hence the question of any overdue amount does not arise.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been so entered.
(b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 do not exceed the value of rupees five lacs in respect of such parties during the year.
6. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under with regard to the deposits accepted from the Public.
7. Internal audit is carried out by a firm of Chartered Accountants. On the basis of the reports made by them to the management, in our opinion, the Internal Audit System is commensurate with the size and nature of its business.
8. The Company is not required to maintain Cost Records under section 209 (1) (d) of the Companies Act, 1956 and therefore clause (viii) relating to its maintenance is not applicable.
9. According to the information and explanations given to us in respect of statutory and other dues:
(a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, sales-tax, customs duty, excise duty, income-tax, wealth-tax, service-tax, cess and other material statutory dues applicable to it.



- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales-tax, wealth-tax, service-tax, custom duty and excise duty were in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, details of disputed sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited as on 31st March, 2010 on account of any dispute are given below :

Sr. No.	Name of Statute	Nature of Dues	Period to which the amount relates	Forum where dispute is pending	Amount (Rs.)
1	Income Tax Act, 1961	Income Tax and Interest	1999-2000	CIT (Appeals)	44,03,290
2	Income Tax Act, 1961	Income Tax and Interest	2000-2001	CIT (Appeals)	20,51,785
3	Income Tax Act, 1961	Interest u/s 234D	2004-2005	CIT (Appeals)	2,429
4	Income Tax Act, 1961	Income Tax and Interest	2005-2006	CIT (Appeals)	8,59,646
5	Income Tax Act, 1961	Fringe Benefit Tax	2005-2006	I.T.O.	8,040
	TOTAL				73,25,190

10. The Company has no accumulated losses at the end of the financial year. The company has not incurred cash losses in the financial year under report but has incurred cash losses in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in the repayment of term loans from bank.
12. According to the information and explanations given to us, the Company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of special statute applicable to chit fund, Nidhi/Mutual Benefit fund/societies are not applicable to the company.
14. The company is not dealing or trading in shares, securities, debentures and other investments accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us, term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, and after placing reliance on the reasonable assumptions made by the company for classification of long term and short term usages of funds, we are of the opinion that, prima-facie, funds raised on short term basis have been used for long term investment in fixed assets including capital work-in-progress amounting to Rs.419.59 lacs.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. No debentures have been issued by the Company and hence the question of creating securities or charges in respect thereof does not arise.
20. During the year the Company has not raised money by public issue.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the financial year.

For, **SHAH & SHAH ASSOCIATES**

Firm Regn. No. : 113742 W

Chartered Accountants

Partner

SUNIL K. DAVE

Membership No. : 047236

AHMEDABAD

DATED : 15th May, 2010

ANNUAL REPORT 2009-2010

BALANCE SHEET AS AT 31st MARCH, 2010

		SCHEDULE	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SOURCES OF FUNDS:				
1. SHAREHOLDERS' FUNDS:				
a)	Share Capital	1	9,50,00,000	9,50,00,000
b)	Reserves & Surplus	2	4,01,91,617	4,57,50,166
2. LOAN FUNDS:				
	Secured Loans	3	8,33,89,487	9,87,20,191
	Unsecured Loans	4	4,65,52,000	4,69,72,000
			<u>12,99,41,487</u>	<u>14,56,92,191</u>
3. DEFERRED TAX LIABILITY (NET) (Refer Note No. 9 of Schedule 15B)			1,95,38,675	2,12,06,878
TOTAL			<u>28,46,71,779</u>	<u>30,76,49,235</u>
APPLICATION OF FUNDS				
1. FIXED ASSETS:				
a)	Gross Block	5	34,86,80,605	34,72,78,312
b)	Less: Depreciation		15,85,55,693	14,32,58,984
c)	Net Block		19,01,24,912	20,40,19,328
d)	Add. : Capital Work in Progress (Including advances for Capital Goods)		27,81,963	34,66,254
			<u>19,29,06,875</u>	<u>20,74,85,582</u>
2. CURRENT ASSETS, LOANS & ADVANCES				
(a)	Interest accrued on Deposits		2,59,038	2,08,547
(b)	Inventories	6	6,68,34,788	5,69,15,552
(c)	Sundry Debtors	7	2,90,34,488	4,63,61,788
(d)	Cash & Bank Balances	8	21,52,783	22,22,628
(e)	Loans & Advances	9	1,15,21,064	1,24,95,470
			<u>10,98,02,161</u>	<u>11,82,03,985</u>
	Less: Current Liabilities & Provisions	10	1,80,37,257	1,80,40,332
	Net Current Assets		<u>9,17,64,904</u>	<u>10,01,63,653</u>
TOTAL			<u>28,46,71,779</u>	<u>30,76,49,235</u>
Significant Accounting Policies and Notes to financial statements.		15		

As per our report of even date attached

For SHAH & SHAH ASSOCIATES
Firm Regn. No. : 113742 W
Chartered Accountants

SUNIL K. DAVE

PARTNER
Membership No. 047236

AHMEDABAD

DATED : May 15, 2010

For and on behalf of the Board

Nahoosh J. Jariwala
Executive Director

Hemant N. Shah
Director

Akshaykumar P. Shah
General Manager (Finance)
& Company Secretary

AHMEDABAD

DATED : May 15, 2010

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010**

SCHEDULE		2009-2010 Rupees	2008-2009 Rupees
INCOME			
Sales		40,71,02,210	37,59,95,966
Less: Excise duty recovered on sales		2,31,88,224	3,56,84,699
		38,39,13,986	34,03,11,267
Other Income	11	13,55,451	3,37,152
		38,52,69,437	34,06,48,419
EXPENDITURE			
(Increase)/Decrease in Stocks	12	1,58,01,403	1,04,46,219
Manufacturing & Other Operating Expenses	13	34,29,60,252	31,57,40,290
Interest (Net)	14	1,62,06,822	1,82,43,412
Depreciation		1,69,10,518	1,65,36,686
		39,18,78,995	36,09,66,607
(Loss) / Profit before Tax		(6,60,9,558)	(2,03,18,188)
Previous year Expenses (Net)		2,30,540	-
Provision for Taxation :			
- Fringe Benefit Tax		-	1,80,000
- Deferred Tax		(16,68,203)	(63,30,562)
- Wealth Tax (including for earlier year- Rs.8868/-)		20,868	-
- Short Provision of Income Tax for earlier years		3,65,786	3,28,279
		(12,81,549)	(58,22,283)
(Loss) / Profit after Tax		(55,58,549)	(1,44,95,905)
Balance of Profit brought forward		3,93,64,166	5,38,60,071
Balance carried to Balance Sheet		3,38,05,617	3,93,64,166
Basic / Diluted earnings per share		(0.59)	(1.53)
(Face value of Rs.10/-)			

As per our report of even date attached

For SHAH & SHAH ASSOCIATES
Firm Regn. No. : 113742 W
Chartered Accountants

SUNIL K. DAVE

PARTNER
Membership No. 047236

AHMEDABAD

DATED : May 15, 2010

For and on behalf of the Board

Nahoosh J. Jariwala
Executive Director

Hemant N. Shah
Director

Akshaykumar P. Shah
General Manager (Finance)
& Company Secretary

AHMEDABAD

DATED : May 15, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010

P A R T I C U L A R S	2 0 0 9 - 2 0 1 0 Rupees	2 0 0 8 - 2 0 0 9 Rupees
(A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit/(loss) before tax and extra-ordinary items	(66,09,558)	(2,03,18,188)
Adjustments for :		
Depreciation	1,69,10,518	1,65,36,686
Foreign Exchange Gain (net)	(6,12,259)	23,10,699
Interest Received	(2,97,523)	(4,89,325)
Interest paid	1,65,04,345	1,87,32,737
Previous Year Expenses (Net)	(2,30,540)	-
Loss/ (Profit) on sale of Fixed Assets (net)	9,59,435	2,01,142
	<u>3,32,33,976</u>	<u>3,72,91,939</u>
Operating Profit before Working Capital Changes :	2,66,24,418	1,69,73,751
Adjustments for :		
Trade and other receivables	1,79,39,559	(1,63,18,517)
Inventories	(99,19,236)	84,17,314
Loans and advances	8,87,149	14,17,697
Trade and other payables	(3,075)	(9,16,990)
	<u>89,04,397</u>	<u>(74,00,496)</u>
Cash Generated from operations		
Income-tax	<u>(3,49,888)</u>	<u>(1,80,000)</u>
Net cash from operating activities... (A)	<u>3,51,78,927</u>	<u>93,93,255</u>
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets(see note no:3)	(39,05,064)	(1,25,08,298)
Sale of fixed assets	6,13,818	1,70,001
Sale of Investment	-	-
Net cash from Investing activities... (B)	<u>(32,91,246)</u>	<u>(1,23,38,297)</u>
(C) CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Long Term Borrowings	(2,02,14,262)	41,42,840
Proceeds from Fixed Deposits	25,80,000	12,72,000
Proceeds from working capital loan	18,83,558	1,66,18,897
Interest Received	2,97,523	4,92,027
Interest paid	(1,65,04,345)	(1,94,03,321)
Dividend paid on Equity Shares	-	-
Tax on dividend	-	-
Net cash from financing activities... (C)	<u>(3,19,57,526)</u>	<u>31,22,443</u>
Net Increase/(Decrease) in cash & cash equivalents (A)+(B)+(C)	(69,845)	1,77,401
Cash and cash equivalents (see note no:1) (Opening balance)	22,22,628	20,45,227
Cash and cash equivalents	21,52,783	22,22,628

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010****NOTES :**

PARTICULARS	2009 - 2010 Rupees	2008 - 2009 Rupees
(1) Cash and Cash equivalent includes :		
Cash on Hand	1,08,038	1,66,474
Bank Balances with Scheduled Banks in :		
Current Accounts	6,56,741	8,56,154
Fixed Deposit Account	<u>13,88,004</u>	<u>12,00,000</u>
	<u>20,44,745</u>	<u>20,56,154</u>
TOTAL	<u><u>21,52,783</u></u>	<u><u>22,22,628</u></u>

- (2) The Cash Flow statement has been prepared under the Indirect Method as set out in Accounting Standard - 3 on Cash Flow Statement issued by The Institute of Chartered Accountants of India.
- (3) Purchase of Fixed Assets include items in Capital Work in progress including Capital advances.
- (4) The previous year's figures have been re-grouped wherever necessary to make them comparable with this year's figures.

As per our report of even date
For SHAH & SHAH ASSOCIATES
Firm Regn. No. : 113742 W
Chartered Accountants

SUNIL K. DAVE

PARTNER
Membership No. 047236

AHMEDABAD
DATED : 15-05-2010

For and on behalf of the Board

Nahoosh J. Jariwala
Executive Director

Hemant N. Shah
Director

Akshaykumar P. Shah
General Manager (Finance)
& Company Secretary

AHMEDABAD
DATED : 15-05-2010

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SCHEDULES FORMING PART OF ACCOUNTS

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SCHEDULE - 1		
SHARE CAPITAL		
Authorised :		
1,45,00,000	Equity Shares of Rs.10/- each	14,50,00,000
50,000	Preference Shares of Rs.100/- each	50,00,000
	<u>15,00,00,000</u>	<u>15,00,00,000</u>
Issued, Subscribed & Paid up :		
95,00,000	Equity Shares of Rs.10/- each fully paid up	9,50,00,000
	<u>9,50,00,000</u>	<u>9,50,00,000</u>
TOTAL	<u>9,50,00,000</u>	<u>9,50,00,000</u>

Note : Above includes 31,500 equity shares allotted as fully paid up bonus shares by way of capitalisation from surplus in Profit & Loss account.

SCHEDULE - 2		
RESERVES & SURPLUS		
A) Share Premium Account		
	Balance as per last Balance Sheet	13,86,000
B) Capital Redemption Reserve		
	Balance as per last Balance Sheet	50,00,000
C) Profit & Loss Account - Balance as per Annexed Account		
	<u>3,38,05,617</u>	3,93,64,166
TOTAL	<u>4,01,91,617</u>	<u>4,57,50,166</u>

SCHEDULE - 3		
SECURED LOANS FROM BANKS		
(1) Term Loans	1,35,38,498	3,12,43,299
Interest Accrued & Due	<u>50,660</u>	-----
	<u>1,35,89,158</u>	<u>3,12,43,299</u>
(2) Working Capital Loans	6,76,33,473	6,57,49,915
(3) Loans - Against hypothecation of vehicles	<u>21,66,856</u>	17,26,977
TOTAL	<u>8,33,89,487</u>	<u>9,87,20,191</u>

- Notes:**
- All the above loans except Vehicle loans from Bank are secured by first mortgage on the Company's immovable properties both present and future and hypothecation of all present and future machinery, other movable assets, goods and bookdebts of the Company. They are further secured by personal guarantee given by the Managing Director of the Company.
 - The Vehicle loans from banks are secured by hypothecation of vehicles and are further secured by personal guarantee given by the Directors of the Company.
 - Principal amount payable within one year Rs. 1,14,93,136/- (Previous year Rs.1,77,04,800/-).



	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SCHEDULE - 4		
UNSECURED LOANS		
Inter-Corporate Deposits	3,50,00,000	3,80,00,000
Fixed Deposits		
- From a Director	10,00,000	10,00,000
- From Others	<u>1,05,52,000</u>	<u>79,72,000</u>
	1,15,52,000	89,72,000
TOTAL	<u>4,65,52,000</u>	<u>4,69,72,000</u>

SCHEDULE - 5
FIXED ASSETS

Sr. No.	Description of Goods	Gross Block (At Cost)				Depreciation				Net Block	
		As on 01.04.2009 Rs.	Additions Rs.	Sales/ Deduction Rs.	As on 31.03.2010 Rs.	As on 01.04.2009 Rs.	For the Year Rs.	Sales/ Deduction Rs.	Upto 31.03.2010 Rs.	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
1.	Land	63,10,290	0	0	63,10,290	0	0	0	0	63,10,290	63,10,290
2.	Building	5,54,76,118	6,46,262	0	5,61,22,380	1,41,28,938	17,91,471	0	1,59,20,409	4,02,01,971	4,13,47,180
3.	Plant & Machinery	25,82,77,192	23,04,165	22,07,746	25,83,73,611	11,69,59,004	1,34,80,199	11,57,769	12,92,81,434	12,90,92,177	14,13,18,188
4.	Electric Installation	1,55,40,085	62,899	17,205	1,55,85,779	68,90,936	7,37,930	17,205	76,11,661	79,74,118	86,49,149
5.	Air Conditioners	10,05,370	24,500	20,500	10,09,370	4,03,329	47,571	10,729	4,40,171	5,69,199	6,02,041
6.	Office Equipments	26,43,962	2,58,135	49,942	28,52,155	16,94,458	1,41,473	31,721	18,04,210	10,47,945	9,49,504
7.	Furniture & Fixtures	18,76,156	39,192	0	19,15,348	15,06,477	91,965	0	15,98,442	3,16,906	3,69,679
8.	Vehicles	61,49,139	12,54,202	8,91,669	65,11,672	16,75,842	6,19,909	3,96,385	18,99,366	46,12,306	44,73,297
	As at 31.03.2009	34,72,78,312	45,89,355	31,87,062	34,86,80,605	14,32,58,984	1,69,10,518	16,13,809	15,85,55,693	19,01,24,912	20,40,19,328
		33,52,08,762	1,26,05,004	5,35,454	34,72,78,312	12,68,86,609	1,65,36,686	1,64,311	14,32,58,984	20,40,19,328	

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	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SCHEDULE - 6		
INVENTORIES		
(As taken valued and certified by the management and accepted by the auditors as such)		
1. Stores, Fuel & Packing Material (Including Goods in Transit Rs.47,456/-) (Previous Year Rs. 64,602/-)	1,67,23,689	1,44,69,280
2. Raw Materials (Including Goods in Transit Rs. 10,50,067/-) (Previous Year Rs. 7,61,704/-)	3,46,42,547	1,11,76,317
3. Finished Goods	20,77,093	----
4. Semi-finished Goods	1,33,91,459	3,12,69,955
TOTAL	6,68,34,788	5,69,15,552
SCHEDULE - 7		
SUNDRY DEBTORS (Unsecured & Considered Good)		
Exceeding six months	4,03,870	58,851
Others	<u>2,86,30,618</u>	<u>4,63,02,937</u>
TOTAL	2,90,34,488	4,63,61,788
SCHEDULE - 8		
CASH & BANK BALANCES		
Cash on Hand	1,08,038	1,66,474
Bank Balances with Scheduled Banks in:		
Current Accounts (Including Rs. 1,11,127/- of unclaimed dividend) (Previous year Rs. 1,11,127/-)	6,56,741	8,56,154
Fixed Deposit Account	<u>13,88,004</u>	<u>12,00,000</u>
TOTAL	20,44,745	20,56,154
SCHEDULE - 9		
LOANS & ADVANCES (Unsecured - Considered good)		
Advances recoverable in cash or in kind or for value to be received	32,12,155	38,76,861
Sundry Deposits	29,92,018	31,33,127
Balances with Government Authorities	22,41,754	21,07,579
MAT Credit Receivable	1,08,640	3,74,640
Advance Tax (Net) (Including Advance Fringe Benefit Tax - Net Rs. 1,21,917/-) (Previous Year Rs. 1,21,117/-)	29,66,497	30,03,263
TOTAL	1,15,21,064	1,24,95,470

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SCHEDULE - 10		
CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities		
Sundry Creditors :		
Micro, Small and Medium Enterprises (As per the information available with the Company) (Outstanding for less than 30 days)	2,99,819	1,59,035
Others	93,70,517	1,06,84,137
Advance received from customers	15,82,560	5,07,340
Unclaimed Dividend	1,11,127	1,11,127
Unclaimed matured fixed deposits	60,000	1,10,000
Unclaimed interest on fixed deposits	5,807	5,807
* (There is no any amount due to be credited to Investor Education & Protection Fund)		
Other Liabilities	6,15,502	12,16,578
Interest Accrued but not due	17,57,088	13,20,273
	1,38,02,420	1,41,14,297
B. Provisions		
For Gratuity, Superannuation and Leave encashment	42,34,837	39,26,035
TOTAL	<u>1,80,37,257</u>	<u>1,80,40,332</u>

	2009-2010 Rs.	2008-2009 Rs.
SCHEDULE - 11		
OTHER INCOME		
Miscellaneous Income	12,25,257	3,37,152
Excess Provision of Earlier Year Written back	1,30,194	----
TOTAL	<u>13,55,451</u>	<u>3,37,152</u>

SCHEDULE - 12		
(INCREASE) / DECREASE IN STOCKS		
Closing Stock at the end of the year		
Finished Goods	20,77,093	---
Semi-Finished Goods	1,33,91,459	3,12,69,955
	<u>1,54,68,552</u>	<u>3,12,69,955</u>
Less : Opening Stock		
Finished Goods	--	--
Semi-Finished Goods	3,12,69,955	4,17,16,174
	<u>3,12,69,955</u>	<u>4,17,16,174</u>
TOTAL	<u>1,58,01,403</u>	<u>1,04,46,219</u>

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	2009-2010 Rs.	2008-2009 Rs.
SCHEDULE - 13		
MANUFACTURING & OTHER OPERATING EXPENSES		
1. Raw Material Consumed	21,65,63,089	18,42,89,446
2. Power & Fuel	5,90,38,286	6,80,86,726
3. Payments to & Provisions for Employees		
(a) Salary, Wages & Bonus	2,29,98,465	1,98,60,985
(b) Contribution to Provident Fund	11,75,638	9,09,455
(c) Gratuity & Superannuation	8,59,617	17,01,350
(d) Welfare Expenses	15,92,579	16,58,658
	<u>2,66,26,299</u>	<u>2,41,30,448</u>
4. Operating Expenses		
(a) Consumable Stores	19,59,929	21,35,790
(b) Stores, Spares Consumed	1,30,67,157	1,17,37,445
(c) Packing material consumed	73,23,497	82,82,781
(d) Laboratory Chemical consumed	10,18,752	10,83,107
(e) Repairs		
Building	55,573	8,680
Machinery	10,43,064	12,43,705
Others	2,72,136	1,95,564
(f) Insurance Premium	6,27,564	9,21,138
(g) Rates & Taxes	5,10,575	4,82,286
(h) Stationery, Printing, Postage Telephone, & advertisement exp.	9,87,414	11,27,825
(i) Sales Expenses	58,27,740	40,05,460
(j) Bad Debts written off	18,940	-
(j) Audit Fees	1,10,000	1,10,000
(k) Legal & Consultation	7,47,393	7,24,853
(l) Travelling Expenses	1,49,406	4,59,195
(m) Bank Charges & Finance Charges	4,05,889	2,80,817
(n) Vehicle Running Charges	13,77,990	17,25,717
(o) General Charges	48,49,383	21,76,466
(p) Foreign Exchange Loss	(6,12,259)	23,10,699
(q) Loss on sale of Fixed Assets	9,59,435	2,01,142
	<u>4,06,99,578</u>	<u>3,92,12,670</u>
5. Directors' Sitting Fees	33,000	21,000
TOTAL	<u><u>34,29,60,252</u></u>	<u><u>31,57,40,290</u></u>
SCHEDULE - 14		
INTEREST :		
On Fixed Loans	31,65,056	37,59,337
On Unsecured Loans	57,33,875	44,66,601
On Working Capital	75,94,866	96,79,167
Others	10,548	8,27,632
	<u>1,65,04,345</u>	<u>1,87,32,737</u>
Less: Interest received/receivable on deposits (Tax deducted at source Rs.11,057/- Previous year Rs.20,492)	279,121	2,22,859
Other Interest	18,402	2,66,466
	<u>2,97,523</u>	<u>4,89,325</u>
TOTAL	<u><u>1,62,06,822</u></u>	<u><u>1,82,43,412</u></u>

**SCHEDULE - 15****A SIGNIFICANT ACCOUNTING POLICIES****1. Accounting Convention:**

The financial statements have been prepared to comply in all material respects with the Notified Accounting Standards by the Companies Accounting Standard Rules, 2006 and the relevant provisions of the Companies Act, 1956. The accounts have been prepared following the mercantile system of accounting and accordingly revenues / incomes and costs / expenditure are generally accounted on accrual basis, as they are earned or incurred.

The accounts are prepared on Historical cost basis and as a going concern. Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles.

2. Use of Estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.

3. Fixed Assets :

Fixed Assets are stated at cost (including all direct cost and other incidental expenses incurred in connection with acquisition of assets apportioned thereto and is net of Cenvat Credit availed) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing cost attributable to acquisition / construction of fixed assets are capitalized as per the policy stated in note 13 of part A.

Preoperative expenditure directly relating to the construction activity is capitalized. Indirect expenditure incurred during the construction period is capitalized as part of indirect construction cost to the extent to which the expenditure is indirectly related to the construction or is incidental thereto. Other Indirect expenditure (including borrowing cost) incurred during the construction period, which is not related to construction activity nor is incidental thereto, is charged to the Profit & Loss Account.

4. Depreciation :

Depreciation has been provided on straight line method in accordance with section 205(2)(b) of the Companies Act, 1956 at the rates and in the manner specified in Schedule XIV of the said Act.

5. Inventories :

Inventories are valued at lower of cost or net realisable value. Cost is arrived at as under:

Stores & Fuel : FIFO basis
Raw Materials : Weighted Average basis
Semi-finished Goods : Absorption Cost basis.

6. Revenue recognition :

- i) Sales are recognised on dispatch of products to the customers.
Sales are inclusive of Cenvat duty.
- ii) Interest is accounted for on a time proportion basis taking in to account the amount outstanding and the rate applicable.

7. Transaction of Foreign Currency Items:

Transactions in Foreign Currencies are recorded at the original rate of exchange in force on the date of transactions. Monetary items denominated in foreign currency at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the differences between the year end rates and rate on the date of the contract is recognized as exchange difference and the premium paid / discount received on forward contracts is recognized over the life of the contract.

8. Prior period Expenses / Income:

Material items of prior period expenses / income are disclosed separately.

9. Employees Benefits :**(a) Defined Contribution Plan**

The Company's contributions paid / payable for the year to Provident Fund and Superannuation are recognised in the profit and Loss Account.

(b) Defined Benefit Plan

The Company's liabilities towards gratuity and leave encashment are determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognised on a straight line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognised immediately in the profit and loss account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yield at the balance sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

10. Cenvat Credit :

Cenvat credit is accounted for on accrual basis on purchase of materials.

11. Leases :

Lease Transactions entered into on or after April 1, 2001:

- i) Assets acquired under lease where the Company has substantially all the risks and rewards incidental to owner-

ship are classified as finance leases. Such assets are capitalised at the inception of the Lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

- ii) Assets acquired on leases where a significant portion of the risks and rewards incidental to ownership is retained by the lessor are classified as operating Lease. Lease rental are charged to the Profit and Loss Account on accrual basis.

12. Taxes on Income:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income-tax Act, 1961.

Mat credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax within the specified period. Deferred tax is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is a virtual certainty that there will be sufficient future taxable income available to realise such losses. Fringe Benefit Tax is determined at current applicable rates on expenses falling within the ambit of "Fringe Benefit" as defined under the Income Tax Act, 1961.

13. Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

14. Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

15. Impairment :

The carrying amount of fixed assets is reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An Impairment Loss is recognized wherever the carrying amount of the fixed assets exceeds the recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

B. NOTES ON ACCOUNTS

	Current Year	Previous Year
	Rs.	Rs.
1. Contingent Liabilities :		
(a) Disputed demand of Central Excise Department	NIL	NIL
(b) Disputed demand of Income Tax Department	73,25,190	73,25,190
2. Profit & Loss Account includes		
(A) Managing Director's Remuneration		
Salary	8,25,000	8,75,806
Gratuity & Superannuation	68,723	72,955
Perquisites	5,11,500	5,51,239
	<u>14,05,223</u>	<u>15,00,000</u>
(B) Executive Director's Remuneration		
Salary	6,00,000	5,80,645
Gratuity & Superannuation	25,020	24,213
Perquisites	6,08,033	4,15,239
	<u>12,33,053</u>	<u>10,20,097</u>

3. Profit and Loss Account includes :

	Current Year	Previous Year
Payment to Auditors in other capacity for :		
(i) Other services including Certification etc.	69,000	1,16,854
(ii) For Taxation Matter	----	1,64.808
(ii) Out of Pocket expenses	----	162

Note : Payment for Taxation matter is the remuneration for professional services rendered by a firm of auditors, in which some of the partners of the statutory auditors' firm are partners.



4. Employee Benefits :

(a) Defined Benefit Plans :

Particulars	Gratuity Rs.	Leave Encashment Rs.
i) Net liabilities recognised in Balance Sheet as at 31st March, 2010		
Present Value of Funded obligation	----- (----)	----- (----)
Fair Value of Plan Assets	----- (----)	----- (----)
Present Value of unfunded obligation	31,10,363	10,09,401
Net Liabilities	(29,54,249)	(8,41,592)
	31,10,363	10,09,401
	(29,54,249)	(8,41,592)
ii) Expense recognised in Profit & Loss Account for the year ended March 31, 2010 (included in Schedule 13 in item "Payments to & provisions for Employees")		
Current Service Cost	3,78,780	2,30,913
Interest Cost	(3,66,429)	(1,96,633)
Expected return on plan assets	2,43,725	69,431
Net actuarial losses (gains)	(1,38,891)	(67,885)
	----	----
	1,10,653	3,52,203
	(9,35,642)	(8,500)
Total Expenses	7,33,158	6,52,547
	(14,40,962)	(2,73,018)
iii) Reconciliation of opening and closing balances of changes in present value of the defined benefit obligation		
Opening Balance of defined benefit obligation as at April 1, 2009	29,54,249	8,41,592
	(17,36,133)	(8,48,562)
Current Service Cost	3,78,780	2,30,913
Interest Cost	(3,66,429)	(1,96,633)
Actuarial Losses (gains)	2,43,725	69,431
	(1,38,891)	(67,885)
	1,10,653	3,52,203
	(9,35,642)	(8,500)
Liabilities extinguished on settlements	----	----
Benefits Paid	5,77,044	4,84,738
	(2,22,846)	(2,79,988)
Closing balance of defined benefit obligation as at March 31, 2010	31,10,363	10,09,401
	(29,54,249)	(8,41,592)
iv) Actuarial Assumptions		
Discount Rate	March 31, 2010 8.25%	
Expected rate of return on plan assets	(8.00%)	
Expected rate of salary increase*	--	
Mortality	6.00%	
Withdrawal Rates	(6.00%)	
Retirement age	LIC (1994-96) published table of rates	
Actuarial Valuation Method	5% (P. Y. 5%) at younger age and reducing to 1% (P.Y. 1%) at older age according to graduated scale	
	60 or 62 Yrs. as applicable	
	Projected Unit Credit Method	

* The estimates of future salary increase considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.

(b) Defined Contribution Plans :

Rs. 13,02,097/- (Previous year Rs. 11,69,843/-) recognised as an expense and included in the Schedule 13 of Profit and Loss Account under the head "Contribution to Provident Fund, Gratuity and Superannuation".

5. Excise duty shown as deduction from domestic sales represents the amount of excise duty on sales. Excise duty expense under Schedule 13 "Manufacturing Expenses & Other Expenses" represents excise duty paid on sample etc. is not recoverable from Sales.

6. Financial and Derivative Instruments :

- (a) The Company uses derivative financial instruments including forward exchange contracts to hedge its risk associated with foreign currency fluctuations. The following are outstanding Foreign Exchange Forward contracts for hedging Foreign Currency in relation to Exports as at 31st March, 2010.

F. Y.	Foreign Currency	No. of Contracts	Notional Amount of Forward contracts in Foreign Currency (USD)	Rs. Equivalent
2009-2010	US Dollar	3	4,50,000	2,03,04,000
2008-2009	US Dollar	3	2,00,000	1,01,46,000

- (b) Foreign Currency exposure not hedged by derivative instruments as at 31st March, 2010 amount to Rs. 1,55,00,603/- (Previous Year Rs. 82,15,321/-)

7. The following disclosures are made for the amounts due to the Micro, Small and Medium Enterprises as at 31st March, 2010.

(Amount in Rs.)

Principal amount remaining unpaid to any supplier as at the year end (Unpaid as at 31 st March, 2009)	2,99,819 (1,59,035)
Interest due on the above mentioned principal amount remaining unpaid to any supplier as at the year end	-- (--)
Amount of the interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") along with the amount of the payment made to the supplier beyond the appointed day during the accounting year.	-- (--)
Amount of the interest due and payable for the period of delay in making payment but without adding the interest specified under the MSMED Act.	-- (--)
Amount of Interest accrued and remaining unpaid at the end of the accounting year.	-- (--)

On the basis of the information and records available with the Company, there are no delays in payments to Micro, Small and Medium Enterprises as required to be disclosed under the MSMED Act and above mentioned disclosures are made under the Schedule - 10 "Current Liabilities and Provisions". This has been relied upon by the auditors.

8. Segment Reporting :
Business Segment :

The Company operates in a single segment i.e. "Speciality Chemicals".

Geographical Segment :

For the purpose of geographical segment, the turnover is segregated based on the location of the customer and assets are segregated based on the location of the asset.

(Amount in Rs.)

Segment Revenues	India	Outside India	Total
Sales	28,41,03,993 (27,83,32,970)	9,98,09,993 (6,19,78,297)	38,39,13,986 (34,03,11,267)
Other Income	13,55,451 (3,37,152)	-- (--)	13,55,451 (3,37,152)
Total	28,54,59,444 (27,86,70,122)	9,98,09,993 (6,19,78,297)	38,52,69,437 (34,06,48,419)
Segment Assets			
Carrying amount of Segment assets	28,72,08,433 (31,74,74,246)	1,55,00,603 (82,15,321)	30,27,09,036 (32,56,89,567)
Addition to fixed assets	45,89,355 (1,26,05,004)	-- (--)	45,89,355 (1,26,05,004)

**9. Components of Deferred Tax Liability are as under :**

	As on 31-3-2010	As on 31-3-2009
(A) Deferred Tax Liability :		
Depreciation	2,95,53,202	3,03,60,693
Total (A)	2,95,53,202	3,03,60,693
(B) Deffered Tax Asset :		
(a) Unabsorbed loss / Depreciation	84,51,994	79,80,900
(b) Expenses allowable for tax purpose when paid	15,62,533	11,72,915
Total (B)	1,00,14,527	91,53,815
(C) Net Deferred Tax Liability (A) - (B)	1,95,38,675	2,12,06,878

10. Related Party Disclosures :

(a) List of Related Parties with whom transactions have taken place and Relationship :

Name of Related Party	Relationship
Aja Impex Pvt. Ltd. formerly known as (Shri Aja Electro Chem Pvt. Ltd.) Shri Abhyudaya Chemicals Pvt. Ltd. Shri Arya Investment Pvt. Ltd. Essenar Investments Pvt. Ltd. PCD Investment Pvt. Ltd. UKM Investment Pvt. Ltd. Harihar Manufacturing & Trading Pvt. Ltd. Adicorp Enterprises Pvt. Ltd.	} Enterprises over which key management personnel and their relatives are able to exercise significant influence. (Associate Companies / Enterprise)
Shri Rajan R. Harivallabhdas Shri Nahoosh J. Jariwala	} Key Management Personnel
Shri A. R. Harivallabhdas Smt. K. A. Harivallabhdas Smt. S. D. Harivallabhdas Miss Vaishnavi N. Jariwala Miss Priyanshi N. Jariwala	} Relatives of key Management Personnel

(b) Details of transactions with related parties :

(Rs. in Lacs)

Nature of Transactions	Associate Companies / Enterprise	Key Management Personnel & their Relatives	Promoter Shareholder	Total
A) LOAN TAKEN / REPAID				
i) Aja Impex Pvt. Ltd. formerly known as Shri Aja Electro Chem Pvt. Ltd.	12.50 (50.00)	----	----	12.50 (50.00)
Repaid	62.50 (-----)	----	----	62.50 (-----)
Balance as at 31-03-2010	25.00 (75.00)	----	----	25.00 (75.00)
ii) Shri Abhyudaya Chemicals Pvt. Ltd.	----	----	----	----
Repaid	(5.00) ----	----	----	(5.00) ----
Balance as at 31-03-2010	25.00 (25.00)	----	----	25.00 (25.00)
iii) Shri Arya Investment Pvt. Ltd.	12.50 (50.00)	----	----	12.50 (50.00)
Repaid	82.50 (5.00)	----	----	82.50 (5.00)
Balance as at 31-03-2010	----	----	----	----
	(70.00)	----	----	(70.00)

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Nature of Transactions	Associate Companies / Enterprise	Key Management Personnel & their Relatives	Promoter Shareholder	Total
iv) Essenar Investments Pvt. Ltd.	00.00	----	----	00.00
	(00.00)	(----	(----	(00.00)
Repaid	30.00	----	----	30.00
	(00.00)	(----	(----	(00.00)
Balance as at 31-03-2010	----	----	----	----
	(30.00)	(----	(----	(30.00)
v) PCD Investment Pvt. Ltd.	00.00	----	----	00.00
	(00.00)	(----	(----	(00.00)
Repaid	00.00	----	----	00.00
	(00.00)	(----	(----	(00.00)
Balance as at 31-03-2010	30.00	----	----	30.00
	(30.00)	(----	(----	(30.00)
vi) UKM Investment Pvt. Ltd.	00.00	----	----	00.00
	(00.00)	(----	(----	(00.00)
Repaid	00.00	----	----	00.00
	(00.00)	(----	(----	(00.00)
Balance as at 31-03-2010	30.00	----	----	30.00
	(30.00)	(----	(----	(30.00)
vii) Harihar Mfg. & Trading Pvt. Ltd.	00.00	----	----	00.00
	(00.00)	(----	(----	(00.00)
Repaid	00.00	----	----	00.00
	(00.00)	(----	(----	(00.00)
Balance as at 31-03-2010	40.00	----	----	40.00
	(40.00)	(----	(----	(40.00)
viii) Adicorp Enterprises Pvt. Ltd.	100.00	----	----	100.00
	(00.00)	(----	(----	(00.00)
Repaid	00.00	----	----	00.00
	(00.00)	(----	(----	(00.00)
Balance as at 31-03-2010	100.00	----	----	100.00
	(00.00)	(----	(----	(00.00)
B) DEPOSIT TAKEN / REPAID				
i) Shri A. R. Harivallabhdas	----	----	----	----
	(----	(0.50)	(----	(0.50)
Repaid	----	0.50	(----	0.50
	(----	(1.00)	(----	(1.00)
Balance as at 31-03-2010	----	----	----	----
	(----	(0.50)	(----	(0.50)
ii) Smt. K. A. Harivallabhdas	----	----	----	----
	(----	(0.50)	(----	(0.50)
Repaid	----	0.50	----	0.50
	(----	(1.00)	(----	(1.00)
Balance as at 31-03-2010	----	----	----	----
	(----	(0.50)	(----	(0.50)
iii) Smt. S. D. Harivallabhdas	----	7.00	----	7.00
	(----	(7.00)	(----	(7.00)
Repaid	----	7.00	----	7.00
	(----	(6.50)	(----	(6.50)
Balance as at 31-03-2010	----	7.00	----	7.00
	(----	(7.00)	(----	(7.00)



iv)	Miss Vaishnavi N. Jariwala	-----	2.50	-----	2.50
		(---)	(0.00)	(---)	(0.00)
	Repaid	----	0.00	----	0.00
		(---)	(0.00)	(---)	(0.00)
	Balance as at 31-03-2010	-----	2.50	----	2.50
		(---)	(0.00)	(---)	(0.00)
v)	Miss Priyanshi N. Jariwala	-----	2.50	-----	2.50
		(---)	(0.00)	(---)	(0.00)
	Repaid	----	0.00	----	0.00
		(---)	(0.00)	(---)	(0.00)
	Balance as at 31-03-2010	-----	2.50	----	2.50
		(---)	(0.00)	(---)	(0.00)
C)	INTEREST PAID				
i)	Aja Impex Pvt. Ltd. Formerly known as	7.33	-----	-----	7.33
	Shri Aja Electro Chem Pvt. Ltd.	(3.85)	(---)	(---)	(3.85)
ii)	Shri Abhyudaya Chemicals Pvt. Ltd.	3.25	-----	-----	3.25
		(2.89)	(---)	(---)	(2.89)
iii)	Shri Arya Investment Pvt. Ltd.	6.52	-----	-----	6.52
		(3.49)	(---)	(---)	(3.49)
iv)	Essenar Investments Pvt. Ltd.	3.58	-----	-----	3.58
		(3.73)	(---)	(---)	(3.73)
v)	PCD Investment Pvt. Ltd.	3.90	-----	-----	3.90
		(3.73)	(---)	(---)	(3.73)
vi)	UKM Investment Pvt. Ltd.	3.90	-----	-----	3.90
		(3.73)	(---)	(---)	(3.73)
vii)	Harihar Mfg. & Trading Pvt. Ltd.	5.20	-----	-----	5.20
		(4.98)	(---)	(---)	(4.98)
viii)	Adicorp Enterprises Pvt. Ltd.	1.99	----	----	1.99
		(---)	(---)	(---)	(---)
ix)	Shri A. R. Harivallabhdas	----	0.06	-----	0.06
		(---)	(0.11)	(---)	(0.11)
x)	Smt. K. A. Harivallabhdas	-----	0.06	-----	0.06
		(---)	(0.11)	(---)	(0.11)
xi)	Smt. S. D. Harivallabhdas	-----	0.78	-----	0.78
		(---)	(0.67)	(---)	(0.67)
xii)	Miss Vaishnavi N. Jariwala	-----	0.14	-----	0.14
		(---)	(0.00)	(---)	(0.00)
xiii)	Miss Priyanshi N. Jariwala	-----	0.14	-----	0.14
		(---)	(0.00)	(---)	(0.00)
D)	RENT PAID				
	Shri Arya Investment Pvt. Ltd.	2.25	-----	-----	2.25
		(2.25)	(---)	(---)	(2.25)
E)	MANAGERIAL REMUNERATION				
i)	Shri Rajan R. Harivallabhdas	-----	14.05	-----	14.05
		(---)	(15.00)	(---)	(15.00)
ii)	Shri Nahoosh J. Jariwala	-----	12.33	-----	12.33
		(---)	(10.20)	(---)	(10.20)

(Figures in brackets are in respect of previous year.)

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(C) List of other Companies under common control :

1. Shri Ajita Investment Pvt. Ltd.
2. Shri Amala Investment Pvt. Ltd.
3. Rekhank Investment Pvt. Ltd.
4. Archisa Investment Pvt. Ltd.
5. Agam Investment Pvt. Ltd.
6. Anugat Investment Pvt. Ltd.

Note : Transactions with related parties which are not material in nature and carried out in normal course of business such as payment of electricity bills, telephone bills, office maintenance charges etc. are not shown.

11. Earning per Equity Share :	Current Year Rs.	Previous Year Rs.
Loss after taxation as per Profit & Loss Account	<u>55,58,549</u>	<u>1,44,95,905</u>
	55,58,549	1,44,95,905
Weighted average number of Equity Shares	95,00,000	95,00,000
Basic / Diluted earning (Loss) per Equity Share (F.V. Rs. 10/-) (in Rupees)	(0.59)	(1.53)

12. INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3, 4C & 4D OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956.

(a) As per the Memorandum under the Industrial (Development and Regulation) Act, 1951 submitted to the Central Government for Industrial approval which has been acknowledged by Government of India, Ministry of Commerce & Industry on 12th October, 2001 and 20th November, 2009.

PARTICULARS	ANNUAL CAPACITY (in M.Tons)
(i) Distilled Fatty Acid	6500
(ii) Fractions of Vegetable Fats or Oils	3000
(iii) Gums & Residue	300
(iv) Glycerine Crude and Refined	300
(v) Oleic Acid	1000
(vi) Fatty Amines / Amides, Dimer Acid etc.	4000
(vii) Monoglycerides & Partial Glyceride Mixture	2000
(viii) Cardanol / Cardol	7000

(b) The total installed capacity of the company is 10,000 M.Tons per annum measured in terms of throughput of raw material. (As certified by the management and accepted by the Auditors as such.)

The Quantitative details under following para (C) to (h) is as submitted by the management and accepted by the Auditors as such.

**(c) Details of products Manufactured, Turnover, Opening Stock and Closing stock :**

Particulars	Unit	Opening Stock		Production	Turnover		Closing Stock	
		Quantity	Amount Rs.	Quantity	Quantity	Amount Rs.	Quantity	Amount Rs.
1. Deodorizer Distillate (Mixed Tocopherols)	M.T.	—	—	724.492	704.492	10,38,44,793	20,000	20,77,093
	M.T.	(—)	(—)	(460.000)	(460.000)	(5,45,46,311)	(—)	(—)
2. Linoleic Acid / Oleic Acid	M.T.	—	—	821.988	821.988	5,23,94,086	—	—
	M.T.	(—)	(—)	(786.089)	(786.089)	(5,25,50,686)	(—)	(—)
3. Dimer Acid	M.T.	—	—	1040.017	1040.017	8,62,14,155	—	—
	M.T.	(—)	(—)	(1064.570)	(1064.570)	(10,24,42,561)	(—)	(—)
4. Other Fatty Acids	M.T.	—	—	2462.554	2462.554	8,33,28,772	—	—
	M.T.	(—)	(—)	(2202.351)	(2202.351)	(8,67,07,260)	(—)	(—)
5. Cardanol / Cardol	M.T.	(—)	(—)	142.660	142.660	43,33,522	(—)	(—)
	M.T.	(—)	(—)	(—)	(—)	(—)	(—)	(—)
6. Others			—			5,37,98,658		—
			(—)			(4,40,64,449)		(—)
				Add : Cenvat Duty		2,31,88,224		
						(3,56,84,699)		
				TOTAL RS.		40,71,02,210		
						(37,59,95,966)		

(d) Raw Materials consumed :

	Current Year		Previous Year	
	Quantity M.T.	Value Rs.	Quantity M.T.	Value Rs.
1. Vegetable Oil based Fatty Acid Distillate	2904.170	8,12,96,823	1765.260	4,72,82,734
2. Acid Oil	4580.633	11,96,31,740	4858.025	13,04,32,916
3. C.N.S.L. Oil	180.501	41,21,790	-----	-----
4. Others	134.831	62,39,195	33.978	10,61,861
5. Chemicals	129.770	52,73,541	136.590	55,11,935
	7929.905	21,65,63,089	6793.853	18,42,89,446

(e) Value of Imported and Indigenous Raw Materials, Stores and spares (Including consumable stores) and percentage thereof to the total consumption :

	Current Year		Previous Year	
	Value (Rs.)	%	Value (Rs.)	%
(1) Raw Materials :				
Imported	52,12,150	2.41	80,131	0.04
Indigenous	21,13,50,939	97.59	18,42,09,315	99.96
	21,65,63,089	100.00	18,42,89,446	100.00
(2) Stores, Spares (Including Consumable stores and packing materials)				
Imported	25,278	00.11	-----	-----
Indigenous	2,23,25,305	99.89	2,21,56,016	100.00

(f) Value of Imports calculated on C.I.F. Basis:

	Current Year Rs.	Previous Year (Rs.)
Raw Material	59,37,935	3,18,399
Capital Goods	-----	-----
Consumable Stores	25,278	-----

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(g) Expenditure in Foreign Currency (Net) :	<u>Current Year Rs.</u>	<u>Previous Year (Rs.)</u>
For Kashruth Certification Fees	8,40,095	4,69,347
Others	-----	1,05,815
	<u>8,40,095</u>	<u>5,75,162</u>
(h) Earnings in Foreign Exchange		
F.O.B. Basis on Exports	9,98,09,996	6,04,68,562

13. Capital work in progress includes advances given to suppliers Rs. 23,63,747/- (Previous Year Rs. NIL)
14. The balances under the head of Sundry Debtors, Sundry Creditors, Loans & Advances, Secured/Unsecured Loans are subject to confirmation and reconciliation.
15. In the opinion of the Management of the Company, the Current Assets, Loans & Advances are approximately of the value stated if realized in the ordinary course of business. The provision for the depreciation and for all known liabilities are adequate and not in excess of amount reasonably necessary. There are no Contingent Liabilities other than stated.
16. As there is a Business loss as per the provisions of the Income Tax Act, 1961 therefore no provision for Tax has been made.
17. The details of Previous years' expenses is as under :

Particulars	Current Year Amount	Previous Year Amount
Travelling Expenses	1,500	---
Repairs – Plant & Machinery	1,89,323	---
Legal & Professional Charges	63,203	---
Bank Charges	12,667	---
Total Expenses	2,66,693	---
Less: Income		
Interest Others	36,153	---
Net previous years' Expenses	2,30,540	---

18. Figures of previous year have been re-grouped / reclassified, wherever necessary to make them comparable with the figures of this year.

SIGNATURES TO SCHEDULES 1 TO 15

As per our report of even date attached

For SHAH & SHAH ASSOCIATES
Firm Regn. No. : 113742 W
Chartered Accountants

SUNIL K. DAVE

P A R T N E R
Membership No. 047236

AHMEDABAD
DATED : May 15, 2010

For and on behalf of the Board

Nahoosh J. Jariwala
Executive Director

Hemant N. Shah
Director

Akshaykumar P. Shah
General Manager (Finance)
& Company Secretary

AHMEDABAD
DATED : May 15, 2010

**ANNEXURE I****BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Details :**

Registration No.: L15140GJ1985PLC007845

State Code : 04

Balance Sheet Date : 31 03 2010
Date Month Year**II. Capital Raised during the year: (Amount in Rs. Thousands)**

Public Issue	Right Issue	Bonus Issue	Private Placement
NIL	NIL	NIL	NIL

III. Position of Mobilisation and Deployment of Fund (Amount in Rs. Thousands)

Sources of Funds	Total Liabilities	Total Assets
	302709	302709
	Paid-Up Capital	Reserves & Surplus
	95000	40192
	Secured Loans	Unsecured Loans
	83389	46552
	Deferred Tax Liability	
	19539	
Application of Funds	Net Fixed Assets	Investments
	192907	NIL
	Net Current Assets	Misc. Expenditure
	91765	NIL
	Accumulated Losses	
	NIL	

IV. Performance of Company (Amount in Rs.Thousands)

Turnover	Total Expenditure
385269	392109
Profit before tax	Profit after Tax
(6840)	(559)
Earning per Share in Rs.	Dividend rate %
(0.59)	NIL

V. Generic Names of Principal Products/Services of Company

(as per monetary terms)

I.T.C. Code No.(ITC Code)

38249090

29171990

38231900

13021930

Product Description

Deodorizer Distillate

(Mixed Tocopherols)

Dimethyl Acid

Linoleic Acid

Cardanol

For and on behalf of the Board**Nahoosh J. Jariwala**

Executive Director

Hemant N. Shah

Director

Akshaykumar P. Shah

General Manager (Finance) & Company Secretary

Ahmedabad
May 15, 2010

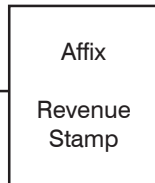
FORM OF PROXY
H. K. FINECHEM LIMITED

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

I/We _____ of _____
_____ in the district of _____ being a
Member (s) of the above named Company hereby appoint _____ of _____
in the district of _____ or failing him _____ of _____
in the district of _____ as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company
to be held on Monday, 30th August, 2010 and at any adjournment thereof.

Signed this _____ day of _____, 2010.

Signature _____



Ledger Folio No. _____

* Depository NSDL / CDSL * DP. Id _____ * Client Id _____

* For Shares held in Electronic Form

No. of Shares held _____

Note : The proxy form thus completed should be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

H. K. FINECHEM LIMITED

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

ATTENDANCE SLIP

I hereby, record my presence at the Annual General Meeting of the Company at Jain International Trade Organisation, Third Floor, TCL Heritage, B/h. Visnagar Bank, Nr. Gujarat Vidyapith, Ashram Road, Ahmedabad - 380 014 on Monday, 30th August, 2010 at 5.00 p.m.

1. L. F. No. _____

* Depository NSDL / CDSL * DP. Id _____ * Client Id _____

* For Shares held in Electronic Form

2. FULL NAME OF THE SHAREHOLDER _____

3. NO. OF EQUITY SHARES HELD _____

4. SIGNATURE OF SHAREHOLDER OR
PROXY ATTENDING _____

PLEASE GIVE FULL NAME OF THE 1ST JOINTHOLDER

MR./MRS./MISS _____

(TO BE USED ONLY WHEN FIRST NAMED SHAREHOLDER IS NOT ATTENDING)

NOTE : PLEASE FILL IN THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL.