

ANNUAL REPORT 2011-12

27th ANNUAL REPORT

Board of Directors:	Shri Utkarsh B. Shah	Chairman
	Shri Nahoosh J. Jariwala	Managing Director
	Shri Bimal D. Parikh	Wholetime Director
	Shri Hemant N. Shah	Director
	Shri Jayesh K. Shah	Director
	Shri Kalpesh A. Patel	Director
	Shri Sharvil P. Patel	Director

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

NOTICE is hereby given that the **Twenty Seventh Annual General Meeting** of the Members of ADI FINECHEM LIMITED will be held at **Aarohi Starz Club Pvt. Ltd., Aarohi Greens, Sanand Kadi Road, Chekhla, Ahmedabad - 382115 on Monday August 6th, 2012 at 5.00 p.m.** to transact the following business:

Ordinary Business :

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2012, the Balance Sheet as at that date and the Reports of the Board of Directors and the Auditors thereon.
2. To Declare Dividend on Ordinary Shares for the year ended March 31, 2012.
3. To appoint a Director in place of Shri Jayesh K. Shah who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Kalpesh A. Patel who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General meeting and to fix their remuneration. The following resolution(s) are proposed to be passed with or without modification as ordinary Resolution:

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

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

Special Business:

6. **To consider and if thought fit, to pass with or without modification the following Resolution as a Ordinary Resolution:-**

"RESOLVED THAT pursuant to the provisions of Section 198,269,309, 310 and 311 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and such other approvals, if any, as may be necessary, consent of the members is be and is hereby accorded to the re-appointment of Shri Nahoosh J. Jariwala, as Managing Director of the Company for a further period of three years with effect from 15th May, 2012 on the same terms and conditions of remuneration as were paid to him earlier, which are set out in the explanatory statement annexed to this Notice."

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

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

RESOLVED FURTHER THAT the term of office of Shri Nahoosh J. Jariwala, as Managing Director of the company shall not be subject to retirement by rotation."

ANNUAL REPORT 2011-12**7. To consider and if thought fit, to pass with or without modification the following Resolution as a Ordinary Resolution:-**

"RESOLVED THAT pursuant to the provisions of Section 198,269,309, 310 and 311 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and such other approvals, if any, as may be necessary, consent of the members is be and is hereby accorded to the re-appointment of Shri Bimal D.Parikh, as Wholetime Director of the Company for a further period of three years with effect from 15th May, 2012 on the same terms and conditions of remuneration as were paid to him earlier, which are set out in the explanatory statement annexed to this Notice."

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

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

RESOLVED FURTHER THAT the term of office of Shri Bimal D. Parikh, as Wholetime Director of the company shall not be subject to retirement by rotation."



NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Register of Members and Share Transfer Books of the Company will remain closed on Monday 16th July, 2012 for the purpose of Annual General Meeting, Payment of Dividend and Bonus.
3. An Explanatory statement pursuant to section 173(2) of the companies Act, 1956 in respect of item no.6 & 7 of the notice as set out above is annexed hereto.
4. If Dividend on ordinary shares as recommended by the Board of Directors is passed at the meeting, payment of such dividend will be made on and after 7th August, 2012 to those members whose names are on the company's Register of Members on 16th July, 2012. In respect of Ordinary shares held in dematerialized/ electronic form, the dividend will be payable to the beneficial owners of shares as at the end of business hours on 16th July, 2012, as per the details furnished by the Depositories for this purpose.
5. Members who hold shares in dematerialized form are requested to write their client ID and DP ID numbers and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting.
6. Members are requested to bring their attendance slip along with their copy of the Annual Report to the meeting.
7. As a part of Green Initiatives in the corporate governance, the ministry of corporate affairs vide circular no. 17 & 18 dated April 21, 2011 and April 29, 2011 respectively clarified that a company would have complied with section 53 of the companies act, 1956 if the service of the document has been made through electronic mode, provided the company has obtained e-mail address of its members for sending the notice/documents through e-mail by giving an advance opportunity to every shareholder to register their-mail address and changes therein from time to time with the company
8. Members desiring to seek information on Annual Accounts to be explained at the meeting are requested to send their queries at least ten days before the date of the meeting so that the information can be made available at the meeting.

May 26, 2012

ADI FINECHEM LIMITED

Registered Office:

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

By Order of the Board

**Soham H. Parmar
Company Secretary**

NOTE :

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

ANNEXURE TO NOTICE

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

Item no. 06

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

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

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

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

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

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

Item no. 07

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

Consolidated Salary per Month: Rs.45000/-

Contribution to Provident Fund : 12% p.a.

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

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

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

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

May 26, 2012

By Order of the Board

ADI FINECHEM LIMITED

**Soham H. Parmar
Company Secretary**

Registered Office:

253/P, Chekhala, Sanand Kadi Highway

Tal. : Sanand,

Ahmedabad - 382115.

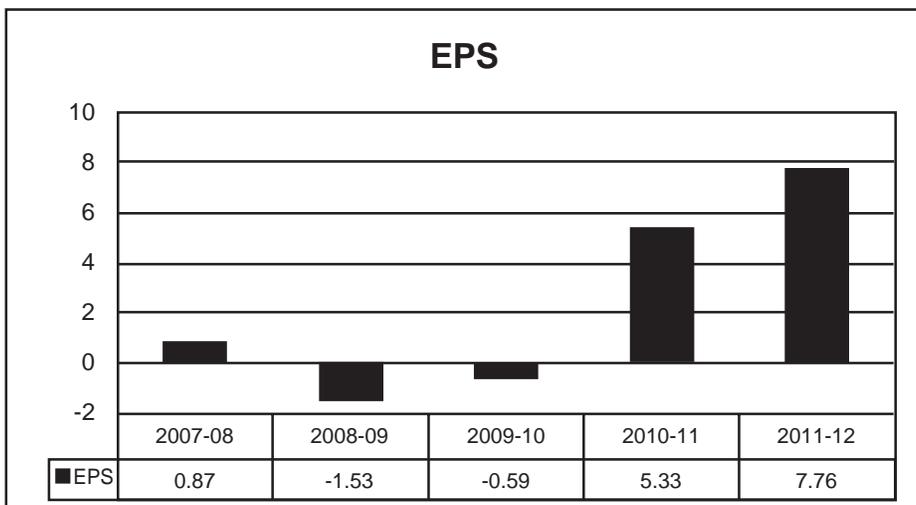
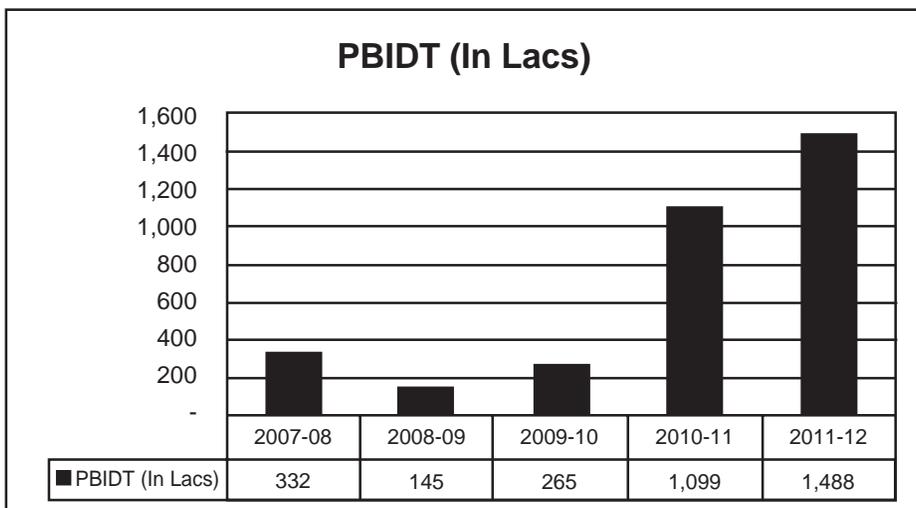
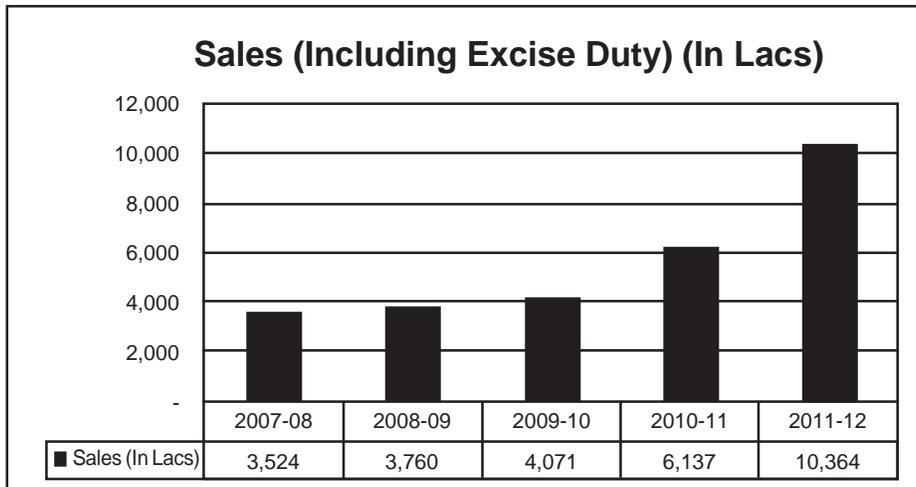


Details of Directors Seeking re-appointment at the Annual General Meeting (in pursuance of Clause 49 of the listing agreement)

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

ANNUAL REPORT 2011-12

PERFORMANCE HIGHLIGHTS





DIRECTORS' REPORT

To,
The Members,

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

FINANCIAL RESULTS:

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

OPERATIONS :

(A) Sales and Profit:

The sales and other income of the Company during 2011-12 were substantially higher at Rs. 9740.69 lacs compared to Rs. 5800.08 lacs of the previous year. The company has made a profit of Rs. 737.47 lacs compared to previous year's profit of Rs 506.63 lacs. This is due to increase in capacity and better utilization of plant.

(B) Raw Material:

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

(C) Export:

Company was able to procure the required orders for Toco-concentrates. Company made export of Rs. 2746.07 lacs during the year.

CORPORATE GOVERNANCE/MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

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

DIVIDEND :

Your Directors are pleased to recommend a final dividend of Re. 1 per equity share (Previous year Re. 1/- per Equity Share) for the financial year ended March 31, 2012, subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company.

ANNUAL REPORT 2011-12

FIXED DEPOSITS :

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

TECHNICAL ACHIEVEMENT:

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

DIRECTORS:

In accordance with the Articles of Association of the company Shri Jayesh K. Shah, and Shri Kalpesh A. Patel retire by rotation and being eligible offer themselves for reappointment.

Re-appointment of Managing Director & Wholetime Director:

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

DIRECTORS' RESPONSIBILITY STATEMENT :

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

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year viz. March 31, 2012 and of the profit of the Company for that period;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors had prepared the annual accounts on a going concern basis.

PERSONNEL :

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

PARTICULARS OF EMPLOYEES :

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

LISTING

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

AUDITORS :

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

COST AUDITOR :

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

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**A. Conservation of Energy**

(a) Energy Conservation measures taken :

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

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

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

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

Despite an increase in the production volume and increase in fuel prices the above mentioned energy saving initiatives have helped the company to reduce per ton consumption of Power and Fuel as compared to Previous Year.

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

As per annexure attached.

B. Technology Absorption

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

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

C. Foreign Exchange Earnings and outgo

Foreign Exchange Earnings Rs. 273,946,336

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

ACKNOWLEDGMENTS :

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

For and on behalf of the
Board of Directors

Ahmedabad
May 26, 2012

Utkarsh B. Shah
Chairman

ANNUAL REPORT 2011-12

ANNEXURE

Disclosure of Particulars with respect to Conservation of Energy.

A. Power & Fuel Consumption :	2011-12	Previous Year
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1 ELECTRICITY

A. Purchased :

Units	3,571,790	3,063,780
Total Amount (Rs.)	23,316,754	17,445,575
Rate / Unit (Rs.)	6.53	5.69

B. Own Generation :

Units	101,937	109,410
Units per Ltr. of Diesel	2.80	3.15
Average Cost / Unit (Rs.)	14.80	12.06

2 FURNACE OIL

Quantity (in KL)	266.97	278.61
Total Cost	10,807,138	7,262,045
Average Rate per Ltr. (Rs.)	40.48	26.07

3 LIGNITE / COAL

Quantity (in M.Tons)	12,486.58	11,949.20
Total Cost	40,325,625	29,524,177
Average Rate per Kg. (Rs.)	3.23	2.47

4 OTHERS (IF ANY)**B. Consumption per unit of Production:**

	Production (M.Tons)	Standards if any	Per M.Ton
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1 ELECTRICITY

			<u>KWH</u>
Deodorizer Distillate	1391.76	—	269.64
(Mixed Tocopherols)	(1,302.34)	—	(605)
Linoleic / Oleic Acid	1488.12	—	269.64
	(1026.19)	—	(220)
Dimer Acid	1675.738	—	269.64
	(859.65)	—	(380)
Cardonal	-		-
	(305.13)		(150.00)

2 FURNACE OIL

			<u>LTRS.</u>
Deodorizer Distillate	1391.76	—	21.17
(Mixed Tocopherols)	(1,302.34)	—	(40)
Linoleic / Oleic Acid	1488.12	—	21.17
	(1026.19)	—	(71)
Dimer Acid	1675.738	—	21.17
	(859.65)	—	(30)
Cardonal	-		-
	(305.13)		(20)

3 LIGNITE / COAL

			<u>KGS.</u>
Deodorizer Distillate	1391.76	—	898
(Mixed Tocopherols)	(1,302.34)	—	(1,122)
Linoleic / Oleic Acid	1488.12	—	898
	(1026.19)	—	(900)
Dimer Acid	1675.738	—	898
	(859.65)	—	(1,550)
Cardonal	-		-
	(305.13)		(1,900)

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

Bold Figures Indicates Production & Consumption for the Year 2011-12

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

The company has set itself the objective of expanding its capacities and becoming globally competitive in its business. As a part of its growth strategy, the Company believes in adopting the best practices that are followed in the area of Corporate Governance across geographies. The company emphasizes the need for full transparency and accountability in all its transactions, in order to protect the interest of its stakeholders. The board considers itself as a Trustee of its shareholders and acknowledges its responsibilities towards them for creation and safeguarding their wealth.

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 Meeting	Last AGM		Member	Chairman
Shri Utkarsh B. Shah (Chairman)	Promoter, - Non Executive	5	Yes	Nil	Nil	Nil
Shri Nahoosh J. Jariwala (Managing Director)	Promoter, Executive	5	Yes	Nil	Nil	Nil
Shri Bimal D. Parikh (Whole Time Director)	Promoter, Executive	5	Yes	Nil	Nil	Nil
Shri Hemant N. Shah	Promoter, Non Executive	5	Yes	Nil	Nil	Nil
Shri Jayesh K. Shah	Independent, Non Executive	5	Yes	8	Nil	Nil
Shri Kalpesh A. Patel	Independent, Non Executive	5	Yes	1	2	Nil
Shri Sharvil P. Patel	Independent, Non Executive	1	No	6	1	Nil

ANNUAL REPORT 2011-12

**Includes only Audit, 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.

Directors' Profile:

A brief of all the Directors, nature of their expertise in specific functional areas are provided below:

Shri Utkarsh B. Shah is a Science Graduate and Engaged in business of coal/ lignite transportation, coal trading, real estate since last 30 years

Shri Nahoosh J. Jariwala: is a Commerce Graduate and having experience of more than 25 years in chemicals manufacturing and trading of various textile products.

Shri Bimal D. Parikh is an Engineer and Engaged in manufacture of dyes & chemicals since last 30 years.

Shri Hemant N. Shah is a Commerce Graduate and Involved in business of logistics, garments, trading of minerals, and retailing since 25 years

Shri Jayesh K. Shah is a 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.

Shri Kalpesh A. Patel is a Chemical Engineer and also MBA in Marketing from USA.

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

Shri Sharvil P. Patel has Specialization in chemical and pharmaceutical sciences from the University of Sunderland, U.K. Doctorate in breast cancer research from John Hopkins Bayview Medial 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 products.

- **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. Five Board meetings were held in the year 2011-12 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
May 12, 2011	6	November 11, 2011	7
July 30, 2011	6	February 14, 2012	6
September 17, 2011	6		

3. Audit Committee

Composition

Audit Committee constituted by the Board of Directors consists of following Directors, viz. Shri Jayesh K. Shah as Chairman of the Committee, Shri Sharvil P. Patel, Shri Hemant N. Shah and Shri Kalpesh A. Patel as members.

Audit Committee comprises of 4 Non Executive 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 2011-12, on May 12, 2011, July 30, 2011, November 11, 2011 and February 14, 2012.

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

Name	Designation	No. of Committee Meetings attended
Shri Jayesh K. Shah (Chairman)	Non Executive – Independent	4
Shri Sharvil P. Patel	Non Executive – Independent	1
Shri Hemant N. Shah	Non Executive – Independent	4
Shri Kalpesh A. Patel	Non Executive – Independent	4

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, reporting structure coverage and frequency of internal audit.
- (8) Discussion with internal auditors any significant findings and follow up thereon.

ANNUAL REPORT 2011-12

- (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) Appointment of Cost Auditor.
- (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, 2012 is also appended at the end of this Report.

The chairman of the Audit Committee was present in the last Annual General Meeting to answer the shareholders queries.

4. Remuneration to Directors

Remuneration Committee consist of Shri. Kalpesh Patel as Chairman of the Committee, Shri Sharvil P. Patel and Shri Jayesh K. Shah as members of the Committee

Broad terms of reference of the Remuneration Committee are to recommend/review the remuneration package of Managing Director and Whole time 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.

Details of remuneration paid to Directors during the financial year 2011-12.

(Amount in Rs.)

Directors	Salaries	Perquisites	Sitting Fees	Total
Shri Utkarsh B. Shah	Nil	Nil	Nil	Nil
Shri Nahoosh J. Jariwala	17,90,000	Nil	Nil	17,90,000
Shri Bimal D. Parikh	5,40,000	64,800	Nil	6,04,800
Shri Hemant N. Shah	Nil	Nil	Nil	Nil
Shri. Jayesh K. Shah	Nil	Nil	23,500	23,500
Shri Kalpesh A. Patel	Nil	Nil	23,500	23,500
Shri Sharvil P. Patel	Nil	Nil	5,000	5,000

The Company has not granted any stock options to its Directors.

5. Shareholders'/Investors' Grievance Committee

The committee functions under the Chairmanship of Shri Nahoosh J. Jariwala, Managing Director. The other Members of the Committee are Shri Bimal D. Parikh and Shri Hemant N. Shah, Directors of the Company. At present, Shri Soham H. Parmar 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; 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, the management, or their relatives etc., that may have potential conflicts with the interests of the Company at large.

Details of related party transactions are elaborated in the note No. 27 to the financial statement.

(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 is as under :

i. The Board of Directors of the Company has set up Remuneration Committee to determine remuneration packages for Managing Director and Whole time Director including pension rights and compensation payment. Please see the para on Remuneration to Directors for further details.

Other non-mandatory requirements given under clause 49 of the listing agreement has not been adopted.

7. Code of Conduct

The Company's code of conduct has been complied with by all the members of the Board and selected employees of the Company. The Company has in place a prevention of Insider Trading Code based on SEBI (Insider Trading) Regulation, 1992. This code is applicable to all Directors and designated employees. The code ensures prevention of dealing in shares by persons having access to the unpublished price sensitive information.

8. 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.adifinechem.com.

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

9. Details of General Meetings

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

ANNUAL REPORT 2011-12

Meeting	Year	Venue of General Meeting	Date & Time	No. of special Resolutions
24th AGM	2008-2009	Ahmedabad Textile Mills' Association's Hall, Ashram Road, Ahmedabad 380009	September 29, 2009 at 4.00 p.m.	Nil
25th AGM	2009-2010	Jain International Trade Organisation Third Floor, TCL Heritage, Nr. Gujarat Vidhyapith, Usmanpura, Ahmedabad - 380013.	August 30, 2010 at 5.00 p.m.	One
26th AGM	2010-2011	Aarohi Starz Club Pvt. Ltd., Aarohi Greens, Sanand Kadi Road, Chekhala, Ahmedabad- 382115	July 30, 2011 at 5.00 p.m.	One

**General Shareholder Information
Date, time and venue of 27th Annual
General Meeting**

Monday, 6th August, 2012 at 5.00 p.m.
at Aarohi Starz Club Pvt. Ltd., Aarohi Greens,
Sanand- Kadi Road, Chekhla, Ahmedabad - 382115

Book Closure Date

Monday , July 16th, 2012

**Dividend Payment Date
(subject to approval of the shareholders)**

On or before 4th September, 2012



Financial Calendar (Tentative)

Financial reporting for the quarter ending June 30, 2012	End of July 2012
Financial reporting for the quarter/half year ending September 30, 2012	End of October, 2012
Financial reporting for the quarter ending December 31, 2012	End of January, 2013
Financial reporting for the year ending March 31, 2013	End of May, 2013
Annual General Meeting for the year ending March 31, 2013	September, 2013

High/Low of monthly Market Price of Company's Equity Shares traded on the Mumbai Stock Exchange during the financial year 2011-12 is furnished below:

Month	High (Rs.)	Low (Rs.)	Volume (Nos.)
April, 2011	46.00	38.50	46828
May, 2011	44.20	37.20	25791
June, 2011	44.05	38.50	36297
July, 2011	70.45	38.85	406168
August, 2011	72.25	57.10	117374
September, 2011	62.50	51.50	22934
October, 2011	59.45	49.00	41509
November, 2011	61.35	50.00	73732
December, 2011	56.00	43.10	171152
January, 2012	59.60	46.00	95082
February, 2012	67.95	55.00	125908
March, 2012	69.90	54.00	222059

Share Transfer System

Transfer of shares held in physical mode is processed by M/s. Sharepro Services (India) Pvt. Limited 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.

Reconciliation of Share Capital Audit & Certificate pursuant to Clause 47 (c) of the listing agreement:

A qualified Chartered Accountant carried out a Reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL).

Pursuant to Clause 47 (c) of the Listing Agreement with the Stock Exchanges, certificates, on half-yearly basis, have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company.

Dematerialisation of Shares and Liquidity

As on March 31, 2012, 97.85 % 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.

ANNUAL REPORT 2011-12

Distribution of Shareholding as on March 31, 2012.

Category (shares)	No. of Shareholders	Percentage	No. of Shares	Percentage
1-500	1945	79.68	310706	3.27
501-1000	165	6.76	142051	1.50
1001-2000	101	4.14	159545	1.68
2001-3000	45	1.84	116205	1.23
3001-4000	23	0.94	80021	0.84
4001-5000	33	1.35	154430	1.63
5001-10000	54	2.21	402750	4.24
Above 10000	75	3.07	8134292	85.62
TOTAL	2441	100	9500000	100

Categories of Shareholders Category-wise Shareholding as on March 31, 2012

Category	No. of Shares held	%to total shares held
Individual	2546499	26.81
Promoters - Indian Promoters - Foreign Promoter	5973071 —	62.87 —
Other Corporate Bodies	791246	8.33
Financial Institutions /Mutual Funds / Banks	—	—
Director & their relatives	—	—
Foreign Institutional Investors / Overseas Corporate Bodies	85493	0.9
Non-Resident Indians	103691	1.09
TOTAL	95,00,000	100

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 2012-13 have been paid to both the Stock Exchanges.

Stock Codes Ahmedabad Stock Exchange 24855
 Bombay Stock Exchange 530117

Demat ISIN No. in NSDL & CDSL for Equity Shares INE959A01019

Registered Office and Correspondence address 253/P, Chekhala, Sanand Kadi Highway,
 Tal.: Sanand,
 Ahmedabad – 382115.
 Tele No. (02717) 324096/325390

Contact Person e-mail: Shri Soham H. Parmar
 cs@adifinechem.com



Unclaimed Dividends Rs. 1,06,327 for the year 2004-05.
Rs. 98,242 for the year 2010-11

Plant Location 253/P, Chekhala,
Sanand-Kadi Highway,
Ta. Sanand,
Dist. Ahmedabad – 382 115

Registrar & Transfer Agent : Sharepro Services (India) Pvt. Ltd.
13AB, Samhita Warehousing Complex
2nd Floor, Sakinaka,
Telephone Exchange Lane,
Andheri East. Mumbai-400 072

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, 2012.

For Adi Finechem Limited

**Ahmedabad
May 26, 2012**

**Nahoosh J. Jariwala
Managing Director**

Auditor's Certificate on Corporate Governance

To The Members of **Adi FineChem Limited**

We have examined the compliance of the conditions of Corporate Governance by Adi Finechem Limited for the year ended on 31st March 2012, 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 condition 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 explanation 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 mentioned Listing Agreement.

We state that in respect of the investor grievances received during the year ended on 31st March, 2012, 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.

Place : Ahmedabad
Date : 26th May, 2012

For Jhaveri Shah & Co
Chartered Accountants
FRN : 127390W

Ronak Shah
Partner
M No : 102249

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMIC SCENARIO

The Financial year 2011-12 began on positive note, there was steady and gradual improvement in Industrial growth, due to proactive stimulus measures taken by Indian Government.

INDUSTRY STRUCTURE AND DEVELOPMENT :

Indian economy displayed a remarkable resilience as 8.5% GDP growth rate was achieved which was due to improvement in savings and private consumption. Indian chemical industry is on excellent growth trajectory and is one of the fastest growing sectors is the manufacturing industry. Trend of shifting of manufacturing from current locations in USA and Europe to emerging low cost markets like India continues, resulting in an abundance of opportunity for companies like ours.

OPPORTUNITIES AND THREATS :

Private consumption is a critical component for our fiscal stimulus to succeed but negative part of it is a sharp rise in prices of commodities and food articles. Availability of raw material consumed by company has increased due to record crop of Soyabean this year but with substantial increase in prices. Company is confident of passing the additional cost burden by increasing the prices of its product in export & domestic market. Market sentiments have remained positive throughout the year and with weakening of rupee against US Dollar has worked in favour of Company.

SEGMENTWISE PRODUCT WISE:

Company operates in one segment. Products manufactured from by-product streams of vegetable oil refineries.

A Mixed Tocopherol Concentrate 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 premium products in the domestic market.

C Monobasic Acid , Palmatic Acid and Distilled fatty acid

The company is in a position to sell the entire quantity manufactured.

OUTLOOK :

Due to bumper soya crop availability of raw materials outlook appears positive.

Vegetable oil refineries from organized sector have been successful in opening of untapped markets in rural India, which has resulted in increased availability of raw material. Company is in process of further expanding its processing capacity at the same site which will help company to process higher quantity of raw material in future at a reduced cost.

RISK AND CONCERNRS:

Due to European union crisis, slump in industrial production in china and slower than expected improvement in job creation data from USA, the near term outlook remains mixed as world will have to deal with after effects of withdrawal at fiscal stimulus and India can not be an exception.

INTERNAL CONTROL, AUDIT AND SYSTEMS :

The Company has appropriate internal control system for business processes , safeguarding of assets ,financial reporting and compliance with applicable laws and regulations. Process Controls are reviewed periodically and strengthened to create a robust control environment. Regular internal audits and management reviews ensures that responsibilities are executed effectively. The Audit committee actively reviews the adequacy and effectiveness of internal control systems and suggest improvements for strengthening them,as appropriate.

ANNUAL REPORT 2011-12**HUMAN RESOURCES AND INDUSTRIAL RELATION :**

At Adi Finechem Limited, We believe that people are the most valuable assets of the company as they contribute substantially to the achievement of business objectives. Our Human resource philosophy has been designed to attract and retain the best talents, creating work place environment that keeps employees engaged, motivated and encourages innovation. The focus area for the Human resource function for the coming year is to identify and retain talent, and to develop internal talent through focused initiatives.

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

CAUTIONARY STATEMENT :

Management Discussion and Analysis Report may contain 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 statements 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.

Auditor's Report

**To :
The Members of
Adi Finechem Limited**

1. We have audited the attached Balance Sheet of M/s. Adi Finechem Limited as at 31st March, 2012 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, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 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, 2012;
 - b) in the case of the Profit and Loss Account, of the profit 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.

**Place : Ahmedabad
Date : 26th May, 2012**

**For Jhaveri Shah & Co
Chartered Accountants
FRN : 127390W**

**Ronak Shah
Partner
M No : 102249**

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, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such Physical 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 seven 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. 455 lacs and Rs. 455 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. 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 and exceed the value of rupees five lacs in respect of each party during the year have been made at prices which appear reasonable as per information available with the company.
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. We have broadly reviewed the books of account maintained by the company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
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, servicetax, custom duty and excise duty were in arrears as at 31st March, 2012 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, 2012 on account of any dispute are given below:



Sr. No.	Name of the 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	Income tax Applet Tribunal	44,03,292
2.	Income Tax Act, 1961	Income Tax and Interest	2000-2001	Income tax Applet Tribunal	20,51,781
3.	Income Tax Act, 1961	Interest u/s 234D	2004-2005	Income tax Applet Tribunal	2,429
4.	Income Tax Act, 1961	Income Tax and Interest	2005-2006	Income tax Applet Tribunal	8,59,646
5.	Income Tax Act, 1961	Fringe Benefits Tax	2005-2006	ITO	8,040
				TOTAL	73,25,188

10. The company has no accumulated losses as at 31/03/2012 and it has not incurred any cash losses in the financial year ended on that date or 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 to the extent of Rs.73.85 lacs have been used for long term investment in fixed assets including capital work-inprogress.
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.

Place : Ahmedabad
Date : 26th May, 2012

For Jhaveri Shah & Co
Chartered Accountants
FRN : 127390W

Ronak Shah
Partner
M No : 102249

ANNUAL REPORT 2011-12

Balance Sheet as at 31st March, 2012

	Notes	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	95,000,000	95,000,000
Reserves and Surplus	2	142,520,993	79,814,276
		237,520,993	174,814,276
Non - Current Liabilities			
Long term Borrowings	3	16,674,773	1,759,028
Other Long Term Liabilities		-	-
Deferred Tax Liabilities	4	33,818,066	29,987,450
Long Term Provisions	5	818,752	3,555,996
		51,311,591	35,302,474
Current Liabilities			
Short Term Borrowings	6	185,969,524	136,459,280
Trade Payables	7	17,286,689	17,477,750
Other Current Liabilities	8	37,110,755	13,593,843
Short Term Provisions	9	14,919,244	15,086,803
		255,286,212	182,617,676
TOTAL		544,118,796	392,734,426
ASSETS			
Non - Current Assets			
Fixed Assets			
Tangible Assets (Net)	10	257,413,567	189,361,097
Intangible Assets		-	-
Capital Work-in-Progress		15,451,901	32,498,081
Long Term Loans & Advances	11	15,593,647	5,904,490
		288,459,115	227,763,668
Current Assets			
Inventories	12	95,194,044	83,271,015
Trade Receivables	13	141,123,992	67,495,699
Cash & Bank Balances	14	1,176,393	3,427,016
Short term Loans & Advances	15	17,967,591	10,521,127
Other Current Assets	16	197,661	255,901
		255,659,681	164,970,758
TOTAL		544,118,796	392,734,426

Significant accounting policies and Notes to financial statements 1 to 38

As per our report of even date

For and on behalf of the Board

For Jhaveri Shah & CoFirm Registration Number - 127390W
Chartered Accountants**Ronak Shah**

Partner

Mem.No :102249

Place: Ahmedabad

Date: May 26,2012

Nahoosh Jariwala
Managing Director**Bimal D.Parikh**
Whole Time Director**Soham H.Parmar**
Company Secretary

Place: Ahmedabad

Date: May 26,2012



Statement of Profit and Loss for the year ending on 31st March 2012

	Notes	2011-12 Rs.	2010-11 Rs.
Income			
Revenue from Operations (Net)	17	965,170,693	573,595,551
Other Income	18	8,898,614	6,412,576
Total Revenue		974,069,307	580,008,127
Expenses			
Cost of Raw Material and Components Consumed	19	660,978,299	363,693,334
(Increase) / Decrease in Inventory of Finished Goods, Work In Progress & Stock in Trade	20	10,686,537	(10,189,882)
Employee benefit expenses	21	34,292,381	28,050,018
Other expenses	22	119,344,812	88,567,491
Depreciation and amortization expense	10	19,764,122	17,310,775
Finance Costs (Net)	23	21,024,685	13,475,819
Total Expenses		866,090,836	500,907,555
Profit / (Loss) Before Tax		107,978,471	79,100,572
Tax Expense			
Current Tax		30,400,000	18,000,000
Tax in respect of earlier years		-	(12,000)
Deferred Tax		3,830,616	10,448,775
Total Tax Expense		34,230,616	28,436,775
Profit / (Loss) for the year		73,747,855	50,663,797
Earnings per equity share of face value of Rs. 10/- each	24		
Basic / Diluted (in Rs.)		7.76	5.33

Significant accounting policies and Notes to financial statements 1 to 38

As per our report of even date

For Jhaveri Shah & Co

Firm Registration Number - 127390W

Chartered Accountants

Ronak Shah

Partner

Mem.No :102249

Place: Ahmedabad

Date: May 26,2012

For and on behalf of the Board

Nahoosh Jariwala

Managing Director

Bimal D.Parikh

Whole Time Director

Soham H.Parmar

Company Secretary

Place: Ahmedabad

Date: May 26,2012

ANNUAL REPORT 2011-12

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012					
PARTICULARS		2011-12		2010-11	
		Rupees	Rupees	Rupees	Rupees
(A)	CASH FLOW FROM OPERATING ACTIVITIES:				
	Net profit/(loss) before tax and extra-ordinary items		107,978,471		79,100,573
	Adjustments for :				
	Depreciation	19,764,122		17,310,775	
	Unrealised Foreign Exchange loss (net)	62,404		159,744	
	Interest Received	(209,808)		(288,970)	
	Interest paid	21,234,493		13,764,790	
	Loss/ (Profit) on sale of Fixed Assets (net)	475,177		111,691	
			41,326,388		31,058,030
	Operating Profit before Working Capital		149,304,859		110,158,603
	Changes :				
	Adjustments for :				
	Trade and other receivables	(73,679,044)		(38,620,955)	
	Inventories	(11,923,029)		(16,436,227)	
	Loans and advances	(8,596,982)		(7,946,062)	
	Trade and other payables	14,876,094		17,362,575	
			(79,322,961)		(45,640,669)
	Cash Generated from operations		(40,410,757)		(14,943,355)
	Income-tax				
	Net cash from operating activities	(A)	29,571,141		49,574,579
(B)	CASH FLOW FROM INVESTING ACTIVITIES :				
	Purchase of Fixed Assets(see note no:3)	(71,050,372)		(47,213,719)	
	Sale of fixed assets	1,335,143		838,950	
	Sale of Investment	-		-	
	Net cash from Investing activities	(B)	(69,715,229)		(46,374,769)
(C)	CASH FLOW FROM FINANCING ACTIVITIES:				
	Proceeds from Long / Short Term Borrowings	28,449,045		(8,223,564)	
	Proceeds from Fixed Deposits	(2,790,000)		(8,762,000)	
	Proceeds from working capital loan	44,300,243		28,535,807	
	Interest Received	209,808		288,970	
	Interest paid	(21,234,493)		(13,764,790)	
	Dividend paid on Equity Shares	(9,500,000)		-	
	Tax on dividend	(1,541,138)		-	
	Net cash from financing activities	(C)	37,893,465		(1,925,577)
	Net Increase/(Decrease) in cash & cash equivalents (A)+(B)+(C)		(2,250,623)		1,274,233
	Cash and cash equivalents (see note no:1)		3,427,016		2,152,783
	(Opening balance)				
	Cash and cash equivalents		1,176,393		3,427,016



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

PARTICULARS		2011-12		2010-11	
		Rupees	Rupees	Rupees	Rupees
(1)	Notes : Cash and Cash equivalent includes : <u>Particulars:</u> Cash on Hand Bank Balances with Scheduled Banks in : Current Accounts Fixed Deposit Account <div style="text-align: right; margin-right: 20px;">Total</div>				
			122,487		164,970
		598,906		1,525,283	
		455,000		1,736,763	
			1,053,906		3,262,046
			1,176,393		3,427,016

(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 separate Report of even date

For and on behalf of the Board

For JHAVERI SHAH & CO.
 Chartered Accountants
 Firm Regn.No : 127390W

Nahoosh J. Jariwala
 Managing Director

Ronak Shah
 Partner
 Membership No. 102249

Bimal D. Parikh
 Wholetime Director

Soham H Parmar
 Company Secretary

Ahmedabad
 Dated : May 26, 2012

Ahmedabad
 Dated : May 26, 2012

Notes to Financial Statements for the year ended 31st March 2012

Summary of Significant Accounting Policies

A 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.

During the year ended 31st March 2012 the revised Schedule VI notified under Companies Act 1956, has become applicable to the company, for preparation and presentation of its Financial Statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of Financial Statements. However it has significant impact on the presentation and disclosures made in financial statements. The company has also reclassified the previous years figures in accordance with the requirements applicable in the current year.

B 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.

C 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 M below.

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 neither related to construction activity nor incidental thereto, is charged to the Profit & Loss Account.

D 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.

E 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

F 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.
- iii) Insurance claims receivable are recognized when the certainty to receive the same is established.

G 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.

H Prior period Expenses / Income:

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

I 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 employees gratuity fund scheme managed by Trust (Life Corporation of India) is a 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.

J Cenvat Credit:

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

K 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 ownership 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.

L 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.

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.

M 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.

ANNUAL REPORT 2011-12

N 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.

O 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

1 Share Capital	31st March 2012	31st March 2011
	Rs.	Rs.
Authorised Shares		
1,45,00,000 (Previous Year 1,45,00,000) Equity Shares of Rs. 10 each	145,000,000	145,000,000
50,000 (Previous Year 50,000) Preference Shares of Rs.100 each	5,000,000	5,000,000
	150,000,000	150,000,000
Issued, Subscribed and fully paid - up shares		
95,00,000 (Previous Year 95,00,000) Equity Shares of Rs. 10 each, fully paid-up	95,000,000	95,000,000
Total	95,000,000	95,000,000

1.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	31st March 2012		31st March 2011	
	No	Rs	No	Rs
At the beginning of the period	9,500,000	95,000,000	9,500,000	95,000,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	9,500,000	95,000,000	9,500,000	95,000,000

1.2 Details of Shareholders holding more than 5% of Equity Shares:

	31st March 2012		31st March 2011	
	No	(%)	No	(%)
Utkarsh Bhikhoobhai Shah	1,237,374	13.02%	1,237,374	13.02%
Hemant Navinchandra Shah	702,432	7.39%	702,432	7.39%
Raj Bhikhoobhai Shah	619,772	6.52%	619,772	6.52%
Bimalbhai Dashrathbhai Parikh	571,245	6.01%	571,245	6.01%
Harihar Mfg & Trading Pvt Limited	528,376	5.56%	528,376	5.56%
	3,659,199	38.52%	3,659,199	38.52%

1.3 The equity share holders of the Company are entitled to receive interim and/ or final dividend as declared and approved by the Board of Directors and/or the share holders of the Company. The dividend so declared will be in proportion to the number of equity shares held by the shareholders

1.4 In the event of the liquidation of the Company, equity share holders will be entitled to receive remaining assets of the company. The distribution will in proportion to the number of equity shares held by the share holders.

2	Reserves & Surplus	31st March 2012	31st March 2011
		Rs	Rs
	Share Premium (Opening Balance)	1,386,000	1,386,000
	Add: Addition/Created during the year	-	-
	Less: Deduction during the year	-	-
	Share Premium	1,386,000	1,386,000
	Capital redemption reserve (Opening Balance)	5,000,000	5,000,000
	Add: Addition/Created during the year	-	-
	Less: Deduction during the year	-	-
	Capital redemption reserve	5,000,000	5,000,000
	Surplus / (deficit) in the statement of Profit and Loss		
	Balance as per last financial statements	73,428,276	33,805,617
	Profit / (Loss) for the year	73,747,855	50,663,797
	Less: Appropriations for Dividend on equity shares and Dividend distribution tax	11,041,138	11,041,138
	Net Surplus in the statement of Profit and Loss	136,134,993	73,428,276
	Total	142,520,993	79,814,276
3	Long Term Borrowings	31st March 2012	31st March 2011
		Rs	Rs
	Loans from Bank	15,118,555	248,331
	Loans - Against hypothecation of vehicles	1,556,218	1,510,697
	Total	16,674,773	1,759,028
	The above mentioned includes		
	Secured Borrowings	16,674,773	1,759,028
	Unsecured Borrowings	-	-
	Total	16,674,773	1,759,028

* Installment falling due in respect of all the above Loans upto 31.03.2013 have been grouped under " Current maturities of long term Debt" (Refer Note: 8)

Nature of Security and terms of repayment for Long term secured borrowings :

- 3.1 Term loans Rs.15,118,555 (Previous Year :248,331)are secured primarily by Hypothecation by way of first and exclusive charge on all present and future stocks and book debts and collateral security by way of Equitable mortgage of industrial property bearing survey no. 253 & 312 situated at village chekhala, sanand kadi road and Hypothecation of plant and machinery installed at the factory premises. Further secured by personal guarantee given by Promoter Directors.Rate of Interest is 13.50% Repayable in 36 monthly installments commencing from December 2011.
- 3.2 The Vehicle loans from Bank are secured by hypothecation of vehicles and are further secured by personal guarantee given by the Directors of the company.

ANNUAL REPORT 2011-12

4	Deffered Tax Liabilities	31st March 2012	31st March 2011
		Rs	Rs
(A)	Deferred Tax Liability : Depreciation	34,677,694	31,605,550
	Total (A)	34,677,694	31,605,550
(B)	Deffered Tax Asset Unabsorbed loss/Depreciation Expense allowable for tax purpose when paid	- 859,628	- 1,618,100
	Total (B)	859,628	1,618,100
	Net Deferred Tax Liability	33,818,066	29,987,450
5	Long Term Provisions	31st March 2012	31st March 2011
		Rs	Rs
	<u>Provision for Employee Benefits</u>		
	Gratuity	-	2,577,526
	Leave Encashment	818,752	941,065
	Others	-	37,405
	Total	818,752	3,555,996
6	Short Term Borrowings	31st March 2012	31st March 2011
		Rs	Rs
	Loan from related parties	45,500,000	37,500,000
	Fixed Deposits from Others	-	2,790,000
	Working Capital Loans (Including Pre Shipment packing credit Rs.24,984,000 (Previous year : Rs.Nil)	140,469,524	96,169,280
	Total	185,969,524	136,459,280

Working Capital Loan Rs.140,469,524 (Previous Year :96,169,280)are secured primarily by Hypothecation by way of first and exclusive charge on all present and future stocks and book debts and colleteral security by way of Equitable mortgage of industrial property bearing survey no. 253 & 312 suitated at village chekhala, sanand kadi road and Hypothecation of plant and machinery installed at the factory premises. Further secured by personal gurarantee given by Promoter Directors.Rate of Interest is 13.50%



7	Trade Payables	31st March 2012	31st March 2011
		Rs	Rs
	Trade Payables (refer note 35 for details of dues to micro and small enterprises)	17,286,689	17,477,750
	Total	17,286,689	17,477,750
8	Other Current Liabilities	31st March 2012	31st March 2011
		Rs	Rs
	Current Maturities of Long term Debt	8,519,598	3,263,280
	Interest accrued but not due on borrowings	1,751,221	2,110,146
	Interest accrued and due on borrowings	67,321	-
	Unclaimed Matured deposits and interest accrued thereon (There is no amount due to be credited to investor education & protection fund)	65,807	65,807
	Unclaimed Dividend	204,569	106,327
	Advance from Customers	7,013,181	2,021,866
	Bills Payable	15,062,282	1,333,164
	Liabilities for Expenses	2,007,324	2,305,118
	Statutory Liabilities	2,419,452	2,388,135
	Total	37,110,755	13,593,843
9	Short Term Provisions	31st March 2012	31st March 2011
		Rs	Rs
	Gratuity	-	115,246
	Leave Encashment	297,575	284,742
	Bonus Payable	1,532,757	915,244
	salary Payable	2,047,774	2,730,433
	Proposed Equity Dividend	9,500,000	9,500,000
	Tax On Equity Dividend	1,541,138	1,541,138
	Total	14,919,244	15,086,803

ANNUAL REPORT 2011-12

10 Fixed Assets :

Description of Asset	Gross Block (At Cost)				Depreciation				Net Block	
	As on 01.04.2011 Rs.	Additions Rs.	Sales/ Deduction Rs.	As at 31-03-12 Rs.	As on 01.04.2011 Rs.	For the year Rs.	Sales/ Deduction Rs.	As at 31-03-2012 Rs.	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
1. Land	6,310,290	-	-	6,310,290	-	-	-	-	6,310,290	6,310,290
2. Building	57,630,637	19,392,787	-	77,023,424	17,753,120	2,103,761	-	19,856,881	57,166,543	39,877,517
3. Plant & Machinery	272,071,075	64,019,073	2,391,845	333,698,303	143,092,598	15,851,798	859,023	158,085,373	175,612,930	128,978,477
4. Electric Installation	16,185,742	4,241,833	656,464	19,771,111	8,368,861	877,897	493,588	8,753,170	11,017,941	7,816,881
5. Air Conditioners	1,026,550	-	357,025	669,525	472,444	47,826	242,404	277,866	391,659	554,106
6. Office Equipments	2,805,827	357,955	-	3,163,782	1,840,879	151,790	-	1,992,669	1,171,113	964,948
7. Furniture & Fixtures	1,915,348	292,704	-	2,208,052	1,641,488	37,103	-	1,678,591	529,461	273,860
8. Vehicles	6,655,495	1,322,559	-	7,978,054	2,070,477	693,947	-	2,764,424	5,213,630	4,585,018
Total	364,600,964	89,626,911	3,405,334	450,822,541	175,239,867	19,764,122	1,595,015	193,408,974	257,413,567	189,361,097
As at 31.03.2011	348,680,605	17,497,601	1,577,242	364,600,964	158,555,693	17,310,775	626,601	175,239,867	189,361,097	
Capital Work in Progress									15,451,901	32,498,081

11 Long Term Loans & Advances

(Unsecured & Considered Good)

Capital Advances

Security Deposits

Advance Tax (Net of Prov for Tax)

Balances with statutory authorities

Less :

Considered Doubtful

Total**31st March 2012** **31st March 2011****Rs****Rs**

1,228,926

2,759,285

3,769,669

2,904,460

10,069,448

58,691

525,604

182,054

15,593,647

5,904,490

-

-

15,593,647**5,904,490****12 Inventories**

(As Valued and certified by management & accepted by auditors as such)

Raw Materials and Components

(includes Goods in transit Rs. 14,913,669 (Previous year Rs. 5,469,618))

Stores , Fuel & Packing material

(Including Goods in Transit Rs. 77,412 (Previous year : 2,813))

Semi-finished Goods

Total**31st March 2012** **31st March 2011****Rs****Rs**

60,324,038

41,036,485

19,898,109

16,576,096

14,971,897

25,658,434

95,194,044**83,271,015**



13 Trade Receivables	31st March 2012	31st March 2011
	Rs	Rs
Outstanding for a period exceeding 6 months from the date they are due for payment (Unsecured) considered good	53,625	35,502
considered Doubtful	-	-
	53,625	35,502
Less : Provision for doubtful receivables	-	-
	53,625	35,502
Other Receivables (Unsecured) considered good	141,070,367	67,460,197
considered Doubtful	-	-
	141,070,367	67,460,197
Less :Provision for doubtful receivables	-	-
	141,070,367	67,460,197
Total	141,123,992	67,495,699
	141,123,992	67,495,699
	141,123,992	67,495,699
14 Cash & Bank Balances	31st March 2012	31st March 2011
	Rs	Rs
Cash on Hand	122,487	164,970
Balance with Banks		
- Current Accounts (Including Dividend Account Rs.204,569 (Previous Year Rs.106,327)	598,906	1,525,283
- Deposit Accounts with maturity less than 12 months	455,000	1,736,763
Total	1,176,393	3,427,016
	1,176,393	3,427,016
	1,176,393	3,427,016
15 Short term Loans & Advances	31st March 2012	31st March 2011
	Rs	Rs
(Unsecured & Considered Good)		
Security Deposits	30,076	431,304
Balance with statutory authorities	6,217,364	2,357,074
Advance to vendors	8,445,987	2,577,939
Prepaid Expenses	1,241,683	993,663
Pre paid Gratuity	1,133,000	-
Insurance claim receivable	-	4,115,157
Others	840,211	6,500
Employee Loans	59,270	39,490
	17,967,591	10,521,127
Less:		
Considered Doubtful	-	-
Total	17,967,591	10,521,127
	17,967,591	10,521,127
	17,967,591	10,521,127
16 Other Current Assets	31st March 2012	31st March 2011
	Rs	Rs
Interest Accrued not Due	197,661	255,901
Total	197,661	255,901
	197,661	255,901
	197,661	255,901

ANNUAL REPORT 2011-12

17 Revenue from Operations	2011-12	2010-11
	Rs	Rs
17.1 Revenue from Operations		
Sale of Products		
- Finished Goods	1,036,406,892	613,720,905
Less: Excise Duty	71,236,199	40,125,354
Total	965,170,693	573,595,551
18 Other Income	2011-12	2010-11
	Rs	Rs
Miscellaneous income	3,573,068	1,389,577
Foreign Exchange Gain(Net)	2,347,744	-
Duty Drawback	2,977,802	-
Insurance claim received	-	5,022,999
Total	8,898,614	6,412,576
19 Cost of raw materials & componenets consumed	2011-12	2010-11
	Rs	Rs
Cost of Raw Materials Consumed	650,580,305	355,996,872
Packing Materials	10,397,994	7,696,462
Total	660,978,299	363,693,334
19.1 Details of Raw materials consumed	2011-12	2010-11
	Rs	Rs
Vegetable Oil Based Fatty Acid Distillate	234,491,458	144,755,077
Acid Oil	403,399,591	197,050,145
C.N.S.L Oil	111,619	6,051,598
Others	4,339,917	3,107,841
Chemicals	8,237,720	5,032,211
Total Consumption	650,580,305	355,996,872
20 (Increase)/Decrease in Inventory	2011-12	2010-11
	Rs	Rs
Inventories at the end of the year		
Work In Progress	14,971,897	25,658,434
Finished Goods	-	-
	14,971,897	25,658,434
Inventories at the beginning of the year		
Work In Progress	25,658,434	13,391,459
Finished Goods	-	2,077,093
	25,658,434	15,468,552
Increase / (Decrease) in Inventory	10,686,537	(10,189,882)



21 Employee Benefit Expenses	2011-12 Rs	2010-11 Rs
Salaries Wages & Bonus	30,379,105	24,960,083
Contribution to Provident Fund & Other Funds	2,254,667	1,813,737
Staff Welfare Expenses	1,658,609	1,276,198
Total	34,292,381	28,050,018
22 Other Expenses	2011-12 Rs	2010-11 Rs
Stores and Spares Consumed	13,598,293	9,056,019
Consumable stores	2,447,041	2,307,324
Power, Fuel and Water	76,045,631	55,595,100
Laboratory Chemical Consumed	723,145	437,631
Rates and Taxes	258,164	161,205
Insurance	1,476,487	855,804
Repairs and Maintenance :		
- Machinery	1,170,885	1,209,891
- Buildings	546,580	701,224
- Others	234,513	127,944
	1,951,978	2,039,059
Travelling and Conveyance	126,469	885,813
Telephone & advertisement Expense	933,926	1,054,390
Directors' Sitting Fees	52,000	46,000
Auditors' Fees	280,900	275,750
Sales Expense	8,503,642	7,939,805
General Charges	6,518,516	3,439,107
Bad Debts	-	77,874
Foreign Exchange Loss	-	435,541
Legal and Professional fees	1,312,669	1,194,895
Vehicle running charges	3,610,168	2,013,982
Loss on assets sold / discarded (Net)	475,177	111,691
Bank Charges	1,030,606	640,501
Total	119,344,812	88,567,491
22.1 Payment to Auditors:	2011-12 Rs	2010-11 Rs
As auditor:		
Statutory Audit Fees	280,900	266,750
In other Capacity:		
Certification	-	7,500
Reimbursement of out-of-pocket expenses	-	1,500
Total	280,900	275,750

ANNUAL REPORT 2011-12

23	Finance Costs	2011-12	2010-11
		Rs	Rs
	Interest Expense on		
	- Loans from Bank	14,618,371	8,697,941
	- Inter Corporate Deposits / Loan from Others	6,577,071	5,055,922
	- Others	39,051	10,926
		21,234,493	13,764,789
	Less : Interest received / receivable	209,808	288,970
	Total	21,024,685	13,475,819
24	Earnings per Share (EPS)	31st March 2012	31st March 2011
		Rs	Rs
	Profit / (Loss) after Taxation	73,747,855	50,663,797
	Number of Equity Shares	9,500,000	9,500,000
	Nominal value per Equity Share (Rs.)	10	10
	Earnings / (Loss) per share [Basic and Diluted] (Rs.)	7.76	5.33



25 Employee Benefits		
Particulars	Gratuity (Funded) Rs.	Leave Encashment (Un Funded) Rs.
i) Net Liabilities recognised in Balance Sheet as March 31,2012		
Present Value of Funded obligation	3,331,116	(-)
	(-)	(-)
Fair Value of Plan Asset	4,464,116	(-)
	(-)	(-)
Present value of unfunded obligation	(-)	1,116,327
	(2,692,772)	(1,233,571)
Net Liabilities	(1,133,000)	1,116,327
	(2,692,772)	(1,233,571)
ii) Expense recognised in Profit & Loss Account for the year ended March 31,2012		
Current Service Cost	426,380	397,070
	(365,019)	(320,355)
Interest Cost	222,154	101,770
	(256,605)	(79,576)
Expected return on plan assets	(5,573)	-
Net actuarial losses /(gain)	105,056	(331,342)
	(149,244)	((182,654))
Total Expense	748,017	167,498
	(472,380)	(582,585)
iii) Reconciliation of opening and closing balance of changes in present value of the defined benefit obligation		
Opening Balance of defined benefit obligation as at April 1,2011	2,692,772	1,233,571
	(3,110,363)	(1,009,401)
Current service cost	426,380	397,070
	(365,019)	(320,355)
Interest cost	222,154	101,770
	(256,605)	(79,576)
Actuarial losses/(gain)	105,056	(331,342)
	(149,244)	((182,654))
Benefits paid	(115,246)	(284,742)
	(577,044)	(484,738)
Closing Balance of defined benefit obligation as at March 31,2012	3,331,116	1,116,327
	(2,692,772)	(1,233,571)
Actuarial Assumption	8.50%	
Discount Rate	(8.25%)	
Expected rate of return on plan asset	9%	
	(-)	
Expected rate of salary increase	6%	
	(6%)	
Mortality rate	LIC(1994-96) published table of mortality rates	
Withdrawal Rates	5% (P Y 5%) at younger age and reducing to 1% (PY 1 %) at older age	
Retirement age	60 Years	
Actuarial valuation method	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.		
Defined Contribution Plans : Rs. 22,54,667/- (Previous Year Rs.13,41,357/-) recognised as an expense and included in the note 21 of Profit and Loss Account under the head " Contribution to provident fund ,Gratuity and superannuation"		

ANNUAL REPORT 2011-12

26 Segment Reporting

The Company has only one reportable business segment "Speciality Chemicals" as primary segment. The Company has identified the Secondary Segment as geographical segment based on the location of customers.

Secondary Segment Particulars	2011-12 Rs	2010-11 Rs
Segmental Revenue		
Segment – Domestic sales	690,563,257	399,044,075
Segment – Exports sales	274,607,436	174,551,476
Segment – Domestic - Other income	8,898,614	6,412,576
Segment – Exports - Oher Income	-	-
Total	974,069,307	580,008,127
Segmental Assets		
	31st March 2012 Rs	31st March 2011 Rs
In India	473,885,314	362,041,083
Outside India	70,233,482	30,698,143
Total Assets	544,118,796	392,739,226
Capital Expenditure during the year		
In India	89,626,911	17,497,601
Outside India	-	-
Total	89,626,911	17,497,601

27 Related Party Disclosures :

List of related parties where contracts exists and related parties with whom transaction have taken place and relationship.

- (i) Enterprise over which Key management personnel and their relatives are able to exercise significant influence

Adicorp Enterprise Private Limited
PCD Investment Private Limited
UKM Investment Private Limited
Harihar Manufacturing & Trading Private Limited
Adi Enterprise
Dasrath Jagmohandas Investment Pvt Limited
Super Handlers Private Limited
Munindra Investment Private Limited
Adi Logistic
Navin Syntex Private Limited
Newzen omputers Private Limited
Tulsishyam Investment Private Limited
Ashmak Investment Private Limited

- (ii) **Key Management Personnel**

Shri Nahoosh J. Jariwala
Shri Bimal D.Parikh

- (iii) **Relatives of Key Management Personnel**

Miss Vaishnavi N.Jariwala
Miss Priyanshi N.Jariwala



Details of Transactions with Related Parties				(Rupees in lakhs)
Nature of Transaction	Parties referred to in (i) above	Parties referred to in (ii) above	Parties referred to in (iii) above	Total
A Deposits Taken / Repaid				
Adi corp Enterprise Private Limited	-	-	-	-
	(80.00)	-	-	(80.00)
Repaid	-	-	-	-
	(40.00)	-	-	(40.00)
Balance as on Year End	140.00	-	-	140.00
	(140.00)	-	-	(140.00)
PCD Investment Private Limited	10.00	-	-	10.00
	(10.00)	-	-	(10.00)
Repaid	-	-	-	-
	(—)	-	-	(—)
Balance as on Year End	50.00	-	-	50.00
	(40.00)	-	-	(40.00)
UKM Investment Private Limited	10.00	-	-	10.00
	(10.00)	-	-	(10.00)
Repaid	-	-	-	-
	(—)	-	-	(—)
Balance as on Year End	50.00	-	-	50.00
	(40.00)	-	-	(40.00)
Harihar Mfg & Trading Private Ltd	10.00	-	-	10.00
	(50.00)	-	-	(50.00)
Repaid	-	-	-	-
	(15.00)	-	-	(15.00)
Balance as on Year End	85.00	-	-	85.00
	(75.00)	-	-	(75.00)
Dasrath Jagmohandas Investment Pvt Ltd	10.00	-	-	10.00
	(—)	-	-	(—)
Repaid	-	-	-	-
	(—)	-	-	(—)
Balance as on Year End	60.00	-	-	60.00
	(50.00)	-	-	(50.00)
Super Handlers Private Limited	30.00	-	-	30.00
	(80.00)	-	-	(80.00)
Repaid	-	-	-	-
	(50.00)	-	-	(50.00)
Balance as on Year End	60.00	-	-	60.00
	(30.00)	-	-	(30.00)
Ashmak Investment Private Ltd	10.00	-	-	10.00
	(—)	-	-	(—)
Repaid	-	-	-	-
	(—)	-	-	(—)
Balance as on Year End	10.00	-	-	10.00
	(—)	-	-	(—)
Munindra Investment Private Ltd	-	-	-	-
	(—)	-	-	(—)

ANNUAL REPORT 2011-12

Details of Transactions with Related Parties				(Rupees in lakhs)
Nature of Transaction	Parties referred to in (i) above	Parties referred to in (ii) above	Parties referred to in (iii) above	Total
Repaid	-	-	-	-
Balance as on Year End	(4.00)	-	-	(4.00)
	(—)			(—)
Navin Syntex Private Limited	-	-	-	-
Repaid	(—)	-	-	(—)
Balance as on Year End	(8.00)	-	-	(8.00)
	(—)			(—)
Newzen Computers Pvt Limited	-	-	-	-
Repaid	(—)	-	-	(—)
Balance as on Year End	(20.00)	-	-	(20.00)
	(—)			(—)
Tulsishyam Investment Pvt Limited	-	-	-	-
Repaid	(—)	-	-	(—)
Balance as on Year End	(18.00)	-	-	(18.00)
	(—)			(—)
Miss Priyanshi N Jariwala	-	-	-	-
Repaid	-	-	(5.00)	(5.00)
Balance as on Year End	-	-	5.00	5.00
	-	-	(2.50)	(2.50)
	-	-	-	-
	-	-	(5.00)	(5.00)
Miss vaishnavi N Jariwala	-	-	-	-
Repaid	-	-	(6.50)	(6.50)
Balance as on Year End	-	-	6.50	6.50
	-	-	(2.50)	(2.50)
	-	-	-	-
	-	-	(6.50)	(6.50)
B Interest Paid				
Adicorp Enterprise Private Limited	20.59	-	-	20.59
	(13.37)	-	-	(13.37)
PCD Investment Private Limited	7.17	-	-	7.17
	(4.41)	-	-	(4.41)
UKM Investment Private Limited	7.19	-	-	7.19
	(4.41)	-	-	(4.41)
Harihar Mfg & Trading Private Ltd	11.97	-	-	11.97
	(7.10)	-	-	(7.10)
Dasrath Jagmohandas Investment Pvt Ltd	8.77	-	-	8.77



Details of Transactions with Related Parties				(Rupees in lakhs)
Nature of Transaction	Parties referred to in (i) above	Parties referred to in (ii) above	Parties referred to in (iii) above	Total
	(6.50)	-	-	(6.50)
Super Handlers Private Limited	8.71	-	-	8.71
	(3.20)	-	-	(3.20)
Munindra Investment Private Ltd	-	-	-	-
	(0.08)	-	-	(0.08)
Navin Syntex Private Limited	-	-	-	-
	(0.17)	-	-	(0.17)
Newzen Computers Private Limited	-	-	-	-
	(0.41)	-	-	(0.41)
Tulsishyam Investment Private Ltd	-	-	-	-
	(0.37)	-	-	(0.37)
Ashmak Investment Private Ltd	1.20	-	-	1.20
	-	-	-	-
Miss Vaishnavi N.Jariwala	-	-	0.03	0.03
	-	-	(0.93)	(0.93)
Miss Priyanshi N.Jariwala	-	-	0.05	0.05
	-	-	(0.75)	(0.75)
C Purchase/Consumption of Material				
Adi Enterprise				
Purchases made during the year	99.07	-	-	99.07
	(28.44)	-	-	(28.44)
Payment made during the Year	99.06	-	-	99.06
	(26.66)	-	-	(26.66)
Balance as on year end	1.79	-	-	1.79
	(1.78)	-	-	(1.78)
D Services Availed				
Adi Logistic				
Services availed during the year	22.97	-	-	22.97
	(8.67)	-	-	(8.67)
Payment during the Year	22.65	-	-	22.65
	(8.46)	-	-	(8.46)
Balance as on year end	0.53	-	-	0.53
	(0.21)	-	-	(0.21)
<u>Managerial remuneration</u>				
Shri Nahoosh J. Jariwala	-	17.90	-	17.90
	-	(13.80)	-	(13.80)
Shri Bimal D.Parikh	-	6.05	-	6.05
	-	(4.75)	-	(4.75)

ANNUAL REPORT 2011-12

28	Contingent Liabilities Particulars	31st March 2012	31st March 2011
		Rs	Rs
	(a) Outstanding Bank Guarantees given to various Statutory bodies	397,000	-
	(b) In respect of disputed Income Tax matters	7,325,188	7,325,188
	(c) In respect of Civil Suit	1,500,000	1,500,000
		9,222,188	8,825,188

29	Disclosure of Derivatives
	The Company uses derivative instruments i.e forward contracts to hedge its risks of net exposure associated with foreign currency fluctuations. The Company does not enter into any forward contract which is intended for trading or speculative purposes. However there are no outstanding Foreign exchange forward contract for hedging Foreign currency in relation to Exports as at March 31,2012
	Foreign Currency exposure not hedged by derivative instrument as at March 31,2012 amount to Rs 69,447,054 (Previous Year Rs.3,06,98,143 /-)

30	Details of products manufactured, Turnover, Opening Stock and Closing stock :						
Product	Opening Stock		Production	Turnover		Closing Stock	
	Quantity (M.Tons)	Amt (Rs.)	Quantity (M.Tons)	Quantity (M.Tons)	Amt (Rs.)	Quantity (M.Tons)	Amt (Rs.)
Deodorizer	-	-	1,391.76	1,391.76	276,074,336	-	-
Distillate	(20.00)	(2,077,093)	(1,302.34)	(1,322.34)	(176,486,386)	(-)	(-)
Linoleic Acid/	-	-	1,488.12	1,488.12	100,171,944	-	-
Oleic Acid	(-)	(-)	(1,026.19)	(1,026.19)	(56,709,262)	(-)	(-)
Dimer Acid	-	-	1,675.74	1,675.74	171,202,227	-	-
	(-)	(-)	(859.65)	(859.65)	(81,221,555)	(-)	(-)
Other Fatty	-	-	4,442.12	4,442.12	229,174,229	-	-
Acids	(-)	(-)	(3,120.86)	(3,120.86)	(133,303,669)	(-)	(-)
Cardanol /	-	-	-	-	-	-	-
Cardol	(-)	(-)	(305.13)	(305.13)	(10,895,810)	(-)	(-)
Others	-	-			188,547,957	-	-
	(-)	(-)			(114,978,869)	(-)	(-)
			Add: Cenvat Duty		71,236,199		
				Total Rs.	(40,125,354)		
					1,036,406,892		
					(613,720,905)		


31 Value of Imported and Indigenous Raw materials, Spare Parts, Components and other items consumed.

	2011-12 % Total Consumption	2011-2012 Value Rs.	2010-11 % Total Consumption	2010-11 Value Rs.
Raw Materials				
Imported	1.37%	8,901,503	1.39%	4,959,349
Indigenous	98.63%	641,678,802	98.61%	351,037,523
	100%	650,580,305	100%	355,996,872
Spare parts, Components, Packing Material and other items				
Imported	0%	-	0.13%	23,895
Indigenous	100%	26,443,328	99.87%	19,035,910
	100%	26,443,328	100%	19,059,805

32 Value of imports on C.I.F. basis

Particulars	2011-12 Rs	2010-11 Rs
Raw Material	12,029,929	5,955,123
Consumable Stores	-	23,895
Capital Goods	2,620,185	-
	14,650,114	5,979,018

33 Expenditure in Foreign Currency

Particulars	2011-12 Rs	2010-11 Rs
For Kasruth Certification Fees	1,705,548	1,431,071
Travelling Expense	-	342,600
Others	1,628	-
	1,707,176	1,773,671

34 Earnings in Foreign Exchange

Particulars	2011-12 Rs	2010-11 Rs
Exports of Goods on FOB basis	273,946,336	172,624,292
	273,946,336	172,624,292

ANNUAL REPORT 2011-12

35 Disclosure of details pertaining to Micro and Small Enterprises as defined in Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act")

Particulars	31st March 2012	31st March 2011
	Rs	Rs
1 The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	13,302	370,536
2(a) Amount of Principal paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-
2(b) The amount of the payments (Interest amount) made to the supplier beyond the appointed day, during the year	-	-
3 Interest due and payable [not covered by Section 16 of the MSMED Act] in respect of the delay in payment during the year	-	-
4(a) The amount of interest accrued at the end of each accounting year	-	-
4(b) The amount of interest remaining unpaid at the end of each accounting year	-	-
5 Further interest remaining due and payable even in the succeeding years.	-	-

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 Note No. 7 "Trade Payables". This has been relied upon by the auditors.

36. The balances under the head of Sundry Debtors, Sundry Creditors, Loans & Advances, Secured / Unsecured Loans are subject to confirmation and reconciliation.

37. Excise duty shown as deduction from domestic sales represents the amount of excise duty on sales. Excise duty expense under Note No.22 "Other Expenses " represents excise duty paid on sample etc. is not recoverable from sales.

38. Leases :

Finance Lease :

In accordance with accounting standards 19 "Leases" issued by the institute of Chartered Accountants of India, the assets acquired on finance lease on or after April 01, 2001 are capitalised and a loan liability recognised. Consequently depreciation is provided on such assets, installments paid are allocated to the liability and the interest is charged to Profit and Loss Account.

Assets acquired on lease agreements mainly comprise of vehicles. The agreements provide for reimbursement of taxes, levy etc imposed by any authorities in future. There are no exceptional/restictive covenants in the lease agreements.

The minimum installments and present value as at March 31, 2012 in respect of asset acquired under the lease agreement are as under :

Particulars	Amount Rs.
i) Payable not later than 1 year	909,276
ii) Payable later than one year and not later 5 years	1,733,936
iii) Payable later than 5 Years	-
Total Minimum installments	2,643,212
Less: Future Finance charges	389,658
Present Value of Minimum Installments	2,253,554
Present Value of Minimum Installments	
i) Payable not later than 1 year	697,336
ii) Payable later than one year and not later 5 years	1,556,218
iii) Payable later than 5 Years	2,253,554

SIGNATURES TO NOTES 1 TO 38

For and on behalf of the Board

As per our report of even date

For Jhaveri Shah & Co
Chartered Accountants
Firm Registration Number - 127390W

Nahoosh Jariwala
Managing Director

Ronak Shah
Partner
Mem.No :102249

Bimal D.Parikh
Whole Time Director

Soham H.Parmar
Company Secretary

Place: Ahmedabad
Date: May 26,2012

Place: Ahmedabad
Date: May 26,2012