

24th ANNUAL REPORT

Board of Directors	Shri Rajan R. Harivallabhdas	Chairman & Managing Director
	Shri Nahoosh J. Jariwala	Executive Director
	Shri Chinubhai R. Shah	Director
	Shri Prafull Anubhai	Director
	Shri Janak G. Nanavaty	Director
	Dr. Himanshu C. Patel	Director
	Shri Naishadh I. Parikh	Director
	Shri Dharmesh R. Harivallabhdas	Director (w.e.f. 22.04.2009)

**General Manager (Finance) &
Company Secretary**

Akhykumar P. Shah

Financial Institutions/Bankers :HDFC Bank Limited
State Bank of India

Auditors :M/S. C. C. CHOKSHI & CO.,
Chartered Accountants,
Ahmedabad.

Registered Office :201, Aniket, C. G. Road,
Navrangpura, AHMEDABAD - 380 009.
Phone : (079) 2646 8752, 2640 2429
Fax : (079) 2646 0910

Plant Location :253/P, Chekhala,
Sanand-Kadi Highway,
Tal. Sanand,
Dist. AHMEDABAD - 382 145.
Phone : (02717) 325390, 324390
Fax : (02717) 222616

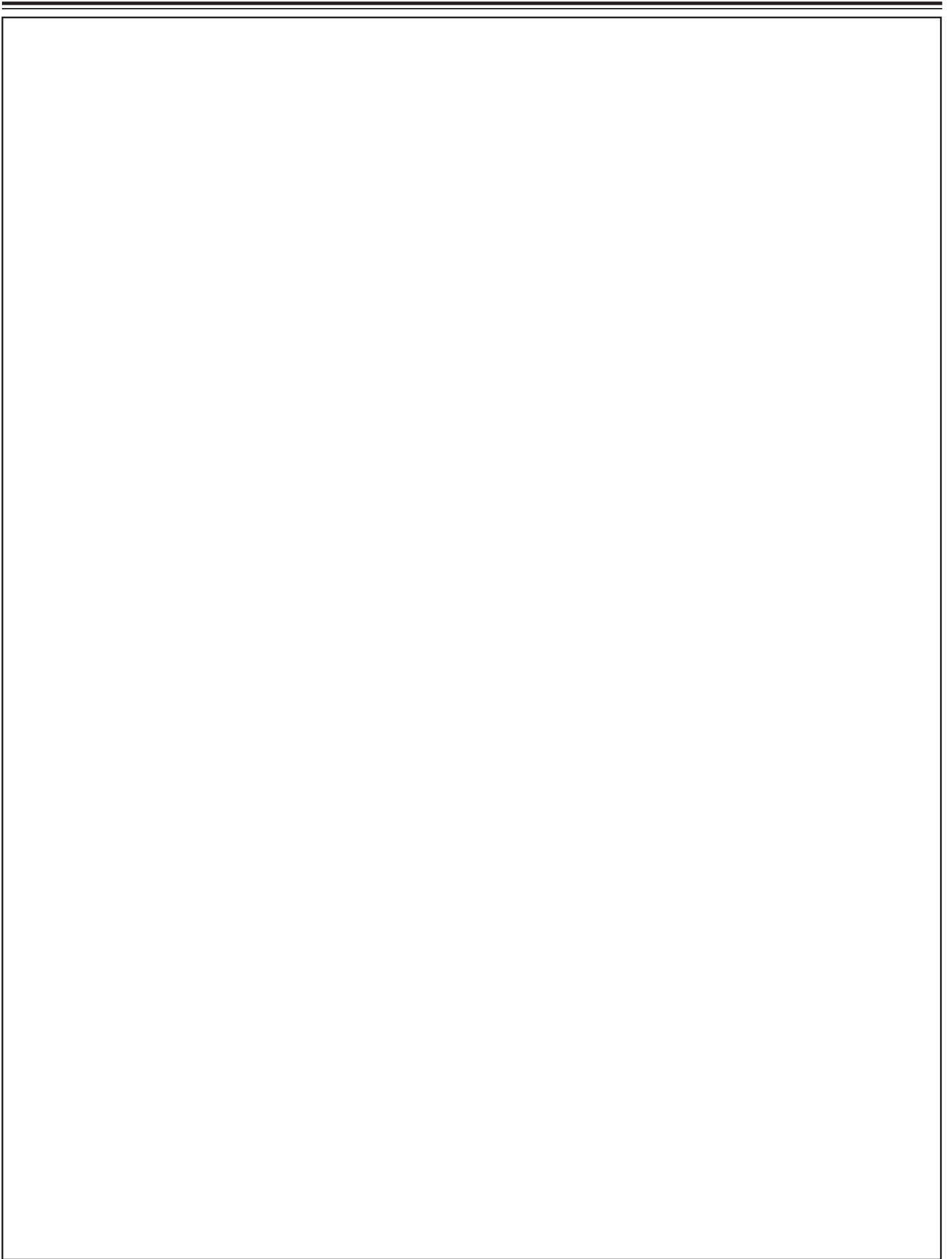
E-mail :

hkindia@hkfinechem.com

Share Transfer Agent :Pinnacle Shares Registry Pvt. Ltd.
Near Ashoka Mills, Naroda Road,
Ahmedabad - 380 025.

Website :

www.hkfinechem.com



NOTICE

NOTICE is hereby given that the **Twenty Fourth Annual General Meeting** of the Members of H. K. FINECHEM LIMITED will be held at Ahmedabad Textile Mills' Association's Hall, Ashram Road, Navrangpura, Ahmedabad - 380 009 on **Tuesday, September 29th, 2009 at 4.00 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, 2009, the Balance Sheet as at that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Naishadh I. Parikh who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. Himanshu C. Patel who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and in that connection, to pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT M/s. Shah & Shah Associates, Chartered Accountants be and are hereby appointed as the auditors of the Company in place of the retiring Auditors M/s. C. C. Chokshi & Co., Chartered Accountants, to hold office until the conclusion of next Annual General Meeting at a remuneration as may be decided by Board of Directors of the Company."

Special Business :

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

"RESOLVED THAT Shri Dharmesh R. Harivallabhdas who was appointed by the Board of Directors as an Additional Director of the Company with effect from 22.04.2009 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company."

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. It may be noted that M/s C.C. Chokshi & Co., Chartered Accountants Ahmedabad, Statutory Auditors of the Company has conveyed their unwillingness for reappointment as Statutory Auditors of the Company in the forthcoming Annual General Meeting of the Company. Hence it is proposed to appoint M/s. Shah & Shah Associates, Chartered Accountants as Statutory Auditors of the Company.
3. The relative Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956 in respect of the business under item No. 5 of the Notice, is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 23rd September, 2009 to Tuesday, 29th September, 2009, both days inclusive.
5. The documents / papers referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.

July 28, 2009

Registered Office :

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

By Order of the Board
Akshaykumar P. Shah
General Manager (Finance)
& Company Secretary

ANNEXURE TO THE NOTICE

(Explanatory Statement pursuant to Section 173 of the Companies Act, 1956)

ITEM NO. 5 :

Shri Dharmesh R. Harivallabhdas is an MBA from North Eastern University (U.S.A.). He acquired work experience at a Multinational Company Mars Inc (U.S.A) and has successfully established Trading business in Dubai (UAE).

Shri Dharmesh R. Harivallabhdas was appointed as an additional director of the Company on 22.04.2009 pursuant to the provision of Section 260 of the Companies Act, 1956 until the ensuing Annual General Meeting.

As required under Section 257 of the Companies Act, 1956 the Company has received a notice from the members, proposing name of Shri Dharmesh R. Harivallabhdas as candidate for the office of the Director.

The Board of directors considered it in the best interest of the Company to continue to have the benefit of the long and varied experience of Shri Dharmesh R. Harivallabhdas and therefore recommended his appointment as a Director.

Except Shri Rajan R. Harivallabhdas no other Director of the Company is interested or concerned in the Item No.5.

The Board recommends this Resolution for approval of Members.

July 28, 2009

Registered Office :

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

By Order of the Board
Akshaykumar P. Shah
General Manager (Finance)
& Company Secretary

DIRECTORS' REPORT

To,
The Members,

Your Directors present the Twenty Fourth Annual Report together with the audited accounts for the year ended March 31, 2009.

FINANCIAL RESULTS :

	(Rupees in Lakhs)	
	Year ended on 31-03-2009	Year ended on 31-03-2008
Income	3409.17	3134.28
Profit before Interest, Depreciation & Taxation	144.62	332.25
Less : Interest	182.43	144.91
(Loss)/ Profit before Depreciation & Taxation	(37.81)	187.33
Less : Depreciation	165.37	161.56
(Loss)/ Profit before tax	(203.18)	25.78
Less : Provision for taxation		
- Current Tax	-----	6.54
- Fringe Benefit Tax	1.80	2.29
- Deferred Tax	(63.30)	(19.52)
- MAT	-----	(2.66)
Excess Provisions of Income Tax of earlier year	3.28	(43.05)
Net Profit (Loss) after Tax	(144.96)	82.18

DIVIDEND :

In view of the Loss your Directors do not recommend any dividend.

OPERATIONS :

(A) Sales and Profit :

The sales and other income of the Company during 2008-09 were marginally higher at Rs. 3409.17 lacs compared to Rs. 3134.28 lacs of the previous year. This was due to increase in prices.

(B) Raw Material :

Both raw materials were in short-supply and there was also rise in prices.

(C) Export :

The company was able to procure the required orders for Toco-concentrates. The Company has made export of Rs. 6,04,68,562/- during the year.

DIRECTORS :

Shri Dharmesh R. Harivallabhdas was appointed as an Additional Director on the Board of Directors of the Company on 22.04.2009. He ceases to be Director on the date of this Annual General Meeting. Notice under section 257 has been received in respect of his appointment as Director on the Board.

Shri Naishadh I. Parikh and Dr. Himanshu C. Patel retires by rotation and being eligible offer themselves for re-appointment. The relevant resolutions relating to these appointments forming part of the Notice of the Annual General Meeting are placed for your approval.

PERSONNEL :

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

PARTICULARS OF EMPLOYEES :

There was no employee drawing an annual salary of Rs. 24.00 lacs or more where employed for full year or monthly salary of Rs. 2,00,000/- or more where employed for part of the year and therefore, no information pursuant to the provisions of sub-section (2A) of Section 217 of The Companies Act, 1956 read with The Companies (Particulars of Employees) Rules, 1975 is required to be given.

Information as per Section 217(1)(e) read with Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 :**A. Conservation of Energy :**

- (a) Energy Conservation measures taken :

The Company is conscious of the need to save energy.

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

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

- (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 and product costs, import substitution and export promotion. This is done through constant interaction with employees, customers and vendors.

The Company continued experiment with process route and resultant finished products for use in hitherto untapped market and overall maximisation of profit.

C. Foreign Exchange Earnings and outgo

Foreign Exchange Earnings Rs. 6,04,68,562/-

Foreign Exchange Utilised Rs. 8,93,561/-

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 have selected such accounting policies and applied them consistently and made judgements 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, 2009 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 have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE :

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

FIXED DEPOSITS :

The Company continued to accept the deposits. As on March 31, 2009, public deposits stood at Rs. 89.72 lacs. As at 31st March, 2009 there were unclaimed deposit aggregating to Rs. 110,000/-.

AUDITORS :

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

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

ACKNOWLEDGMENTS :

The Directors place on record their sincere appreciation for the co-operation and assistance received from HDFC Bank Limited.

Ahmedabad
July 28, 2009

For and on behalf of the Board,
Rajan R. Harivallabhdas
Chairman & Managing Director



ANNEXURE

Disclosure of Particulars with respect to Conservation of Energy.

A. Power & Fuel Consumption :	2008-09	Previous Year	
1. ELECTRICITY			
A. Purchased :			
Units	36,81,930	42,65,920	
Total Amount (Rs.)	2,07,85,174	2,08,02,506	
Rate / Unit (Rs.)	5.65	4.88	
B. Own Generation :			
Units	1,63,464	2,24,120	
Unit per Ltr. of Diesel	3.28	3.35	
Average Cost / Unit (Rs.)	10.75	10.18	
2. FURNACE OIL			
Quantity (in KL)	400.27	401.035	
Total Cost (Rs.)	94,73,114	82,46,612	
Average Rate per Litre (Rs.)	23.67	20.57	
3. LIGNITE / COAL			
Quantity (in MT)	9662.118	12,434.300	
Total Cost (Rs.)	3,59,76,460	2,54,72,869	
Average Rate per Kg. (Rs.)	3.725	2.05	
4. OTHERS (IF ANY)	----	----	
B. Consumption per unit of Production :	Production (M. Tons)	Standards if any	Per M. Ton
1. ELECTRICITY			<u>KWH</u>
Deodorizer Distillate (Mixed Tocopherols)	460.00 (387.99)	-----	1156.51 (1282.56)
Linoleic Acid / Oleic Acid	786.09 (1827.42)	-----	2595.630 (1662.26)
Dimer Acid	1064.57 (614.04)	-----	603.92 (785.05)
2. FURNACE OIL			<u>LTRS.</u>
Deodorizer Distillate (Mixed Tocopherols)	460.00 (387.99)	-----	84.40 (81.75)
Linoleic Acid / Oleic Acid	786.09 (1827.42)	-----	253.150 (149.93)
Dimer Acid	1064.57 (614.04)	-----	83.52 (99.85)
3. LIGNITE / COAL			<u>KGS.</u>
Deodorizer Distillate (Mixed Tocopherols)	460.00 (387.99)	-----	2037.45 (2373.16)
Linoleic Acid / Oleic Acid	786.09 (1827.42)	-----	6111.18 (4460.14)
Dimer Acid	1064.57 (614.04)	-----	1836.09 (2936.47)

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

Report on Corporate Governance

(Pursuant to Clause 49 of the Listing Agreements entered into with the Stock Exchanges)

1. Company's Philosophy on the Code of Governance

Transparency and accountability leading to management reliability are the touchstone of Corporate Governance at H. K. Finechem Limited. The entire process begins with the functioning of the Board of Directors, with leading professionals and experts serving as independent directors and represented in various Board Committees. H. K. Finechem Limited philosophy on corporate governance envisages the attainment of highest level of transparency, accountability and equity in all facets of its operations and in all interactions with its stakeholders including shareholders, employees, the government, lenders and the society. The company believes that all its operations and actions must serve the underlying goal of enhancing long term shareholder value.

2. Board of Directors

● Composition of the Board of Directors (Board)

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 Six Non-Executive Directors, representing optimum combination of professionalism, knowledge and experience to preserve the independence of the Board and to separate the Board functions of governance and management.

Attendance of each Director at the Board Meetings and last Annual General Meeting (AGM) and the number of companies and committees where he is Chairman / Member :

Directors	Category	Attendance Particulars		Directorships in other Public Ltd. Companies Incorporated in India	Committee Memberships**	
		Board Meetings	Last AGM		Member	Chairman
Shri Rajan R. Harivallabhdas (Chairman & M.D.)	Promoter, Executive	4	Yes	Nil	Nil	Nil
Shri Chinubhai R. Shah	Independent, Non-Executive	5	No	14	5	4
Shri Nahoosh J. Jariwala (Executive Director)	Promoter, Executive	5	Yes	Nil	Nil	Nil
Shri Prafull Anubhai	Independent, Non-Executive	4	Yes	5	5	3
Shri Janak G. Nanavaty	Independent, Non-Executive	2	No	1	1	1
Dr. Himanshu C. Patel	Independent, Non-Executive	3	No	3	Nil	Nil
Shri Naishadh I. Parikh	Independent, Non-Executive	2	No	10	5	1
* Shri Dharmesh R. Harivallabhdas	Promoter, Non-Executive	--	--	--	--	--

* Appointed as Additional Director w.e.f. 22.04.2009

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

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

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

● **Board meetings and attendance**

The Meetings of the Board of Directors is scheduled well in advance. The Board meets at least once in a quarter *inter-alia* to review the performance of the Company. Each time, a detailed agenda is prepared in consultation with the Chairman & Managing Director. Five Board meetings were held in the year 2008-09 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 22, 2008	5	October 22, 2008	4
June 27,, 2008	4	January 24, 2009	6
July 24, 2008	5		

● **Details of Directors proposed to be appointed / re-appointed at the next Annual General Meeting :**

Name of the Director	Brief Particulars	Details of Directorships in Public Ltd. Companies in India	Chairman or Member in Committees
Shri Naishadh I. Parikh	He is a Science graduate and holds a Masters Degree in Business Administration from B. K. School of Management, Ahmedabad.	(1) Equinox Solutions Ltd.	Nil
		(2) Perfect Connections Ltd.	Nil
		(3) Amol Dicalite Ltd.	Member in Management Committee & Remuneration Committee
		(4) Amtrex Ambience Ltd.	Nil
		(5) Amtrex Refrigeration Ltd.	Nil
		(6) Arvind Products Ltd.	Chairman in Remuneration Committee & Member in Committee of Directors, Investor Grievance Committee & Audit Committee.
		(7) Gujarat Infrastructure Ltd.	Nil
		(8) Anagram Stockbroking Ltd.	Nil
		(9) Dropadi Finance Ltd.	Nil
		(10) Arvind Accel Ltd.	Nil
Dr. Himanshu C. Patel	He is an Engineering Graduate and holds M.S. and Ph.D. Degree. At present, he is Managing Director of Denis Chem Lab Ltd.	(1) Denis Chem Lab Ltd.	Nil
		(2) Denis Finance Ltd.	Nil
		(3) Sintex International Ltd.	Nil

3. Audit Committee● Composition

The Audit Committee comprises of 4 Directors, all being Non-Executive, Independent Directors. Dr. Himanshu C. Patel, was appointed as member of the committee w.e.f. 22.10.2008. All the members of the Committee are financially literate and have adequate accounting knowledge. The Audit Committee met four times during the financial year 2008-09, on June 27, 2008, July 24, 2008, October 22, 2008 and January 24, 2009.

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

Name	Designation	No. of Committee Meetings attended
Shri Prafull Anubhai (Chairman)	Non Executive - Independent	4
Shri Chinubhai R. Shah	Non Executive - Independent	4
Shri Janak G. Nanavaty	Non Executive - Independent	1
Dr. Himanshu C. Patel	Non Executive - Independent	1

The scope of the Audit Committee includes :-

- (1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- (2) Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of statutory auditor and fixation of audit fees.
- (3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- (4) Reviewing with management the annual financial statements before submission to the Board for approval, with particular reference to:
 - (a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956,
 - (b) Changes, if any, in accounting policies and practices and reasons for the same,
 - (c) Major accounting entries involving estimates based on the exercise of judgment by management,
 - (d) Significant adjustments made in the financial statements arising out of audit findings,
 - (e) Compliance with listing and other legal requirements relating to financial statements,
 - (f) Disclosure of any related party transactions,
 - (g) Qualification in the draft audit report.
- (5) Reviewing with the management, the quarterly financial statements before its submission to the Board for approval.
- (6) Reviewing with the management, performance of statutory and internal auditors, the adequacy of internal control systems.
- (7) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- (8) Discussion with internal auditors any significant findings and follow up thereon.
- (9) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- (10) Discussion with statutory auditors before the audit commences, about nature and scope of audit as well as has post-audit discussion to ascertain any area of concern.
- (11) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- (12) To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- (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, 2009 is also appended at the end of this Report.

4. Remuneration to Directors

The Board has formed the Remuneration Committee comprising of three Independent, Non-Executive Directors. Present members of the Committee comprises of Shri Prafull Anubhai, Shri Janak G. Nanavaty and Dr. Himanshu C. Patel. During the year 2008-09 meeting of the Remuneration Committee was held on 24/07/08

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

Details of remuneration paid to Directors during the financial year 2008-09. (Amount in Rs.)

Directors	Salaries	Perquisites	Sitting Fees	Total
Shri Rajan R. Harivallabhdas	8,75,806	6,24,194	-	15,00,000
Shri Chinubhai R. Shah	-	-	6,750	6,750
Shri Nahoosh J. Jariwala	5,80,645	4,39,452	-	10,20,097
Shri Prafull Anubhai	-	-	6,750	6,750
Shri Janak G. Nanavaty	-	-	2,250	2,250
Dr. Himanshu C. Patel	-	-	3,750	3,750
Shri Naishadh I. Parikh	-	-	1,500	1,500

Remuneration package comprises of salary, perquisites and allowances (a fixed component) and commission (a variable component). Shri Rajan R. Harivallabhdas, Managing Director and Shri Nahoosh J. Jariwala, Executive Director were re-appointed on August 27, 2008 for a period of 2 years without any notice period by either party. No severance fee is payable as per the terms of re-appointment. The Company has not granted any stock options to its Directors. Non-executive Directors do not hold any shares of the Company except Shri Chinubhai R. Shah who holds 400 Equity Shares of the Company.

5. Shareholders'/Investors' Grievance Committee

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

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

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

6. Disclosures

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

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

(b) There were no instances of non-compliance by the Company or Penalties imposed on the Company by the Stock Exchange(s) or SEBI or any statutory authority, on any matter related to Capital Markets, during the last three years.

(c) The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure – ID to clause 49 of the Listing Agreement with Stock Exchanges:

- i. At present there is no policy of fixing the tenure of independent Directors.
- ii. The Board of Directors of the Company has set up Remuneration Committee to determine remuneration packages for Executive Directors including pension rights & compensation payment. Please see the para on Remuneration to Directors for further details.
- iii. Half yearly financial results including summary of the significant events in last six months are presently not being sent to shareholders of the Company.
- iv. The statutory financial statements of the Company are unqualified.
- v. At present there is no formal policy for performance evaluation of Non - Executive Directors.
- vi. The Company has not established any formal whistle blower policy.

7. Means of Communication

During the year, quarterly Unaudited Financial results and Audited Annual Financial Results of the Company were submitted to the stock exchanges soon after its approval by the Board of Directors at their Meeting and were also published in English and Vernacular newspapers. As per the requirements of Clause 51 of the Listing Agreement, all the data related to financial results, shareholding pattern etc. is provided to the special website www.sebiedifar.nic.in within the timeframe prescribed in this regard. Annual financial performance of the Company is also posted on the Company's website i.e. www.hkfinechem.com.

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

8. Details of General Meetings

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

Meeting	Year	Venue of General Meeting	Date & Time	No. of Special Resolutions
21 st AGM	2005-2006	Ahmedabad Textile Mills' Association's Hall, Ashram Road, Ahmedabad - 380 009.	September 18, 2006 at 4:00 p.m.	-
22 nd AGM	2006-2007	As above	September 22, 2007 at 4:00 p.m.	ONE
23 rd AGM	2007-2008	As above	September 22, 2008 at 4:00 p.m.	-

No postal ballot was conducted during the financial year 2008-09.

General Shareholder Information

Date, time and venue of 24th Annual General Meeting

Tuesday, 29th September, 2009 at 4.00 p.m. at Ahmedabad Textiles Mills' Association's Hall, Ashram Road, Ahmedabad - 380 009.

Book Closure Date

Wednesday, September 23, 2009 to Tuesday September 29, 2009 (both days inclusive).

Dividend Payment Date

Not Applicable

**Financial Calendar (Tentative)**

Financial reporting for the quarter ending June 30, 2009	End of July, 2009
Financial reporting for the quarter/half year ending September 30, 2009	End of October, 2009
Financial reporting for the quarter ending December 31, 2009	End of January, 2010
Financial reporting for the year ending March 31, 2010	End of May, 2010
Annual General Meeting for the year ending March 31, 2010	September, 2010

High/Low of monthly Market Price of the Company's Equity Shares traded on the Bombay Stock Exchange during the financial year 2008-09 is furnished below :

Month	High (Rs.)	Low (Rs.)	Volume (Nos.)
April, 2008	23.20	14.45	82509
May, 2008	25.90	21.60	80736
June, 2008	26.00	20.20	112693
July, 2008	26.90	21.00	17389
August, 2008	24.50	20.50	17643
September, 2008	20.85	16.55	6098
October, 2008	20.95	19.05	15344
November, 2008	20.25	15.25	164981
December, 2008	16.00	13.65	14022
January, 2009	15.70	13.49	1869
February, 2009	16.10	14.20	10005
March, 2009	16.20	13.35	6616

Share Transfer System

Transfer of shares held in physical mode is processed by M/s. Pinnacle Shares Registry Pvt. Limited situated at Near Ashoka Mills, Naroda Road, Ahmedabad – 380 025 and approved by the Shareholders'/Investors' Grievance Committee. Valid Share transfers in physical form and complete in all respects were approved, registered and dispatched within stipulated period.

Dematerialisation of Shares and Liquidity

As on March 31, 2009, 66.44 % shares of the Company were held in dematerialised form and the rest in physical form. It needs to be said that our foreign promoter is holding 31.05 % shares in physical form. If these shares were to be excluded from the total number of shares, then dematerialised shares account for nearly 97 percent of the remainder. The shares are traded on Ahmedabad and Mumbai Stock Exchanges.

Distribution of Shareholding as on March 31, 2009.

Category (Shares)	No. of Shareholders	Percentage	No. of Shares	Percentage
1-500	2,183	78.44	3,68,755	3.88
501-1000	205	7.37	1,82,224	1.92
1001-2000	137	4.92	2,21,258	2.33
2001-3000	59	2.12	1,52,705	1.61
3001-4000	34	1.22	1,25,293	1.32
4001-5000	41	1.47	1,98,569	2.09
5001-10000	53	1.90	4,32,740	4.55
Above 10000	71	2.55	78,18,456	82.30
TOTAL	2783	100.00	95,00,000	100.00

Category-wise Shareholding as on March 31, 2009

Category	No. of Shares held	Percentage to total shares
Individual	30,89,582	32.52
Promoters		
- Indian Promoters	26,86,260	28.28
- Foreign Promoter	29,51,250	31.07
Other Corporate Bodies	7,12,168	7.50
Financial Institutions / Mutual Funds / Banks	-----	-----
Director & their relatives	-----	-----
Foreign Institutional Investors / Overseas Corporate Bodies	-----	-----
Non-Resident Indians	60,740	0.64
TOTAL	95,00,000	100.00

Listing on Stock Exchanges at :

Ahmedabad Stock Exchange Limited Kamdhenu Complex, Panjrapole, Opp. Sahjanand College, Ahmedabad - 380 015.	Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 023.
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Listing fees for the year 2008-09 have been paid to both the Stock Exchanges.

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

Registered Office and Correspondence address

201, "Aniket",
C. G. Road,
Navrangpura,
Ahmedabad - 380 009.
Tele Nos. (079) 2646 8752 / 2640 2429
Fax No. (079) 2646 0910

**Contact Person
E-mail :**

Shri Akshaykumar P. Shah
cs@hkfinechem.com

Unclaimed Dividends

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

Plant Location

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

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT POLICY

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended March 31, 2009.

Ahmedabad
July 28, 2009

For H. K. Finechem Limited
Rajan R. Harivallabhdas
Managing Director

CERTIFICATE

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

We have examined the compliance of the conditions of Corporate Governance by **H. K. Finechem Limited** for the year ended on 31st March 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of the opinion of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

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.

AHMEDABAD

DATED : 28th July, 2009

For C.C.CHOKSHI & CO.
Chartered Accountants

GAURAV J. SHAH

Partner

Membership No. 35701

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(1) INDUSTRY STRUCTURE :

The Company's main products were Mixed Tocopherols, Dimer Acid, Linoleic Acid and Monobasic Acid.

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 a premium product in the domestic market.

C. Monobasic Acid :

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

(2) OPPORTUNITIES AND THREATS :

There has been acute shortage of raw material during the year with increase in price. The Company is confident of passing the additional cost burden by increasing the prices of its production in Export and Domestic markets.

(3) SEGMENT WISE AND PRODUCT WISE :

The Company has only one segment. As far as products are concerned, the Company now processes both the by-product streams of vegetable oil refineries viz. Vegetable Oil based Fatty Acid Distillate and Acid Oil.

(4) OUTLOOK :

Outlook appears better. The trend of high raw material prices and relatively low international prices of export products as well as domestic products which compete with imports seems to be slowly but steadily reversing in favour of the Company.

(5) RISKS AND CONCERNS :

Sudden high increases in the raw material prices due to Soya –Corn oil getting diverted to bio fuel industry are cause of concern.

(6) INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY :

The Company has an effective internal control system for all its departments. All the transactions of financial nature are well documented and authorised by concerned departmental head and finally approved by one of the two wholetime Directors.

(7) DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE :

The financial performance of the Company for the year is improved compared with previous year's performance.

The Company's debt-equity ratio at 1.04: 1 will enable it to avail fresh borrowings if and when required at competitive rate.

HDFC Bank Limited has already sanctioned enhanced working capital facilities to ensure smooth operations after the capacity expansion is completed.

The Company's Share Capital stands at Rs. 9.50 crores. The book value of the Company's equity share stands at Rs. 14.82 as on March 31, 2009.

(8) MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED :

The relations between management and the personnel of the Company have continued to be cordial. The staff turnover ratio is very nominal. The average number of people employed by the Company during the year was 150.

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

1. We have audited the attached Balance Sheet of H. K. Finechem Limited as at 31st March, 2009, 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, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 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 affairs of the Company as at 31st March, 2009;
 - b) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For C.C.CHOKSHI & CO.
Chartered Accountants
GAURAV J. SHAH
Partner
Membership No. 35701

AHMEDABAD
DATED : 27th May, 2009

ANNEXURE TO THE AUDITORS' REPORT

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

1. The nature of the Company's activities during the year have been such that clauses (xiii) and (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
2. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
(b) According to the information and explanations given to us, physical verification of fixed assets is being conducted in a phased programme by the management designed to cover all assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. We have been informed that no material discrepancies were noticed on such verification.
(c) The Company has not disposed off a substantial part of fixed assets during the year.
3. (a) As explained to us, physical verification of inventories have been conducted during the year by the management at reasonable intervals.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories 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 inventories. As explained to us the discrepancies noticed on physical verification between physical stock and book records were not material and have been adequately dealt with in the books of accounts.
4. (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. 300 lacs and Rs. 300 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.
5. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories, fixed assets and for the sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
6. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been so entered.
(b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 do not exceed the value of rupees five lacs in respect of such parties during the year.
7. 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.
8. In our opinion, internal audit carried out during the year by a firm of Chartered Accountants appointed by the management, has been commensurate with the size of the Company and the nature of its business.
9. The Company is not required to maintain Cost Records under section 209 (1) (d) of the Companies Act, 1956 and therefore clause (viii) relating to its maintenance is not applicable.



10. According to the information and explanations given to us in respect of statutory and other dues:
- The Company is 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.
 - According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales-tax, wealth-tax, service-tax, custom duty and excise duty were in arrears as at 31st March, 2009 for a period of more than six months from the date they became payable.
 - 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, 2009 on account of any dispute are given below :

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

- The Company has no accumulated losses at the end of the financial year. The Company has incurred cash losses in the financial year under report but not in the immediately preceding financial year.
- 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.
- 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.
- 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.
- 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.
- According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- 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.
- No debentures have been issued by the Company and hence the question of creating securities or charges in respect thereof does not arise.
- During the year the Company has not raised money by public issue.
- According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the financial year.

For C.C.CHOKSHI & CO.
Chartered Accountants
GAURAV J. SHAH
Partner
Membership No. 35701

AHMEDABAD

DATED : 27th May, 2009

ANNUAL REPORT 2008-2009

BALANCE SHEET AS AT 31st MARCH, 2009

SCHEDULE		As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SOURCES OF FUNDS:			
1. SHAREHOLDERS' FUNDS:			
a) Share Capital	1	9,50,00,000	9,50,00,000
b) Reserves & Surplus	2	4,57,50,166	6,02,46,071
2. LOAN FUNDS:			
Secured Loans	3	9,87,20,191	9,14,21,880
Unsecured Loans	4	4,69,72,000	3,27,00,000
		<u>14,56,92,191</u>	<u>12,41,21,880</u>
3. DEFERRED TAX LIABILITY (NET) (Refer Note No. 9 of Schedule 15B)		2,12,06,878	2,75,37,440
TOTAL		<u>30,76,49,235</u>	<u>30,69,05,391</u>
APPLICATION OF FUNDS			
1. FIXED ASSETS:			
a) Gross Block	5	34,72,78,312	33,52,08,762
b) Less: Depreciation		14,32,58,984	12,68,86,609
c) Net Block		20,40,19,328	20,83,22,153
d) Add. : Capital Work in Progress		34,66,254	35,62,959
		<u>20,74,85,582</u>	<u>21,18,85,112</u>
2. CURRENT ASSETS, LOANS & ADVANCES			
(a) Inventories	6	5,69,15,552	6,53,32,866
(b) Sundry Debtors	7	4,63,61,788	3,23,53,970
(c) Cash & Bank Balances	8	22,22,628	20,45,227
(d) Loans & Advances	9	2,16,50,812	2,30,71,212
		<u>12,71,50,780</u>	<u>12,28,03,275</u>
Less: Current Liabilities & Provisions	10	2,69,87,127	2,77,82,996
Net Current Assets		<u>10,01,63,653</u>	<u>9,50,20,279</u>
TOTAL		<u>30,76,49,235</u>	<u>30,69,05,391</u>
Significant Accounting Policies and Notes to financial statements.	15		

As per our report of even date attached

For C. C. CHOKSHI & CO.,
Chartered Accountants

GAURAV J. SHAH

PARTNER
Membership No. 35701

AHMEDABAD

DATED : May 27, 2009

For and on behalf of the Board

Rajan R. Harivallabhdas
Chairman & Managing Director

Nahoosh J. Jariwala
Executive Director

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

AHMEDABAD

DATED : May 27, 2009

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009**

SCHEDULE	2008-2009 Rupees	2007-2008 Rupees
INCOME		
Sales	37,59,95,966	35,24,37,485
Less : Excise duty recovered on sales	3,56,84,699	4,07,28,253
Net Turnover	34,03,11,267	31,17,09,232
Other Income	6,06,201	17,18,531
	34,09,17,468	31,34,27,763
EXPENDITURE		
(Increase) / Decrease in Stock	1,04,46,219	(2,75,62,296)
Manufacturing & Other Expenses	31,60,09,339	30,77,65,609
Interest (Net)	1,82,43,412	1,44,90,676
Depreciation	1,65,36,686	1,61,55,909
	36,12,35,656	31,08,49,898
(Loss) / Profit before Tax	(2,03,18,188)	25,77,865
Provision for Taxation :		
Current Tax	-----	6,54,000
Fringe Benefit Tax	1,80,000	2,29,000
Deferred Tax	(63,30,562)	(19,52,255)
Mat Credit entitlement	-----	(2,66,000)
Tax of earlier years	3,28,279	43,05,124
	(58,22,283)	(56,40,379)
(Loss) / Profit after tax	(1,44,95,905)	82,18,244
Balance of Profit brought forward	5,38,60,071	4,56,41,827
Balance carried to Balance Sheet	3,93,64,166	5,38,60,071
Basic / Diluted earnings per share (Face Value of Rs. 10/-)	(1.53)	0.87

As per our report of even date attached

For C. C. CHOKSHI & CO.,
Chartered Accountants**GAURAV J. SHAH**P A R T N E R
Membership No. 35701

AHMEDABAD

DATED : May 27, 2009

For and on behalf of the Board

Rajan R. Harivallabhdas

Chairman & Managing Director

Nahoosh J. Jariwala

Executive Director

Akshaykumar P. ShahGeneral Manager (Finance)
& Company Secretary

AHMEDABAD

DATED : May 27, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2009

P A R T I C U L A R S	2 0 0 8 - 2 0 0 9 Rupees	2 0 0 7 - 2 0 0 8 Rupees
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax and extra-ordinary items	(2,03,18,188)	25,77,865
Adjustments for:		
Depreciation	1,65,36,686	1,61,55,909
Foreign Exchange Gain (net)	2,33,856	(4,44,406)
Interest Received	(4,89,325)	(6,01,539)
Interest Paid	1,87,32,737	1,50,92,215
Loss / (Profit) on sale of Fixed Assets (net)	2,01,142	(8,67,055)
	<u>3,52,15,096</u>	<u>2,93,35,124</u>
Operating Profit before Working Capital Changes	1,48,96,908	3,19,12,989
Adjustments for:		
Trade & other Receivables	(1,42,41,674)	48,57,643
Inventories	84,17,314	(2,78,80,502)
Loans and Advances	14,17,697	(1,26,973)
Trade & Other Payables	(9,16,990)	22,56,900
	<u>(53,23,653)</u>	<u>(2,08,92,932)</u>
Cash generated from operations	95,73,255	1,10,20,057
Income Tax	(1,80,000)	26,13,647
Net cash from operating activities.... (A)	<u>93,93,255</u>	<u>1,36,33,704</u>
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(1,25,08,298)	(12,20,146)
Sale of Fixed Assets	1,70,001	17,21,000
Net cash from investing activities.... (B)	<u>(1,23,38,297)</u>	<u>5,00,854</u>
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Long Term Borrowings	41,42,840	(2,32,91,778)
Proceeds from Fixed Deposits	12,72,000	(16,06,000)
Proceeds from Working Capital Loan	1,66,18,897	2,48,89,143
Interest Received	4,92,027	4,52,631
Interest Paid	(1,94,03,321)	(1,42,46,099)
Net cash from financing activities.... (C)	<u>31,22,443</u>	<u>(1,38,02,103)</u>
Net Increase/(Decrease) in cash & cash equivalents (A) + (B) + (C)	1,77,401	3,32,455
Cash and cash equivalents (Opening Balance)	20,45,227	17,12,772
Cash and cash equivalents (Closing Balance)	22,22,628	20,45,227

NOTES :

(1) Cash and Cash equivalent includes :

PARTICULARS	2008 - 2009 Rupees	2007 - 2008 Rupees
Cash on Hand	1,66,474	1,33,268
Bank Balances with Scheduled Banks in :		
Current Accounts	8,56,154	5,01,959
Fixed Deposit Account	12,00,000	14,10,000
	<u>20,56,154</u>	<u>19,11,959</u>
TOTAL	<u>22,22,628</u>	<u>20,45,227</u>

(2) The Cash Flow statement has been prepared under the Indirect Method as set out in Accounting Standard - 3 on Cash Flow Statement issued by The Institute of Chartered Accountants of India.

(3) Purchase of Fixed Assets include payments for items in Capital Work in progress and capital advances.

(4) The previous year's figures have been regrouped wherever necessary to make them comparable with this year's figures.

As per our report of even date
For C. C. CHOKSHI & CO.,
Chartered Accountants

GAURAV J. SHAH

PARTNER
Membership No. 35701

AHMEDABAD
DATED : May 27, 2009

For and on behalf of the Board

Rajan R. Harivallabhdas
Chairman & Managing Director

Nahoosh J. Jariwala
Executive Director

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

AHMEDABAD
DATED : May 27, 2009

ANNUAL REPORT 2008-2009

SCHEDULES FORMING PART OF ACCOUNTS

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SCHEDULE - 1		
SHARE CAPITAL		
Authorised :		
1,45,00,000 (Previous Year 14,50,000) Equity Shares of Rs.10/- each	14,50,00,000	14,50,00,000
50,000 (Previous Year 50,000) Preference Shares of Rs.100/- each	50,00,000	50,00,000
	<u>15,00,00,000</u>	<u>15,00,00,000</u>
Issued :		
95,00,000 Equity Shares of Rs.10/- each	9,50,00,000	9,50,00,000
	<u>9,50,00,000</u>	<u>9,50,00,000</u>
Subscribed & Paid up :		
95,00,000 Equity Shares of Rs.10/- each	9,50,00,000	9,50,00,000
TOTAL	<u>9,50,00,000</u>	<u>9,50,00,000</u>

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

SCHEDULE - 2		
RESERVES & SURPLUS		
A) Share Premium Account		
Balance as per last Balance Sheet	13,86,000	13,86,000
B) Capital Redemption Reserve		
Balance as per last Balance Sheet	50,00,000	50,00,000
C) Profit & Loss Account	3,93,64,166	5,38,60,071
TOTAL	<u>4,57,50,166</u>	<u>6,02,46,071</u>

SCHEDULE - 3		
SECURED LOANS		
FROM BANKS		
(1) Term Loans	3,12,43,299	2,84,96,213
Interest Accrued & Due	-----	4,63,426
	<u>3,12,43,299</u>	<u>2,89,59,639</u>
(2) Working Capital Loans (Payable within one year)	6,57,49,915	6,21,31,018
(3) Vehicle Loans	17,26,977	3,31,223
TOTAL	<u>9,87,20,191</u>	<u>9,14,21,880</u>

- Notes:**
- All the above loans except Vehicle Loans from Bank are secured by first mortgage on the Company's immovable properties both present and future and hypothecation of all present and future machinery, other movable assets, goods and book debts of the Company. They are further secured by a personal guarantee given by the Managing Director of the Company.
 - The Vehicle Loans from banks are secured by hypothecation of vehicles and are further secured by personal guarantee given by the Directors of the Company.
 - Principal amount payable within one year Rs. 1,77,04,800/- (Previous Year Rs. 1,38,67,482/-)



	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SCHEDULE - 4		
UNSECURED LOANS		
Inter-Corporate Deposits	3,80,00,000	2,50,00,000
Fixed Deposits		
- From a Director	10,00,000	10,00,000
- From Others	79,72,000	67,00,000
	89,72,000	77,00,000
TOTAL	4,69,72,000	3,27,00,000

Notes :

Principal amount payable within one year Rs. 89,72,000/- (Previous Year Rs. 77,00,000/-)

SCHEDULE - 5
FIXED ASSETS

Sr. No.	Description of Goods	Gross Block (At Cost)				Depreciation				Net Block	
		As on	Additions	Sales/	As on	As on	For the	Sales/	Upto	As at	As at
		01.04.2008		Deduction	31.03.2009	01.04.2008	Year	Deduction	31.03.2009	31.03.2009	31.03.2008
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
1.	Land	63,10,290	----	----	63,10,290	----	----	----	----	63,10,290	63,10,290
2.	Building	5,38,05,746	16,70,372	----	554,76,118	1,23,74,851	17,54,087	----	1,41,28,938	4,13,47,180	4,14,30,895
3.	Plant & Machinery	24,95,57,704	87,19,488	----	25,82,77,192	10,37,08,264	1,32,50,740	----	11,69,59,004	14,13,18,188	14,58,49,440
4.	Electric Installation	1,54,18,661	1,21,424	----	1,55,40,085	61,56,398	7,34,538	----	68,90,936	86,49,149	92,62,263
5.	Air Conditioners	10,05,370	----	----	10,05,370	3,55,572	47,757	----	4,03,329	6,02,041	6,49,798
6.	Office Equipments	25,97,558	46,404	----	26,43,962	15,48,990	1,45,468	----	16,94,458	9,49,504	10,48,568
7.	Furniture & Fixtures	18,72,156	4,000	----	18,76,156	14,24,164	82,313	----	15,06,477	3,69,679	4,47,992
8.	Vehicles	46,41,277	20,43,316	5,35,454	61,49,139	13,18,370	5,21,783	1,64,311	16,75,842	44,73,297	33,22,907
		33,52,08,762	1,26,05,004	5,35,454	34,72,78,312	12,68,86,609	1,65,36,686	1,64,311	14,32,58,984	20,40,19,328	20,83,22,153
	As at 31.03.2008	33,29,67,121	33,19,943	10,78,302	33,52,08,762	11,09,55,057	1,61,55,909	2,24,357	12,68,86,609	20,83,22,153	
	Capital Work in Progress									34,66,254	35,62,959

NOTES : Capital work in Progress includes Rs. Nil/- on account of advance against Capital Expenditure.
(Previous Year Rs. 3,000/-)

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	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SCHEDULE - 6		
INVENTORIES		
1. Stores, Fuel & Packing Material (Including Goods in Transit Rs.64,602/-) (Previous Year Rs. 5,34,947/-)	1,44,69,280	1,42,47,686
2. Raw Materials (Including Goods in Transit Rs. 7,61,704/-) (Previous Year Rs. Nil)	1,11,76,317	93,69,006
3. Semi-finished Goods	3,12,69,955	4,17,16,174
	4,24,46,272	5,10,85,180
TOTAL	5,69,15,552	6,53,32,866
SCHEDULE - 7		
SUNDRY DEBTORS (Unsecured & Considered Good)		
Exceeding six months	58,851	1,37,575
Others	4,63,02,937	3,22,16,395
	4,63,61,788	3,23,53,970
TOTAL	4,63,61,788	3,23,53,970
SCHEDULE - 8		
CASH & BANK BALANCES		
Cash on Hand	1,66,474	1,33,268
Bank Balances with Scheduled Banks in:		
Current Accounts (Including Rs. 1,11,127/- of unclaimed dividend) (Previous year Rs. 1,11,367/-)	8,56,154	5,01,959
Fixed Deposit Account	12,00,000	14,10,000
	20,56,154	19,11,959
TOTAL	22,22,628	20,45,227
SCHEDULE - 9		
LOANS & ADVANCES (Unsecured - Considered good)		
Advances recoverable in cash or in kind or for value to be received	38,15,161	37,80,164
Loans to Staff	61,700	29,300
Sundry Deposits	31,33,127	29,01,015
Interest receivable	2,08,547	2,11,249
Cenvat and VAT Credit Receivable	21,07,579	44,98,819
MAT Credit Receivable	3,74,640	3,74,640
Advance Tax and tax deducted at source (Including Advance Fringe Benefit Tax paid Rs. 2,21,450/-) (Previous Year Rs. 1,72,040/-)	1,19,50,058	1,12,76,025
TOTAL	2,16,50,812	2,30,71,212

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SCHEDULE - 10		
CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities		
Sundry Creditors :		
Micro, Small and Medium Enterprises (As per the information available with the Company) (Outstanding for less than 30 days)	1,59,035	1,59,075
Others	1,11,91,477	1,39,84,059
Investor Education & Protection Fund*		
Unclaimed Dividend	1,11,127	1,11,367
Unclaimed matured fixed deposits	1,10,000	70,000
Unclaimed interest on fixed deposits	5,807	5,807
* (These do not include any amount due to be credited to Investor Education & Protection Fund)		
Other Liabilities	12,16,578	8,31,727
Interest Accrued but not due	13,20,273	15,27,431
	<u>1,41,14,297</u>	<u>1,66,89,466</u>
B. Provisions		
For Taxation	89,46,795	84,38,516
For Gratuity, Superannuation and Leave encashment	39,26,035	26,55,014
TOTAL	<u>2,69,87,127</u>	<u>2,77,82,996</u>
	2008-2009	2007-2008
	Rs.	Rs.
SCHEDULE - 11		
OTHER INCOME		
Miscellaneous Income	6,06,201	4,07,070
Profit on Sale of Fixed Asset	-----	8,67,055
Foreign Exchange Gain (Net)	-----	4,44,406
TOTAL	<u>6,06,201</u>	<u>17,18,531</u>
SCHEDULE - 12		
(INCREASE) / DECREASE IN STOCK OF SEMI-FINISHED GOODS		
Closing Stock	3,12,69,955	4,17,16,174
Less : Opening Stock	4,17,16,174	1,41,53,878
TOTAL	<u>1,04,46,219</u>	<u>(2,75,62,296)</u>

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	2008-2009 Rs.	2007-2008 Rs.
SCHEDULE - 13		
MANUFACTURING EXPENSES & OTHER EXPENSES		
1. Raw Materials Consumed	18,42,89,446	19,24,50,068
2. Power & Fuel	6,83,55,775	5,70,69,096
3. Payments to & Provisions for Employees		
(a) Salary, Wages & Bonus	1,62,61,119	1,51,75,134
(b) Contribution to Provident Fund	9,09,455	8,45,619
(c) Gratuity & Superannuation	17,01,350	81,501
(d) Welfare Expenses	<u>19,31,676</u>	<u>30,13,512</u>
	2,08,03,600	1,91,15,766
4. Operating Expenses		
(a) Consumable Stores	21,35,790	19,14,523
(b) Stores, Spares Consumed	1,17,37,445	88,58,072
(c) Packing Material Consumed	82,82,781	78,02,725
(d) Laboratory Chemical Consumed	10,83,107	15,01,050
(e) Repairs		
Building	8,680	75,541
Machinery	12,43,705	8,78,101
Others	1,95,564	2,30,538
(f) Insurance Premium	9,21,138	13,53,428
(g) Rates & Taxes	4,82,286	6,54,064
(h) Stationery, Printing, Postage Telephone, & Advertisement Expenses	11,27,825	10,15,888
(i) Sales Expenses	40,05,460	50,01,683
(j) Audit Fees	1,10,000	1,12,360
(k) Legal & Consultation	6,69,853	12,67,347
(l) Travelling Expenses	4,59,195	7,52,451
(m) Bank Charges & Finance Charges	2,80,817	5,80,841
(n) General Charges	72,84,031	71,08,067
(o) Foreign Exchange Loss	23,10,699	----
(p) Loss on Sale of Fixed Assets	<u>2,01,142</u>	<u>----</u>
	4,25,39,518	3,91,06,679
5. Directors' Sitting Fees	21,000	24,000
TOTAL	<u>31,60,09,339</u>	<u>30,77,65,609</u>
SCHEDULE - 14		
INTEREST		
On Fixed Loans	37,59,337	51,60,147
On Unsecured Loans	44,66,601	37,64,964
On Working Capital	96,79,167	60,84,435
Others	<u>8,27,632</u>	<u>82,669</u>
	1,87,32,737	1,50,92,215
Less: Interest received/receivable on deposits (Tax deducted at source Rs. 20,492/-, Previous year Rs. 60,525/-)	2,22,859	2,61,786
Other Interest	<u>2,66,466</u>	<u>3,39,753</u>
	4,89,325	6,01,539
TOTAL	<u>1,82,43,412</u>	<u>1,44,90,676</u>

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

The accounts are prepared on historical cost basis and based on accrual method of accounting and applicable accounting standards.

2. Use of Estimates :

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

3. Fixed Assets :

Fixed Assets are recorded at historical cost. Fixed Assets are reviewed for Impairment losses whenever events or changes in circumstances indicate that carrying amount may not be recoverable. An impairment loss is then recognized for the amount by which the carrying amount of assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

4. Depreciation :

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

5. Inventories :

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

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

6. Revenue recognition :

Sales are recognised on dispatch of products to the customers. Sales are inclusive of Cenvat duty.

7. Transaction of Foreign Currency Items :

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

8. Prior period Expenses / Income :

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

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

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

(b) Defined Benefit Plan

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

10. Cenvat Credit :

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

11. Leases :**Lease Transactions entered into on or after April 1, 2001 :**

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

12. Taxes on Income :

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

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

13. Borrowing Costs :

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

14. Provisions, Contingent Liabilities and Contingent Assets:

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

B. NOTES ON ACCOUNTS :

	Current Year Rs.	Previous Year Rs.
1. Contingent Liabilities :		
(a) Disputed demand of Central Excise Department	NIL	20,59,198
(b) Disputed demand of Income Tax Department	73,25,190	64,57,504
2. Profit & Loss Account includes		
(A) Managing Director's Remuneration		
Salary	8,75,806	7,45,806
Gratuity & Superannuation	72,955	-----
Perquisites	5,51,239	7,54,194
	<u>15,00,000</u>	<u>15,00,000</u>
(B) Wholetime Director's Remuneration		
Salary	5,80,645	5,37,484
Gratuity & Superannuation	24,213	22,413
Perquisites	4,15,239	3,46,116
	<u>10,20,097</u>	<u>9,06,013</u>

3. Profit and Loss Account includes :

	Current Year	Previous Year
Payment to Auditors in other capacity for :		
(i) Other services including Certification etc.	1,16,854	1,08,989
(ii) For Taxation Matter	1,64,808	1,03,500
(ii) Out of Pocket expenses	162	1,289

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



4. Employee Benefits :

(a) Defined Benefit Plans :

Particulars	Gratuity Rs.	Leave Encashment Rs.
i) Net liabilities recognised in Balance Sheet as at 31st March, 2009		
Present Value of Funded obligation	----- (----)	----- (----)
Fair Value of Plan Assets	----- (----)	----- (----)
Present Value of unfunded obligation	29,54,249	8,41,592
Net Liabilities	(17,36,133)	(8,48,562)
	29,54,249	8,41,592
	(17,36,133)	(8,48,562)
ii) Expense recognised in Profit & Loss Account for the year ended March 31, 2009 (included in Schedule 14 in item "Payments to & provisions for Employees")		
Current Service Cost	3,66,429	1,96,633
Interest Cost	(2,51,556)	(2,56,994)
Expected return on plan assets	1,38,891	67,885
Net actuarial losses (gains)	(1,65,193)	(54,292)
	-----	-----
	9,35,642	8,500
Total Expenses	(-4,05,567)	(1,05,725)
	14,40,962	2,73,018
	(11,182)	(4,17,011)
iii) Reconciliation of opening and closing balances of changes in present value of the defined benefit obligation		
Opening Balance of defined benefit obligation as at April 1, 2008	17,36,133	8,48,562
	(19,43,444)	(6,38,730)
Current Service Cost	3,66,429	1,96,633
	(2,51,556)	(2,56,994)
Interest Cost	1,38,891	67,885
	(1,65,193)	(54,292)
Actuarial Losses (gains)	9,35,642	8,500
	(-4,05,567)	(1,05,725)
Liabilities extinguished on settlements	-----	-----
Benefits Paid	2,22,846	2,79,988
	(2,18,493)	(2,07,179)
Closing balance of defined benefit obligation as at March 31, 2009	29,54,249	8,41,592
	(17,36,133)	(8,48,562)
iv) Actuarial Assumptions	March 31, 2009	
Discount Rate	8.00%	
	(8.50%)	
Expected rate of return on plan assets	--	
Expected rate of salary increase*	6.00%	
	(6.50%)	
Mortality	LIC (1994-96) published table of rates	
Withdrawal Rates	5% (P. Y. 5%) at younger age and reducing to 1% (P.Y. 1%) at older age according to graduated scale	
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.

(b) Defined Contribution Plans :

Rs. 11,69,843/- (Previous year Rs. 9,15,938/-) recognised as an expense and included in the Schedule 13 of Profit and Loss Account under the head "Contribution to Provident Fund, Gratuity and Superannuation".

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

6. Financial and Derivative Instruments :

- (a) The Company uses derivative financial instruments including forward exchange contracts to hedge its risk associated with foreign currency fluctuations. The following are outstanding Foreign Exchange Forward contracts for hedging Foreign Currency in relation to Exports as at 31st March, 2009.

F. Y.	Foreign Currency	No. of Contracts	Notional Amount of Forward contracts in Foreign Currency (USD)	Rs. Equivalent
2008-2009	US Dollar	3	2,00,000	1,01,46,000
2007-2008	US Dollar	15	8,40,000	3,34,77,200

- (b) Foreign Currency exposure not hedged by derivative instruments as at 31st March, 2009 amount to Rs. 82,15,321/- (Previous Year Rs. 25,53,975/-)

7. The following disclosures are made for the amounts due to the Micro, Small and Medium Enterprises as at 31st March, 2009.

(Amount in Rs.)

Principal amount remaining unpaid to any supplier as at the year end (Unpaid as at 31 st March, 2008)	1,59,035 (1,59,075)
Interest due on the above mentioned principal amount remaining unpaid to any supplier as at the year end	-- (--)
Amount of the interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") along with the amount of the payment made to the supplier beyond the appointed day during the accounting year.	-- (--)
Amount of the interest due and payable for the period of delay in making payment but without adding the interest specified under the MSMED Act.	-- (--)
Amount of Interest accrued and remaining unpaid at the end of the accounting year.	-- (--)

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

8. Segment Reporting :
Business Segment :

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

Geographical Segment :

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

(Amount in Rs.)

Segment Revenues	India	Outside India	Total
Sales	27,83,32,970 (25,37,69,461)	6,19,78,297 (5,79,39,771)	34,03,11,267 (31,17,09,232)
Other Income	6,06,201 (17,18,531)	---- (----)	6,06,201 (17,18,531)
Total	27,89,39,171 (25,54,87,992)	6,19,78,297 (5,79,39,771)	34,09,17,468 (31,34,27,763)
Segment Assets			
Carrying amount of Segment Assets	32,64,21,041 (33,21,34,412)	82,15,321 (25,53,975)	33,46,36,362 (33,46,88,387)
Addition to fixed assets	1,26,05,004 (33,19,943)	---- (----)	1,26,05,004 (33,19,943)

9. Components of Deferred Tax Liability are as under :

	As on 31-3-2009	As on 31-3-2008
(A) Deferred Tax Liability :		
Depreciation	3,03,60,693	3,03,65,961
Total (A)	3,03,60,693	3,03,65,961
(B) Deffered Tax Asset :		
(a) Unabsorbed loss / Depreciation	79,80,900	19,62,336
(b) Expenses allowable for tax purpose when paid	11,72,915	8,66,185
Total (B)	91,53,815	28,28,521
(C) Net Deferred Tax Liability (A) - (B)	2,12,06,878	2,75,37,440

10. Related Party Disclosures :

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

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

(b) Details of transactions with related parties :

(Rs. in Lacs)

Nature of Transactions	Associate Companies / Enterprise	Key Management Personnel & their Relatives	Promoter Shareholder	Total
A) LOAN TAKEN / REPAID				
i) Shri Aja Electro Chem Pvt. Ltd.	50.00	----	----	50.00
	(7.00)	(----)	(----)	(7.00)
Repaid	0.00	----	----	0.00
	(0.00)	(----)	(----)	(0.00)
Balance as at 31-03-2009	75.00	----	----	75.00
	(25.00)	(----)	(----)	(25.00)
ii) Shri Abhyudaya Chemicals Pvt. Ltd.	5.00	----	----	5.00
	(10.00)	(----)	(----)	(10.00)
Repaid	0.00	----	----	0.00
	(0.00)	(----)	(----)	(0.00)
Balance as at 31-03-2009	25.00	----	----	25.00
	(20.00)	(----)	(----)	(20.00)
iii) Shri Arya Investment Pvt. Ltd.	50.00	----	----	50.00
	(23.00)	(----)	(----)	(23.00)
Repaid	5.00	----	----	5.00
	(25.00)	(----)	(----)	(25.00)
Balance as at 31-03-2009	70.00	----	----	70.00
	(25.00)	(----)	(----)	(25.00)

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Nature of Transactions	Associate Companies / Enterprise	Key Management Personnel & their Relatives	Promoter Shareholder	Total
iv) Essenar Investments Pvt. Ltd.	00.00	----	----	00.00
	(00.00)	(----	(----	(00.00)
Repaid	00.00	----	----	00.00
	(15.00)	(----	(----	(15.00)
Balance as at 31-03-2009	30.00	----	----	30.00
	(30.00)	(----	(----	(30.00)
v) PCD Investment Pvt. Ltd.	00.00	----	----	00.00
	(00.00)	(----	(----	(00.00)
Repaid	00.00	----	----	00.00
	(00.00)	(----	(----	(00.00)
Balance as at 31-03-2009	30.00	----	----	30.00
	(30.00)	(----	(----	(30.00)
vi) UKM Investment Pvt. Ltd.	00.00	----	----	00.00
	(00.00)	(----	(----	(00.00)
Repaid	00.00	----	----	00.00
	(00.00)	(----	(----	(00.00)
Balance as at 31-03-2009	30.00	----	----	30.00
	(30.00)	(----	(----	(30.00)
vii) Harihar Mfg. & Trading Pvt. Ltd.	00.00	----	----	00.00
	(00.00)	(----	(----	(00.00)
Repaid	00.00	----	----	00.00
	(00.00)	(----	(----	(00.00)
Balance as at 31-03-2009	40.00	----	----	40.00
	(40.00)	(----	(----	(40.00)
B) DEPOSIT TAKEN / REPAID				
i) Shri A. R. Harivallabhdas	----	0.50	----	0.50
	(----	(1.00)	(----	(1.00)
Repaid	----	1.00	(----	1.00
	(----	(1.00)	(----	(1.00)
Balance as at 31-03-2009	----	0.50	----	0.50
	(----	(1.00)	(----	(1.00)
ii) Smt. K. A. Harivallabhdas	----	0.50	----	0.50
	(----	(1.00)	(----	(1.00)
Repaid	----	1.00	----	1.00
	(----	(1.00)	(----	(1.00)
Balance as at 31-03-2009	----	0.50	----	0.50
	(----	(1.00)	(----	(1.00)
iii) Smt. S. D. Harivallabhdas	----	7.00	----	7.00
	(----	(6.50)	(----	(6.50)
Repaid	----	6.50	----	6.50
	(----	(6.00)	(----	(6.00)
Balance as at 31-03-2009	----	7.00	----	7.00
	(----	(6.50)	(----	(6.50)
C) INTEREST PAID				
i) Shri Aja Electro Chem Pvt. Ltd.	3.85	----	----	3.85
	(2.33)	(----	(----	(2.33)
ii) Shri Abhyudaya Chemicals Pvt. Ltd.	2.89	----	----	2.89
	(1.53)	(----	(----	(1.53)
iii) Shri Arya Investment Pvt. Ltd.	3.49	----	----	3.49
	(2.95)	(----	(----	(2.95)



iv)	Essenar Investments Pvt. Ltd.	3.73	-----	-----	3.73
		(4.49)	(----	(----	(4.49)
v)	PCD Investment Pvt. Ltd.	3.73	-----	-----	3.73
		(3.36)	(----	(----	(3.36)
vi)	UKM Investment Pvt. Ltd.	3.73	-----	-----	3.73
		(3.36)	(----	(----	(3.36)
vii)	Harihar Mfg. & Trading Pvt. Ltd.	4.98	-----	-----	4.98
		(4.48)	(----	(----	(4.48)
viii)	Shri A. R. Harivallabhdas	----	0.11	-----	0.11
		(----	(0.10)	(----	(0.10)
ix)	Smt. K. A. Harivallabhdas	----	0.11	-----	0.11
		(----	(0.10)	(----	(0.10)
x)	Smt. S. D. Harivallabhdas	----	0.67	-----	0.67
		(----	(0.65)	(----	(0.65)
D)	RENT PAID				
	Shri Arya Investment Pvt. Ltd.	2.25	-----	-----	2.25
		(1.58)	(----	(----	(1.58)
E)	MANAGERIAL REMUNERATION				
i)	Shri Rajan R. Harivallabhdas	-----	15.00	-----	15.00
		(----	(15.00)	(----	(15.00)
ii)	Shri Nahoosh J. Jariwala	-----	10.20	-----	10.20
		(----	(9.06)	(----	(9.06)

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

(C) List of other Companies under common control :

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

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

	Current Year	Previous Year
	Rs.	Rs.
11. Earning per Equity Share :		
Profit after taxation as per Profit & Loss Account	(1,44,95,905)	82,18,244
	(1,44,95,905)	82,18,244
Weighted average number of Equity Shares	95,00,000	95,00,000
Basic / Diluted earning per Equity Share (F.V. Rs. 10/-) (in Rupees)	(1.53)	0.87

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

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

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

(b) The total installed capacity of the company is 6,000 M.Tons per annum measured in terms of throughput of raw material. (As certified by the management.)

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

Particulars	Unit	Opening Stock		Production	Turnover		Closing Stock	
		Quantity	Amount Rs.	Quantity	Quantity	Amount Rs.	Quantity	Amount Rs.
1. Deodorizer Distillate	M.T.	—	—	460.000	460.000	5,45,46,311	—	—
(Mixed Tocopherols)	M.T.	(—)	(—)	(387.985)	(387.985)	(3,46,42,688)	(—)	(—)
2. Linoleic Acid /	M.T.	—	—	786.089	786.089	5,25,50,686	—	—
Oleic Acid	M.T.	(—)	(—)	(1827.420)	(1827.420)	(10,14,60,507)	(—)	(—)
3. Dimer Acid	M.T.	—	—	1064.570	1064.570	10,24,42,561	—	—
	M.T.	(—)	(—)	(614.039)	(614.039)	(5,03,91,366)	(—)	(—)
4. Other Fatty Acids	M.T.	—	—	2202.351	2202.351	8,67,07,260	—	—
	M.T.	(—)	(—)	(2426.520)	(2426.520)	(8,11,78,682)	(—)	(—)
5. Others			—			4,40,64,449		—
			(—)			(4,40,35,989)		(—)
				Add : Cenvat Duty		3,56,84,699		
						(4,07,28,253)		
				TOTAL RS.		37,59,95,966		
						(35,24,37,485)		

(d) Raw Materials consumed :

	Current Year		Previous Year	
	Quantity M.T.	Value Rs.	Quantity M.T.	Value Rs.
1. Vegetable Oil based Fatty Acid Distillate	1765.260	4,72,82,734	2131.720	5,24,02,488
2. Acid Oil	4858.025	13,04,32,916	4986.472	12,02,29,587
3. Others	33.978	10,61,861	592.464	1,74,12,667
4. Chemicals	136.590	55,11,935	76.641	24,05,326
	6793.853	18,42,89,446	7787.297	19,24,50,068



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

	Current Year		Previous Year	
	Value (Rs.)	%	Value (Rs.)	%
(1) Raw Materials :				
Imported	80,131	0.04	1,66,74,722	8.66
Indigenous	18,42,09,315	99.96	17,57,75,346	91.34
	<u>18,42,89,446</u>	<u>100.00</u>	<u>19,24,50,068</u>	<u>100.00</u>
(2) Stores, Spares (Including Consumable stores and packing materials)				
Imported	-----	-----	22,424	0.12
Indigenous	2,21,56,016	100.00	1,85,50,896	99.88

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

	Current Year Rs.	Previous Year (Rs.)
Raw Material	3,18,399	1,30,51,535
Capital Goods	-----	1,83,986
Consumable Stores	-----	22,424

(g) Expenditure in Foreign Currency (Net) :

For Kashruth Certification Fees	4,69,347	3,95,640
Others	1,05,815	5,42,222
	<u>5,75,162</u>	<u>9,37,862</u>

(h) Earnings in Foreign Exchange

F.O.B. Basis on Exports	6,04,68,562	5,65,46,909
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13. Figures of previous year have been re-grouped / reclassified, wherever necessary to make them comparable with the figures of this year.

SIGNATURES TO SCHEDULES 1 TO 15

As per our report of even date attached

For C. C. CHOKSHI & CO.,
Chartered Accountants

GAURAV J. SHAH

PARTNER
Membership No. 35701

AHMEDABAD

DATED : May 27, 2009

For and on behalf of the Board

Rajan R. Harivallabhdas
Chairman & Managing Director

Nahoosh J. Jariwala
Executive Director

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

AHMEDABAD

DATED : May 27, 2009

ANNEXURE I

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details :

Registration No.: 7845 of 1985-86

State Code : 04

Balance Sheet Date : 31 03 2009
Date Month Year

II. Capital Raised during the year: (Amount in Rs. Thousands)

Public Issue
NIL

Right Issue
NIL

Bonus Issue
NIL

Private Placement
NIL

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

	Total Liabilities	Total Assets
	334636	334636
Sources of Funds		
	Paid-Up Capital	Reserves & Surplus
	95000	45750
	Secured Loans	Unsecured Loans
	98720	46972
	Deferred Tax Liability	
	21207	
Application of Funds		
	Net Fixed Assets	Investments
	207485	NIL
	Net Current Assets	Misc. Expenditure
	100164	NIL
	Accumulated Losses	
	NIL	

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

	Turnover	Total Expenditure
	340918	361236
	Profit before tax	Profit after Tax
	(20318)	(14496)
	Earning per Share in Rs.	Dividend rate %
	(1.53)	NIL

V. Generic Names of Principal Products/Services of Company

(as per monetary terms)

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

38249090

29171990

38231900

Product Description

Deodorizer Distillate

(Mixed Tocopherols)

Dimer Acid

Linoleic Acid

For and on behalf of the Board

Rajan R. Harivallabdas

Chairman & Managing Director

Nahoosh J. Jariwala

Executive Director

Akshaykumar P. Shah

General Manager (Finance) & Company Secretary

Ahmedabad
May 27, 2009

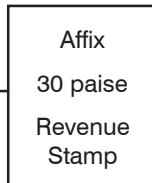
FORM OF PROXY
H. K. FINECHEM LIMITED

Registered Office : 201, ANIKET, C. G. ROAD, NAVRANGPURA, AHMEDABAD - 380 009.

I/We _____ of _____
_____ in the district of _____ being a
Member (s) of the above named Company hereby appoint _____ of _____
in the district of _____ or failing him _____ of _____
in the district of _____ as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company
to be held on Tuesday, 29th September, 2009 and at any adjournment thereof.

Signed this _____ day of _____, 2009.

Signature _____



Ledger Folio No. _____

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

* For Shares held in Electronic Form

No. of Shares held _____

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

H. K. FINECHEM LIMITED

Registered Office : 201, ANIKET, C. G. ROAD, NAVRANGPURA, AHMEDABAD - 380 009.

ATTENDANCE SLIP

I hereby, record my presence at the Annual General Meeting of the Company at Ahmedabad Textile Mills' Association's Hall, Ashram Road, Navrangpura, Ahmedabad - 380 009 on Tuesday, 29th September, 2009 at 4.00 p.m.

1. L. F. No. _____

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

* For Shares held in Electronic Form

2. FULL NAME OF THE SHAREHOLDER _____

3. NO. OF EQUITY SHARES HELD _____

4. SIGNATURE OF SHAREHOLDER OR
PROXY ATTENDING _____

PLEASE GIVE FULL NAME OF THE 1ST JOINTHOLDER

MR./MRS./MISS _____

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

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