

BOARD OF DIRECTORS**Chairman & Managing Director**

Surendra Kumar Tibrewala

Executive Director

Sanjay Tibrewala

Manmohan Mehta

Anand Agarwal

Sanjay Mittal

BANKERS

Indian Bank

Oriental Bank of Commerce

Union Bank of Commerce

HDFC Bank Ltd.

COMPANY SECRETARY

A V Nerurkar

AUDITORS

UKG Associates

Chartered Accountants

REGISTERED OFFICE

42,43 Manorama Chambers, S V Road, Bandra (West),

Mumbai 400050.

PLANT LOCATION

A-699/700, TTC Industrial Area Mahape, New Mumbai

REGISTRARS & TRANSFER AGENT

Bigshare Services Private Limited

E/ Anza Industrial Estate, Saki Vihar Road, Mumbai 400072.

Phone : 022- 4043 0200

Telefax:022- 2847 5207

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Chairman's Speech

I welcome all of you who have become the shareholders of the Company subsequent to the Initial Public Offer made by the Company. The liquidity in the market had suddenly worsened during the week the IPO was open for subscription in the last week of February, 2011. However you have my sincere appreciation since, in spite of the difficult situation, you subscribed to the IPO and became shareholders of the company. Looking back, I am sure you must be happy that your decision in the challenging circumstances has in fact turned to be wise. I assure you that I and my colleagues on the Board would make earnest effort to increase the value to you as well as all other stake holders.

The year that went by had been a very challenging one. The cost continued to rise due to global inflationary conditions and high interest economy. The margins continued to be under stress throughout the year. However in spite of the odds, it was satisfying to note that the Company could increase its presence in the market and increase its presence in the market. This was possible due to the dedication of my colleagues on the Board as well as in the Company at all levels. The Company is in production for the last of four year and has been able to grow due to the enterprising and zeal of my colleagues.

This year we have to put a lot of effort to consolidate our position. The economy is showing signs of slow down and we have to double our efforts to keep our momentum getting faster. We are looking at various options – capacity expansion and its maximum utilization, trading to complement manufacture as well looking at newer markets round the globe.

Our plans for setting up of additional manufacturing facilities are moving at a slower pace than planned. The property market is declining, but at the same time the sellers are also reluctant to come forward due to the uncertainty in the market. This has forced us to look at new options like taking over other units that would synergize with our capacities to make complementary products to increase our product range as well as reduce the delay that is caused due to selection of land for expansion. The running units would eliminate the gestation period of setting up a plant. Negotiations are on but there has been cautious approach from both sides to complete the deal.

This has also led us to look at opportunities outside India. We are looking at setting up of manufacturing units abroad or acquire them directly or through a Special Purpose Vehicle. The negotiations are progressing well. This would be a two in one type of venture. Firstly it would increase the product range which is both in the nature of complementing and supplementing of our product range with established products and market. This will enable to penetrate new markets. Secondly it would be like a research facility that would help us develop new products.

The thrust during the year would be to develop new products and recipes for our clients to stay ahead of our customers' needs. The pillar stone of our Company is to do business by fair practices which will continue to guide us in future. We would be thrustful but within the rules of the State. I am sure that as the year rolls on the positive returns would be visibly rolling in.

I wish all of you a very rewarding year.

Chairman & Managing Director

Surendra Kumar Tibrewala

15th June, 2011

NOTICE

NOTICE is hereby given that the Eighth Annual General Meeting of the members of Fineotex Chemical Limited will be held at Gokul Hall, Rajpuria Baug N B Thakkar Road, Vile Parle (East), Mumbai 400057 Friday. 12th August. 2011, at 2.30 P.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended 31st March 2011, the Balance Sheet as that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend for the year 2010-11.
3. To appoint a director in place of Mr. Anand Agarwal who retires by rotation and being eligible offers himself for reappointment.
4. To appoint UKG Associates as auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration

SPECIAL BUSINESS

5. To consider the following resolution, with or without modification, as a Special Resolution

RESOLVED THAT the Board of Directors of the Company be and are hereby authorized to utilize the funds raised through the Initial Public Offer in February 2011 by inter changing, either partially or fully, the allocation as disclosed in the prospectus dated February 26, 2011 and to use the un-utilised portion under any of any category for the other remaining categories.

6. To consider the following resolution, with or without modification, as a Special Resolution

RESOLVED THAT pursuant to Sections 293, 372A and other applicable provisions, if any, of the Companies Act, 1956 and other applicable laws and subject to the approvals, if any, of the Central Government, Reserve Bank of India and other authorities, the Company be and is hereby authorized to invest a sum not exceeding Rs. 25 crores (Rupees Twenty Five crores only), including the utilization of the proceeds of the Initial Public Offer, by way of subscription and / or purchase of equity shares or such other securities, in one or more enterprises, whether in India or abroad, notwithstanding that such an investment or such investment together with the present investments of the Company along with loans, advances, guarantees, sureties etc given by the Company exceed the limits specified under the Companies Act, 1956

and the Board of Directors of the Company be and is hereby authorized to determine the actual sums to be invested and do all matters arising out of or incidental to the proposed investments and do all such acts and things as may be necessary to implement this resolution.

7. To consider the following resolution, with or without modification, as an Ordinary Resolution

RESOLVED THAT in accordance with the provisions of sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 and the approval of the Remuneration Committee of the Company, Mr. Surendra Kumar Tibrewala be and is hereby re-appointed as a Managing Director of the Company for a period of three years with effect from July 1, 2011 on a remuneration of 5% of the net profits of the Company by way of salary, perquisites and commission which the Company is entitled to pay as per the provisions of section I of the Part II of the Schedule XIII of the Companies Act, 1956:

PROVIDED THAT the remuneration aforesaid pertaining to salary and perquisites shall not exceed a sum of Rs. 3,00,000/- p.m. or such higher sum which the Company is / would be entitled to pay as maximum remuneration as per Paragraph B of section II of Part II of Schedule XIII in the event of loss or inadequate profits during the tenure of his appointment as approved by the Remuneration Committee. computed in accordance with the provisions of the said Schedule other applicable laws and subject to the approvals, if any.

Provided Further That any excess salary drawn by or paid to him in any year of loss or inadequacy of profits, over and above the amount mentioned in Paragraph B of Section II of Part II of Schedule XIII, shall be refunded by him and for this purpose, the company shall effect recovery month by month and every month commencing from the month in which the annual accounts disclosing the loss or inadequacy of profits are approved by the Board of Directors in their meeting held as per provisions of section 217

Provided further that any excess remuneration drawn or paid to him as aforesaid shall be forthwith refunded to the company in the event the appointment come to an end prematurely or is not renewed for a further period beyond this period.

Resolved Further That any other Director of the Company be and is hereby authorized to execute the agreement incorporating the above terms on behalf of the Company.

8. To consider the following resolution, with or without modification, as an Ordinary Resolution

RESOLVED THAT in accordance with the provisions of sections 198, 269, 309, 310 and other applicable provisions,

FINEOTEX CHEMICAL LIMITED

if any, of the Companies Act, 1956 and the approval of the Remuneration Committee of the Company, Mr. Sanjay Tibrewala be and is hereby re-appointed as an Executive Director of the Company for a period of three years with effect from July 1, 2011 on a remuneration of 5% of the net profits of the Company by way of salary, perquisites and commission which the Company is entitled to pay as per the provisions of section I of the Part II of the Schedule XIII of the Companies Act, 1956:

PROVIDED THAT the remuneration aforesaid pertaining to salary and perquisites shall not exceed a sum of Rs. 3,00,000/- p.m. or such higher sum which the Company is / would be entitled to pay as maximum remuneration as per Paragraph B of section II of Part II of Schedule XIII in the event of loss or inadequate profits during the tenure of his appointment as approved by the Remuneration Committee. computed in accordance with the provisions of the said Schedule other applicable laws and subject to the approvals, if any.

Provided Further That any excess salary drawn by or paid to him in any year of loss or inadequacy of profits, over and above the amount mentioned in Paragraph B of Section II of Part II of Schedule XIII, shall be refunded by him and for this purpose, the company shall effect recovery month by month and every month commencing from the month in which the annual accounts disclosing the loss or inadequacy of profits are approved by the Board of Directors in their meeting held as per provisions of section 217

Provided further that any excess remuneration drawn or paid to him as aforesaid shall be forthwith refunded to the company in the event the appointment come to an end prematurely or is not renewed for a further period beyond this period.

Resolved Further That any other Director of the Company be and is hereby authorized to execute the agreement incorporating the above terms on behalf of the Company.

9. To consider the following resolution, with or without modification, as an Ordinary Resolution

RESOLVED THAT in accordance with the provisions of sections 198, and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors of the Company are hereby authorized to pay Commission to the Non-Executive Directors for the period of three years from the year commencing on April 1, 2011.

10. To consider the following resolution, with or without modification, as an Special Resolution

“RESOLVED THAT in super session of all previous resolution(s) and pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification

or re-enactment thereof, for the time being in force), the Board of Directors of the Company (hereinafter referred to as the ‘Board’ which expression shall also include a Committee thereof) be and is hereby authorized to borrow from time to time, any sum or sums of money from any person(s) or bodies corporate including its holding Company, on such terms and conditions as it may deem fit for the purpose of the Company’s business notwithstanding that the monies so borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate of the paid up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of such borrowings together with the amounts already borrowed and outstanding shall not, at any time, exceed Rs. 75/- (Seventy Five only) crores outstanding at any time;

By Order of the Board

(Surendra Kumar Tibrewala)
Chairman

Registered Office:

42/43, Manorama Chambers
SV Road, Bandra (West),
Mumbai 400050
Dated : 28-May-2011

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Resolution No. 5

The Company made a successful Initial Public Offer of its equity shares in Feb-Mar-2011. The Board of Directors is evaluating various options available to it to deploy the proceeds of the Initial Public Offer. As per the Prospectus the proceeds are to be utilized as under:-

	Lacs
Investment in Capital expenditure	925
Working Capital Requirements	800
General Corporate Purpose	976
Issue Related Expenses	247
Total	2948

However the Board may require to change this allocation while finally allocating the above proceeds to maximize the overall benefits for the Company.

The Board recommends your approval. None of the Directors are interested in the resolution.

Resolution No. 6

As stated in the Prospectus, the Company plans to invest the proceeds, inter alia, by purchase of strategic units including the Companies, either directly or through a Special Purpose Undertaking to the tune of Rs. 25 crores. The Company is in negotiations with various parties both in India and abroad. The Company would seek the necessary approvals of the prescribed authorities as the plans crystallize. As a good practice the Company also seeks the approval of the shareholders.

The Directors seek your approval of the resolution. None of the Directors is interested in the Resolution.

Resolution No. 7

Mr. Surendra Kumar Tibrewala was appointed as Chairman and Managing Director in June 2007 when the Company was a Private Limited Company for a 5 year period. The Company is listed now with a much higher turnover. This has increased the responsibilities of the Directors due to increasing activities and expansion programme of the Company. It is proposed to increase the remuneration in line with the present market conditions to commensurate with the present job profile within the limits prescribed under the Schedule XIII of the Companies Act, 1956.

Mr. Surendra Kumar Tibrewala is a B.Com and LLB but has over 3 decades of experience in this business of Specialty and Auxiliary Chemicals as trader, manufacturer as well as reseller. The business of the company has been nurtured since the last 30 years. He is also involved in other aspects of the business like marketing and administration.

The proposed remuneration is approved by the Remuneration Committee of the Board of Directors and consists of Basic salary of Rs. 2,25,000/- p.m. other allowance of Rs.45,000/- per month and other perquisites not exceeding a sum of Rs. 3,60,000/- p.a. in addition he will be entitled for a car and a telephone at residence for official work. He will also be entitled for retirement benefits as applicable to Senior Executives of the Company like Provident Fund, Superannuation Fund, Gratuity and Encashment of Leave. The retirement benefits would not be considered for the limit of Rs. 3,00,000/- p.m. as mentioned above, This may be treated as an abstract of the draft agreement between the Company and Mr. Surendra Kumar Tibrewala for revision of the remuneration and term of appointment pursuant to Section 302 of the Companies Act, 1956.

The Board recommends your consent for the resolution. Mr. Surendra Kumar Tibrewala is interested in the resolution as it

pertains to him. Mr. Sanjay Tibrewala is interested in the resolution as it pertains to his father.

Resolution No. 8

Mr. Sanjay Tibrewala was appointed as Executive Director June 2007 when the Company was a Private Limited Company for a 5 year period. The Company is now listed with a much higher turnover. This has increased the responsibilities of the Directors due to increasing activities and expansion programme of the Company. It is proposed to increase the remuneration in line with the present market conditions to commensurate with the present job profile within the limits prescribed under the Schedule XIII of the Companies Act, 1956.

Mr. Sanjay Tibrewala is a B.Com and is a post graduate in Textile Processing and Chemicals. He is assisting the present Managing Director for the last 10 years adding the technical edge to the business. He is instrumental in developing new products and markets for the Company.

The proposed remuneration is approved by the Remuneration Committee of the Board of Directors and consists of Basic salary of Rs. 2,25,000/- p.m. other allowance of Rs.45,000/- per month and other perquisites not exceeding a sum of Rs. 3,60,000/- p.a. in addition he will be entitled for a car and a telephone at residence for official work. He will also be entitled for retirement benefits as applicable to Senior Executives of the Company like Provident Fund, Superannuation Fund, Gratuity and Encashment of Leave. The retirement benefits would not be considered for the limit of Rs. 3,00,000/- p.m. as mentioned above, This may be treated as an abstract of the draft agreement between the Company and Mr. Surendra Kumar Tibrewala for revision of the remuneration and term of appointment pursuant to Section 302 of the Companies Act, 1956.

The Board recommends your consent for the resolution. Mr. Sanjay Tibrewala is interested in the resolution as it pertains to him. Mr. Surendra Kumar Tibrewala is interested in the resolution as it pertains to his son.

Resolution No. 9

As per the provisions of the Companies Act, 1956, Commission can be paid to the Non Executive Directors if approved by the shareholders. The Commission can be paid only if there are profits as computed as per Section 198 and other related sections of the Companies Act, 1956. As the Company has two wholtime directors, the total commission payable to all the Non-executive Directors would not exceed 1% of the net profits as computed above. Since the Non Executive Directors also contribute to the success of the Company, the Board feels that they should also be rewarded, The Board therefore seeks your approval.

The Non Executive Directors, viz. Mr. Anand Agarwal, Mr. Manmohan Mehta and Mr. Sanjay Mittal are interested in the resolution.

Resolution No. 10

As per the provisions of the section 293(1)(d) of the Companies Act, 1956, the Company can borrow upto its Paid up Capital and Free Reserves. Due to its expansion of production facilities as well as investing abroad, it may require to borrow funds. As per the authority given to the Board vide its resolution dated 17th August, 2007, the shareholders had given powers to borrow upto Rs. 25 crores. As per the present net worth it can borrow upto Rs. 40 crores. To meet its growing needs, the Board seeks your approval for allowing then to borrow upto Rs. 75 (Seventy Five) crores only.

None of the Directors are interested in the resolution. The Board commends your approval.

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NOTES

1. A member entitled to attend and vote at the meeting may appoint a proxy to attend and, on a poll, to vote on his behalf. A proxy need not be a member of the Company. Proxies, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. The Register of Members and Share Transfer books of the Company will remain closed from Wednesday 3rd August, 2011 to Saturday 6th August, 2011. (both days inclusive)
3. The Dividend, if approved will be paid to members whose names appear in the Register of Members of the Company as on 5th August, 2011. The Dividend will be paid on or before 27th August, 2011.
4. An Explanatory Statement pursuant to Section 173(2) relating to special business is annexed to this Notice.
5. As required by the provisions of clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited in respect of Director to be re-appointed at the Annual General Meeting is attached hereto.
6. Shareholders desiring any information as regards the Accounts are requested to write to the Company, at its Registered Office, at least seven days in advance of the date of the Meeting to enable the Company to keep the information ready, as far as possible.
3. The Dividend, if approved will be paid to members whose names appear in the Register of Members of the Company as on 5th August, 2011. The Dividend will be paid on or before 27th August, 2011.
4. An Explanatory Statement pursuant to Section 173(2) relating to special business is annexed to this Notice.
5. As required by the provisions of clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited in respect of Director to be re-appointed at the Annual General Meeting is attached hereto.
6. Shareholders desiring any information as regards the Accounts are requested to write to the Company, at its Registered Office, at least seven days in advance of the date of the Meeting to enable the Company to keep the information ready, as far as possible.
7. Due to the prohibitive cost of paper and printing, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are, therefore, requested to bring their copies of the Annual Report with them for the meeting.
8. Members are requested to intimate immediately of the change of address to their DPs.
9. Members / Proxies are requested to bring the attendance slip duly filled in. Corporate Members are requested to send a duly certified copy authorizing their representatives to attend and vote at the meeting.
10. In case of joint holders attending the meeting, only such joint holder who is higher in the names will be entitled to vote.
11. Members are requested to write to the Company as well as their Depository Participant stating their email ids and consent, in the form given on page , to send all communications by emails so as to support the 'Green initiative in Corporate Governance' launched by the Ministry of Corporate Affairs. Details of Director seeking reappointment (as per clause 49 of the Listing agreement with Bombay Stock Exchange Limited)

NOTES

1. A member entitled to attend and vote at the meeting may appoint a proxy to attend and, on a poll, to vote on his behalf. A proxy need not be a member of the Company. Proxies, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. The Register of Members and Share Transfer books of the Company will remain closed from Wednesday 3rd August, 2011 to Saturday 6th August, 2011. (both days inclusive)

	Re-appointment as Director	Revision of Remuneration of CMD	Revision of Remuneration of Executive Director
1.Name of the Director	Mr. Anand Agrawal	Mr. Surendra Kumar Tibrewala	Mr. Sanjay Tibrewala
2.Date of Birth	5-Sep-61	10-Jun-56	22-May-81
3.Relationship with other Directors	None	Father of Mr Sanjay Tibrewala	Son of Mr Surendra Kumar Tibrewala
4.Date of Appointment	30-Jul-07	30-Jan-04	30-Jan-04
5.Expertise in the specific functional area	Practising Chartered Accountant with over two decades of experiencein Finance, Taxation,Corporate Law and allied maaters	Over 3 decades of experience is the trading, manufacturing of the specialty and auxiliary chemical. Instrumental in building cpmpany's business from scratch.	During the last 10 in this business has deveploed a tchnical edge to the business and introduced new products and markets.
6.Number of equity shares held in the Company	NIL	5994500	206200
7.Directors in other Indian Public Limited Companies as on 31.03.2011	Comfort Intech Limited	None	None
8.Chairmanship /Memebership in other Indian Public Limited Company as on 31.3.2011.	Nil	None	None

DIRECTORS' REPORT

Your Directors hereby present their Eighth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March 2011.

FINANCIAL RESULTS

(Rs. in Lakhs)

	Year ended 31-3-2011	Year ended 31-3-2010
Gross Income	3101.68	2279.04
Less: Expenditure	2455.60	1597.39
Less: Depreciation	13.05	12.67
Net Profit before Tax	633.03	536.10
Provision for Tax (including short provision for Previous Year)	208.22	186.26
Profit after tax	424.81	349.84
Appropriations		
Dividend on Equity Shares	56.15	70.19
Tax on Dividend	9.33	11.65
Balance Brought forward from previous Year	789.78	521.78
Profit carried to Balance Sheet	1149.11	789.78

DIVIDEND

Your Directors have recommended a dividend of Re.0.50 per Equity share (Last year Rs. 1.00) for the year ended 31st March, 2011. The dividend will be paid to the members whose names appear in the register of members as on x-xxx-2011. In case of shares held in dematerialised form the same will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services Limited as beneficial owners as on that date. The dividend of Rs. 0.50 per share would be paid on all shares including those that were allotted on 8th March, 2011 pursuant to the Initial Public Offer.

OPERATIONS

During the year under review, the Company could achieve a turnover of Rs. 3061 lakhs as against Rs. 2208 lakhs last year an increase of 38.63 % inspite of the depressed economic conditions in the textile sector. Due to rising costs of the oil and its inflationary impact on other items, the inputs costs continued to rise in the year under review. This also led severe strain on the margins. The Company was able to maintain its position by adapting to the changing environment, ensuring timely delivery and new product development. This ensured higher sales which helped it to maintain its absolute profits inspite of depressed margins. Your directors are confident, that subject to unforeseen circumstances, the Company would be in a position to maintain robust growth rate in the current year.

INITIAL PUBLIC OFFER & FINANCES OF THE COMPANY

With your approval under section 81(1A) of the Companies Act, 1956 for the Initial Public Offer (IPO), the Company had filed a Draft Red Herring Prospectus in September 2010 with the Securities Exchange Board of India (SEBI) for its approval. The IPO was opened for subscription between 23rd to 25th February, 2011. The shares of Rs. 10/- each were issued at a premium of Rs. 60/- per share. The issue was oversubscribed in spite of the poor market conditions and other big issues open at the same time. The Company raised a sum of Rs. 2759.27 lakhs net of the issue related expenses. The allotment was done on 8th March, 2011 and the shares were listed on the Bombay Stock Exchange Limited from 11th March, 2011.

Deployment of funds received from IPO	As per Prospectus	Actual Incurred
Investment in Capital expenditure	925	—
Working Capital Requirements	800	—
General Corporate Purpose	976	—
Issue Related Expenses	247	205
Total	2948	205
Balance amount to be utilised		2743

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Interim Utilisation of balance IPO proceeds	
Investments in Mutual Funds	243
Fixed Deposits	2500
Total	2743

Your Directors are at present evaluating various options for deployment of funds as stated above. Certain proposals may require certain adjustments to the amounts mentioned under various heads as mentioned in the prospectus. Your approval is sought for this purpose.

DIRECTORS

CA Anand Agarwal retires by rotation at the conclusion of the ensuing Annual General Meeting and being eligible offer himself for reappointment. The Board recommends his reappointment.

AUDITORS AND AUDIT REPORT

Messrs UKG Associates, the auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. They have given their declaration that they are eligible and willing for re-appointment as Auditors for the ensuing year. The Board recommends their appointment.

PARTICULARS OF EMPLOYEES

None of the employees of the Company drew a remuneration of Rs. 5 lakhs per month or Rs 60 lakhs per annum during the year under review. Hence there is no disclosure required as per provisions of Section 217(2A) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/ OUTGO

Information as required by the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed and forms part of this report. Refer Annexure A

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

- (i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departure;
- (ii) they 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 and of the profit of the Company for that period;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance

with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

- (iv) they have prepared the Accounts on a going concern basis

MANAGEMENT DISCUSSION AND ANALYSIS

In accordance with the requirements of the clause 49 of the Listing Agreement with the Bombay Stock Exchange Ltd. a report on Management Discussion and Analysis is attached hereto (Annexure 'B') and form part of this Report.

CORPORATE GOVERNANCE

Your Company would strive to set and achieve appropriate Corporate Governance practices. In accordance with the requirements of clause 49 of the Listing Agreement with the Stock Exchange, a report on the status of compliance of corporate governance norms is also attached. (Annexure 'C'). The Auditors certificate on the same is also attached.

ACKNOWLEDGEMENT

Your Directors wish to thank the Company's stakeholders, Bankers and employees for their support extended to it throughout the year.

For and on behalf of the Board

(Surendra Kumar Tibrewala)
Chairman

Date : 28th May 2011

Place : Mumbai

Annexure A

Part 'A'

Power & Fuel Consumption	2010-11	2009-10
1. Electricity		
a) Purchased Units (Nos)	69,476	48,440
Total Cost (Rs) #	4,55,080	3,27,830
Rate / Unit (Rs.) #	6.55	6.77
2. Diesel Oil		
Quantity (K.Ltrs)	2383.08	713.78
Total Cost (Rs.)	97,640	25,769
Average rate per Ltr. (Rs.)	40.97	36.10

Part 'B'

1. Production (own manufacture)	4725.545 MT	(PY 3837.353 MT)
2. Production (labour jobs only)	156.617 MT	(PY 12.509MT)

Note: The consumption per unit is not very comparative since the production would vary on the basis of dilution of the resultant product in the production mix. Hence the same is not computed

Annexure – I

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

- Energy conservation measure taken – Energy consumption is not very high
- Additional investments/ proposals being implemented for reduction of consumption of energy – None in the year
- Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods-as it is the first year comparison is not possible
- Total energy consumption and energy consumption per unit of production as per form 'A' attached hereto - Attached

B. TECHNOLOGY ABSORPTION

- Efforts made in technology absorption – as per Form B given below

Form B

Research and Development (R & D)

- Specific areas in which the research and development (R & D) is being carried out by the Company – R & D initiative are carried out to improve the performance of products as well as develop new products
- Benefits derived as a result of the above R & D – Developed few products as well as improved performance of certain products to increase sales.
- Future plan of action – Continue with vigour to gain more consumer satisfaction
- Expenditure on R & D – Not significant during the year.

Technology absorption, adoption and innovation

- Efforts, in brief, made towards technology absorption, adoption and innovation – the initiatives leading to development or improvement and continuously adopted into production process
- Benefits derived as a result of the above efforts – there are improvement in process, cost reduction, reduction in the production process cycle time.
- Information regarding Imported Technology – We have no imported technology

C. FOREIGN EXCHANGE EARNING AND OUTGO

- Activities relating to export, initiatives to increase exports, developments of New export markets for products and services and Export Plan
There are no exports
Efforts are being made
- Total Foreign exchange earned
Nil
- Total Foreign exchange used
Rs. 68,095/-

FINEOTEX CHEMICAL LIMITED

Annexure 'B' to the Directors Report

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

The Indian Chemical Industry is one of the top five industries in Asia and continues to grow over the years. Chemical industry can be broadly divided into 3 categories –(1) Basic Chemicals like petrochemicals, fertilizers etc. (2) Specialty chemicals like intermediaries, auxiliaries or catalyst in nature and (3) high technology based chemicals like medicinal or biotech products.

The Company's products mainly fall under the Specialty Chemical business which is an emerging sector with increased dependence on knowledge, innovation and research. The uses of these products find their way in almost all industries with the textile sector being the major market of the Company's products. The characteristics of this business are more flexibility in the processes as well as the final products causing high product differentiation and low capital investments. The Company is established in this business with many accepted products with growing range and market share

OPPORTUNITIES, THREATS, RISKS, CONCERNS, PERFORMANCE AND OUTLOOK

With a growth in the manufacturing sector based on the growing economy and emphasis on quality and performance, the requirements for specialty chemicals are rising faster. Your Company is poised to take advantage of the same due to high value and new products and the current results reflect the same. The products have an advantage of scattered textile manufacturers spread across India, a high pool of technicians actively backing the marketing of the products and low manpower costs.

The rising oil prices with its adverse effects on the economy in general and many chemical products which form our raw materials pose a threat to our business. The continuous inflationary pressures would reduce the growth rate in the economy leading to lower demand for our products.

The rising inflation puts the Company's plans at a risk of under performance. This also puts the margins at risk as the lag between rise in inputs and compensation received by us in the form of higher revenues. The Company has in place a mechanism to identify such risks and take measures to minimize its occurrence. The Company is aware of the need to improve on the mechanism and is taking steps in this direction on a continuous basis.

The choppy oil markets and its high level are the main cause of rising inflation which is the main cause of restricted growth rate during the last year. It is hoped that the same would stabilize in the coming months and the Company would be able to meet its set targets.

Caution : Some of the statements made in this Annexure can be describe as 'forward looking statements'. The expectations are based on reasonable assumptions. However the actual results could differ materially from the ones expressed above on the basis of factors beyond the control of the Company and its management. The Company assumes no responsibility to publicly amend or modify these any of these statements on the basis of subsequent developments.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONS

The Company's performance during the year shows a jump of % over the last year. However due to the rising raw material costs the profit before tax has remained almost same in the year under review. The Company is a zero debt Company with no borrowings. Short term borrowings are restricted to need based working capital

requirements. The salient indicators are as under :-

	2010-11	2009-10
Sales amount	3061	2207
PBDIT	647	550
PAT	425	350
Earnings per Share (Basic & Diluted) (Rs)	5.82	4.98

During the year under review the plant had smooth operations. The certification received by the Company is ISO 9001:2000 from JAS-ANZ in 2007. The Company received the proceeds on the Public Issue in the last fortnight of March 2011 and hence could not utilize the same gainfully during the year under review. It expects that in the forthcoming year the returns would increase.

As per the Accounting Standard 17 issued by the Institute of Chartered Accountants of India and Companies (Accounting Standards) Rules, 2006, the Company's has only one segment i.e. specialty or auxiliary chemicals. The Company's products play an important role in the textile manufacturing processes. With the cautious growth expected in the textile industry in the coming year with increasing demand for chemicals needed for this industry based on the increasing expectation of quality and fashionable textile products, the Company expects a growth in turnover for the current year. The total quantitative sales in 2010-11 were 4726 MT against 3837 MT in 2009-10. It is pertinent to note that quantity is not a very indicative criteria to evaluate performance as the quantity may vary depending upon the concentration level of products sold.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has an effective system of receipt, storage, and utilization of materials. This is backed by quality control at each stage of production, finished product storage and dispatch. It has also in place adequate accounting, administrative and adequate system of internal check and controls to ensure safety and proper recording of all assets of the Company and their proper and authorised utilisation. The Company is aware that Internal Control measures require constant review and modifications to meet the changing requirement of the Indian as well as Global environment. The Company constant reviews its adherence to the environmental norms. The Company has its own Internal Audit team and the Audit Committee reviews its adequacy from time to time. Measures would be taken to strengthen the same.

HUMAN RESOURCES

The Company has 34 employees at the year end including whole time Directors. The Company is aware that the success of its business depends upon its technical experts co-ordinating with research and development staff on the one hand and marketing on the other. Necessary training and orientation in this regard is done on a regular basis.

During the year a few innovative ideas were received from the staff, many of which were implemented for improvement in cost control and for achieving greater efficiency.

For and on behalf of the Board

(Surendra Kumar Tibrewala)
Chairman

Date : 28th May 2011
Place : Mumbai

Annexure 'C' to the Directors Report

CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance

Your Company continues to practise transparency in its dealings with emphasis on integrity and regulatory compliance. It attaches importance to practice of good corporate governance for meeting the interests and aspirations of the stakeholders. Your Company has implemented the requirements regarding Corporate Governance as mentioned in Clause 49 of the Listing Agreements.

Board of Directors

The composition of the Board of Directors and other details as on 31st March, 2011 are given below:

Name of the Director	Executive/ Independent/ Non-executive	No. of Board Meetings attended	Whether attended last AGM	No. of other directorships in Public Ltd Companies	No of other Committee Chairman- ship/Mem- ber
Mr. Surendra Kumar Tibrewala (DIN 00218394)	Managing Director	7	Yes	NIL	NIL
Mr.Sanjay Tibrewala (DIN 00218525)	Executive Director	7	Yes	NIL	NIL
Mr.Anand Agarwal (DIN 00605748)	Independent non-executive	6	No	ONE	NIL
Mr.Manmohan Mehta (DIN 00391964)	Independent Non-executive	7	Yes	NIL	NIL
Mr.Sanjay Mittal (DIN 01705140)	Independent Non-executive	7	Yes	NIL	NIL

Mr.Surendra Kumar Tibrewala was appointed as the Managing Director of the Company for a period of 5 years with effect from 25th June, 2007 when the Company was a private company and his appointment does not require the approval of the Central Government and the Shareholders. His term and remuneration are proposed to be changed at the ensuing Annual General Meeting.

Mr.Sanjay Tibrewala was appointed as the Executive Director of the Company for a period of 5 years with effect from 25th June, 2007 when the Company was a private company and his appointment does not require the approval of the Central Government and the Shareholders. His term and remuneration are proposed to be changed at the ensuing Annual General Meeting.

During the year under review, 7 meetings of the Board of Directors were held.

The meetings of the Board of Directors are generally held at least once in a quarter and are scheduled well in advance unless it is necessary to convene the same for urgent purposes. A detailed agenda is prepared in consultation with the Managing Director which is circulated to the members of the Board in advance.

Profile of the Director being re-appointed

Mr. Anand Agarwal is a Chartered Accountant with over 25 years in the profession with expertise in Finance, Audits, Taxation as well Corporate Affairs. He is associated with the Company since 2007 and is the senior most Independent and Non-Executive Director. He is on the Board of Comfort Intech Ltd. and has served as the Chairman of the Audit and Remuneration Committees of the Board of that Company.

Audit Committee

The Company has a qualified Audit Committee. The terms of reference of the Committee are in accordance with the provisions of the

FINEOTEX CHEMICAL LIMITED

Companies Act, 1956 and the Listing Agreement with the Bombay Stock Exchange Ltd. The present members of the Audit Committee are Messers Sanjay Mittal (Chairman), Manmohan Mehta and Mr. Sanjay Tibrewala. Mr. Anand Agarwal resigned during the year and Mr Manmohan Mehta was co-opted on the Committee on. Mr Anand Agrawal, resigned from the Committee due to his pre-occupations with effect from 11-Jun-2010. The Committee met on 11-Jun-10, 27-Sep-10, 22-Dec-10, and 9-Feb-11 and was attended by all the members.

Mr. Sanjay Tibrewala is the Executive Director and the others are Independent and Non-Executive Directors.

Remuneration Committee

The Company has a Remuneration Committee to recommend/review the remuneration package of the Managing Director and the Executive Directors as well as to the other members of the Board. . Mr. Manmohan Mehta is the Chairman of the Committee with Messers Anand Agarwal and Sanjay Mittal as members. The Committee . met once during the year on 28-Mar-11 which were attended by all the members of the Committee. All members are Independent and Non-Executive Directors.

Remuneration Policy

Payment of remuneration to the Managing Director and Executive Director is governed by the terms and conditions contained in the Agreement entered into with them which incorporates remuneration within the limit stipulated by the provisions of the Companies Act, 1956. The remuneration structure comprises of salary, consolidated allowance and other perquisites such as house rent allowance, medical benefits, leave travel concession, club subscription, contribution to provident, superannuation and gratuity funds and provision of car and telephone. The other provisions are as per the agreement. No commission is provided to the Directors.

Committee also recommended that the payment of sitting fees due to the Independent Directors be deferred till the conclusion of IPO.

The details of remuneration paid/provided to Mr. Surendra Kumar Tibrewala Managing Director during the year ended 31st March, 2011 are Basic Salary Rs. 15,00,000/-, House Rent Assistance Rs. 9,00,000/- and Retirement benefits Rs. 1,80,000/-. The details of remuneration paid to Mr. Sanjay Tibrewala Executive Director during the year ended 31st March, 2011 are Basic Salary Rs. 9,00,000/-, House Rent Assistance Rs. 5,40,000/- retirement Benefits Rs.1,08,000/-. The Remuneration Committee has recommended a payment of sitting fees of Rs. 5000/- for every Board Meeting attended by Non Executive Directors from 2011-12. This recommendation was accepted by the Board.

Investors/Shareholders' Grievance Committee

The Company has a Shareholders'/Investors' Grievance Committee of the Board of Directors under the Chairmanship of Mr. Sanjay Mittal, Non-Executive Director, to look into the redressal of investors' grievances with Mr. Sanjay Tibrewala and Mr Sanjay Mittal. The Board of Directors has delegated power of approving transfer/transmission of shares to senior executives of the Company. The Committee met once on 14-Jul-10.

Company Secretary, is the Compliance Officer of the Company.

During the year under review, five grievances were received in March 2011 after the Initial Public Offer. They were all attended to in March 2011 and no grievance was outstanding as on 31st March, 2011. No share transfers/transmissions/issue of duplicate share certificates was pending as on 31st March, 2011.

Details of General Body Meetings

Details of location and time of last three Annual General Meetings are as follows:

Year	Venue	Date	Time
2007-08	Registered Office	04.08.2008	3.00 P.M
2008-09	-Do-	31.08.2009	4.00 P.M.
2009-10	-Do-	06-07-2010	4.00P.M.

No Special Resolutions was proposed at the Annual General Meeting held on 6th July 2010.

No special resolution was put through postal ballot last year. Postal Ballot rules will be complied with when required.

All resolutions placed before the Members at the last Annual General Meeting were passed unanimously.

An Extra-Ordinary General Meeting was convened on 26th August, 2010 to consider the issue of shares to persons other than the present shareholders as required by Section 81(1A) of the Companies Act, 1956 for issue of share under the Initial Public Issue. The resolution was approved unanimously.

Code of Conduct

The Board of Directors has laid down a code of conduct for the Company which is applicable to all its Board Members and Senior Management Personnel. This code has been posted on the Company's website. For the year under review, all directors and senior management personnel have confirmed their adherence to the provisions of the said code.

Disclosures

- (a) The Company did not enter into any materially significant related party transactions with its promoters, directors or the management, their subsidiaries, relatives etc, during the year that may have a potential conflict with the interest of the Company at large except that are disclosed in the accounts. The Company get some processing done from an entity where the Executive Director is a significant shareholder and taken premises and production facilities on rent from a relative of the Directors. These have been disclosed in the accounts and other public documents.
- (b) There was no pecuniary relationship or transactions with Non-Executive Directors.

Means of Communication.

The Company has a website www.fineotex.com. The Company's Email Id is fineotex@fineotex.com Individual communication of the half yearly results is not made to the shareholders. The Company has not made any presentation to institutional investors or analysts. The Company had obtained a rating of IPO Grade-2 from CARE Ltd. for its IPO in Jan-2011.

The Company has 725 shareholders as on 31st March, 2011 and the total holding is in dematerialised form.

The Annual Report consisting of Directors' Report, Auditors' report and detailed accounts form an integral part of communication sent annually to the shareholders whereas the Annual General Meeting is a means for face to face communication.

The quarterly unaudited financial results would be published in Free Press Journal (English) and Navashakti (Marathi) as per the requirements of the listing agreement.

General Shareholder Information

a. Annual General Meeting:

Date and Time	Friday 12th August, 2011 at 2.30 P.M
Venue	Gokul Hall, Rajpuria Baug N B Thakkar Road, Vile Parle (E) Mumbai 400057.

b. Financial Calendar

Period	The Company's Financial Year is a 12 months period from April to following March.
April- June 2011	Dates for Unaudited/ Audited Results.
July-Sept. 2011	1st Fortnight of August 2011
Oct-Dec 2011	1st Fortnight of November 2011
Jan-Mar -2012	1st Fortnight of February 2011
	Before 30th May 2012

c. Book Closure

Thursday 2nd August, 2011 to Friday 12th August, 2011 (both days inclusive)

d. List of Stock Exchanges where applications for listing of shares have been made

Bombay Stock Exchange Ltd., Mumbai	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 023
---------------------------------------	--

e. Stock Code & Scrip Id

Bombay Stock Exchange Ltd, Mumbai	Code	533333
	Id	FCL

FINEOTEX CHEMICAL LIMITED

f. Market Price Data The shares of the Company were listed for trading with effect from 11th March, 2011

Month	High	Low	Volume
March 2011	242.00	74.10	11,12,99,798

g. Share Transfer System

All shares are held in dematerialised form and hence the transfer is done through the depository participants.

Shareholders are advised that in case transfer, transmission, rematerialisation, dividends, change of address, alterations in bank mandates, email ids, nominations and other forms of inquires should be addressed only to the depository participant with whom the shareholder has an account as the Company cannot alter the details and have to act on the data available with National Securities Depository Limited and Central Depository Services Limited.

h. Dematerialisation of shares

100 % of total Equity Share Capital is held in dematerialised form with NSDL and CDSL as at 31st March 2011.

Members can hold shares in electronic form and trade the same in Depository system. However, they may hold the same in physical form also.

International Securities Identification Number INE 045J01018

i. Shareholding Pattern (at 31st March, 2011)

Category	No. of Equity Shares held	Percentage of Shareholding
Promoters	7018320	62.49
Bodies Corporate	3391833	30.20
Individuals	563938	5.03
Clearing Members	254955	2.27
NRIs	865	0.01
Total	11229811	100.00

j. Distribution of shareholding as on 31st March, 2011

Category	No of shareholders	Shares held	% of shareholding
1-500	602	58121	0.51
501-1000	28	20443	0.18
1001-2000	18	29544	0.26
2001-3000	6	14443	0.13
3001-4000	5	18372	0.16
4001-5000	4	18527	0.16
5001-10000	13	101538	0.90
> 10001	49	10968823	99.68
Total	725	11229811	100.00

- k. Company Registration number with
ROC/ Ministry of Corporate Affairs U24100MH2004PLC144295
- l. Plant location- A-699/700, TTC Industrial Area Mahape, New Mumbai
- m. Address for correspondence
- i) Registrars and Share Transfer Agents:
(For shares and dividend related queries) Bigshare Services Private Ltd.,
E-2, Ansa Industrial Estate,
Saki Vihar Road, Saki Naka, Andheri (East),
Mumbai 400072
Phone : (022) 40430200 Telefax: (02) 28475207
- ii) Company
(For any other matter, unresolved complaints) Company Secretary
Fineotex Chemical Limited
42/43, Manorama Chambers,
S V Road, Bandra West
Mumbai 400050
- n. E-mail **fineotex@fineotex.com**
- o. Investors Grievances **grievances@fineotex.com**
- p. Phone No: 022-26559174-75
- q. Fax No. 022-26559178
- r. Website : www.fineotex.com

For and on behalf of the Board

(Surendra Kumar Tibrewala)

Chairman

Date : 28th May 2011

Place : Mumbai

Declaration as required under Clause 49 of the Listing Agreement

All Directors and Senior Management of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended 31st March, 2011.

For and on behalf of the Board

(Surendra Kumar Tibrewala)

Chairman

Date : 28th May 2011

Place : Mumbai

FINEOTEX CHEMICAL LIMITED

AUDITORS CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS STIPULATED IN CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of

Fineotex Chemical Limited

We have examined the compliance of the conditions of Corporate Governance by Fineotex Chemical Limited (“the Company”) for the year ended on 31st March 2011 as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of 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 the above mentioned Listing Agreements.

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

For UKG & Associates
Chartered Accountants
(Firmregno : 123393W)

Champak Dedhia
Partner
Membership Number : 101769

Date : 28th May 2011

Place : Mumbai

FINEOTEX CHEMICAL LIMITED

Regd Office Manorama Chambers, S V Road, Bandra (West) < Mumbai 400050

28th May, 2011

To,
The Members

Re.: Intimation of email address for receipt of documents electronically

As a responsible corporate, your Company supports the 'Green Initiative' taken by the Ministry of Corporate Affairs (MCA) vide its circulars nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011. The above initiative will go a long way in conserving the natural resources and also in savings in the form of printing costs as well as postage on annual reports as well as other notices and intimations. As per the provisions of these circulars, the Company would hereafter effect electronic delivery of documents like notices, annual reports, postal ballots etc to the members at their email address registered for this purpose.

For this purpose you have to intimate your email to your Depository Participant (DP). The same will be your email id registered for delivering notices and document as required to be given to you as per the provisions of the Companies Act, 1956.

In future the notices, annual report and other communication will be sent to your e-mail address registered with your depository participant unless intimated otherwise. Such documents will be displayed on our website "www.fineotex.com". The documents will also be sent at the e-mail address registered with the company. Others will continue to receive the same in physical form.

We sincerely request you to opt for electronic mode of communication as contemplated under 'green initiative' scheme of the MCA to make our environment cleaner and greener as well a healthier future for our future generations.

For **Fineotex Chemical Limited**
Company Secretary

Company Secretary,
Fineotex Chemical Limited,
42/43, Manorama Chambers,
S V Road, Bandra (W),
Mumbai 400050.

Dear Sir,

Sub.: My / Our consent to Green Initiative in Corporate Governance.

I / We agree to receive, in electronic made, any or all communications that the Company wants to send us in compliance with the Companies Act, 1956 or other related statutes. Kindly register my email id in your records for sending communications through email.

Name of the First/Sole Shareholder

DP Id / Client Id / Folio No.

Email Id

I we have communicated my/our email id to my/our depository participant and undertake to keep it informed of any change in my/our email id in future.

Signature of the First/Sole Depositor

Address of the depositor

FINEOTEX CHEMICAL LIMITED

AUDITOR'S REPORT

The Members

FINEOTEX CHEMICAL LIMITED

Mumbai.

1. We have audited the attached Balance Sheet of FINEOTEX CHEMICAL LIMITED, as at 31st March, 2011 and the Profit and Loss Account of the Company and the 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 have 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 presentation of the financial statements. 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 Section 227(4A) of the Companies Act, 1956, based upon such checks of the books and records as we considered appropriate and according to the information and explanations given to us, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to above, we state that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of accounts as required by the law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to sub-section 3(C) of Section 211 of the Companies Act, 1956; to the extent they are applicable;
 - (e) Based on the written representations made by the Directors of the Company we report that none of the

Directors are disqualified as on 31st March, 2011 from being appointed as Directors in terms of clause (g) of sub-section(1) of Section 274 of the Companies Act, 1956;

- (f) In our opinion and to the best of our information and according to the explanation given to us, the said Balance Sheet, Profit and Loss Account and Cash Flow Statement read together with the schedules and the 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:
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011; and
 - ii) In the case of the Profit and Loss Account, of the profit for the year ended on that date;
 - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **UKG & Associates**

Chartered Accountants

(Firmregno : 123393W)

Partner

Membership Number : 101769

Date : 28th May 2011

Place : Mumbai

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in Paragraph 3 of our report of even date of FINEOTEX CHEMICAL LIMITED on the financial statements for the year ended 31st March, 2011)

Fixed Assets:

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
2. The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
3. No Fixed assets have been disposed off during the year and therefore do not affect the going concern status of the Company.

Inventories:

4. The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
5. In our opinion, the procedures for the physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
6. On the basis of our examination of records of inventory, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noted on physical verification between the physical stocks and the book records were not material.

Related party transactions:**7. Loans taken:**

According to information and explanations given to us, no loans have been taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and hence the requirement of clauses (iii) (e) to (iii)(g) of paragraph 4 of the order are not applicable.

8. Loans granted:

According to information and explanations given to us, no loans have been granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and hence the requirement of clauses (iii) (a) to (iii)(d) of paragraph 4 of the order are not applicable

9. In our opinion, and according to the information and explanations given to us, the particulars of contracts or arrangements referred to section 301 of the Companies Act, 1956 have been so entered in the register required to be maintained under that section.
10. In our opinion, and 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 exceeding the value of Rs. 5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices
11. The Company has not accepted any deposits from the public within the meaning of the provisions of section 58A or section 58AA or any other relevant provisions of the Act & the rules framed there under.

Internal Controls:

12. 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 nature of its business, for the purchase of inventory and 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 weakness in the internal control.
13. The Company has an internal audit system, which in our opinion commensurate with the size of the Company and nature of its business.

Taxation:

14. According to the books and records as produced and examined by us and in accordance with generally accepted auditing practices in India, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, ESIC dues, Sales Tax, Wealth Tax, Excise Duty, Service Tax, Education Cess and other material statutory dues applicable to it. There are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they become payable.
15. According to the information and explanation given to us, and also based on management's representation, there were no dues of Income Tax, Customs Duty, Wealth Tax, Excise Duty, Service tax, Education Cess and Sales Tax that have not been deposited except for the following dues of Cess Tax which have not been deposited by the Company on account of disputes:

FINEOTEX CHEMICAL LIMITED

Statute	Nature of dues	Amount	Period	Remarks
Cess Tax	Excess Tax Levied by NMMC	38,98,285	Various Years	Navi Mumbai Municipal Corporation

16. The Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for any of the products of the Company.
17. The Company does not have any accumulated losses at the end of the financial year. The Company has not incurred any cash losses in the current financial year covered by our audit or in the immediately preceding financial year.
18. According to the information and explanations given to us on the basis of our examination of the books of accounts, there are no defaults in repayment of dues to financial institutions and banks during the year.
19. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debenture and other securities.
20. The Company is not a chit fund or a nidhi / mutual benefit fund / society. Hence the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
21. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debenture and other investment. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
22. According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks and financial institutions.
23. In our opinion and on the basis of information and explanations provided to us, no term loans have been raised by the Company.
24. According to the information and explanation given to us and on overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
25. According to the information and explanation given to us, the Company has not made any preferential allotment of shares to parties or Companies covered by the register maintained under section 301 of the Companies Act, 1956.
26. According to the information and explanation given to us, the Company has not issued any debentures during the year. Accordingly, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
27. We have verified the end use of money raised by public issues from the prospectus filed with SEBI, the offer document and as disclosed in Note C of Schedule 18 to the financial statements.
28. According to the information and explanations given to us, no fraud on or by Company have been noticed or reported during the year.

For **UKG & Associates**
Chartered Accountants
(Firmregno : 123393W)

(**Champak K. Dedhla**)
Partner
Membership Number : 101769

Date : 28th May 2011

Place : Mumbai

BALANCE SHEET AS AT MARCH 31, 2011

	SCH. NO.	AS AT 31.03.2011	AS AT 31.03.2010
SOURCES OF FUNDS:			
SHAREHOLDERS FUNDS			
Share Capital	1	112298110	70186000
Reserves and Surplus	2	350315421	80767763
DEFERRED TAX LIABILITY		—	2461513
LOAN FUNDS			
Secured Loans	3	1003338	—
TOTAL		<u>463616870</u>	<u>153415276</u>
APPLICATION OF FUNDS:			
FIXED ASSETS			
Gross Block	4	38097279	37049075
Less: Depreciation		3463194	2157790
Net Block		34634085	34891285
Capital Work In Progress		7355999	8058677
INVESTMENTS	5	59067943	35063579
DEFERRED TAX ASSET		6597394	—
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	6	23645500	16102894
Loans and Advances	7	46812287	29492878
Sundry Debtors	8	74776516	57519376
Cash and Bank Balance	9	260263848	8314175
TOTAL (A)		<u>405498150</u>	<u>111429323</u>
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	10	40264740	26706332
Provisions		9271962	9326040
TOTAL (B)		<u>49536702</u>	<u>36032372</u>
NET CURRENT ASSETS (A-B)		355961449	75396951
MISCELLANEOUS EXPENDITURE		—	4784
(To the extent not written off / adjusted)			
TOTAL		<u>463616870</u>	<u>153415276</u>

Significant Accounting Policies and Notes to Financial Statements

For **UKG & Associates**
Chartered Accountants
(Firmregno : 123393W)
(Champak K. Dedhla)
Partner
Membership Number : 101769
Date : 28th May 2011
Place : Mumbai

For & on behalf of Board of Directors

(Surendrra Tibrewala)
Chairman
Sanjay Tibrewala
Executive Director
A V Nerurkar
Company Secretary

FINEOTEX CHEMICAL LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	SCH. NO.	For the Year Ended 31.03.2011	For the Year Ended 31.03.2010
INCOME			
Income from operations		306123131	220759324
Less: Excise Duty		23683914	13288142
TOTAL		282439217	207471182
Other income	11	4045116	7145120
Increase/(Decrease) in stock	12	346432	3314379
TOTAL		286830765	217930680
EXPENSES			
Material Cost	13	172055987	118358525
Manufacturing and Direct expense	14	27518347	24988580
Administrative and Other expenses	15	13295678	10122059
Personnel Expenses	16	9154832	9424445
Financial Expenses	17	132493	159154
Depreciation		1305404	1267243
TOTAL		223462741	164320006
Profit before tax		63368024	53610674
Less: Provision for tax		20400000	16500000
Provision for Deferred Tax Liability		420346	780920
Profit after tax		42547678	36329755
Less:			
Short Provision of Deferred Tax for Earlier Years		—	1137145
Short Provision for Taxes for Earlier Year		2202	206060
		42545476	34986549
Less : Prior Period Expenses		65336	—
Add: Balance brought forward from previous year		78978409	52176162
TOTAL		121458549	87162711
Appropriations:			
Less: Proposed dividend		5614906	7018600
Provision for dividend distribution tax		932566	1165702
Balance carried forward to Balance Sheet		114911078	78978410
Basic Earnings per share		5.82	4.98
Basic Earnings per share		5.82	4.98

Significant Accounting Policies and Notes to Financial Statements

For **UKG & Associates**
Chartered Accountants
(Firmregno : 123393W)
(Champak K. Dedhla)
Partner
Membership Number : 101769
Date : 28th May 2011
Place : Mumbai

For & on behalf of Board of Directors

(Surendrra Tibrewala)
Chairman
Sanjay Tibrewala
Executive Director
A V Nerurkar
Company Secretary

CASH FLOW STATEMENT

	Period ended 2010-2011	Period ended 2009-2010
CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before taxation	63368024	53610674
Adjustment for :		
Dividend on mutual fund/shares	(1119843)	(851931)
Reversal of Provision of Depletion of Investments	0	(1874119)
Interest paid	109581	159154
Gain on mutual fund	(235112)	(3586666)
Interest income	(2587550)	(761275)
Preliminary expenditure written off	4784	4784
Depreciation	1305404	1267243
Operating profit before working capital changes	(2522736)	(5642810)
Adjustment for:	60845288	47967865
Inventories	(7542606)	(2529160)
Trade receivables	(17257140)	(2844072)
Other receivables	(17319408)	17454959
Trade payables	11866377	(16640708)
Cash generated from operations	(30252777)	(4558981)
	30592511	43408884
Income taxes paid	18762047	(5053852)
Cash flow generated from operating activities before extraordinary items	11830463	38355032
Extraordinary items	(67538)	-
Net Cash Flow from operating activities	11762925	38355032
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of fixed assets / CWIP	(345526)	(1625713)
Purchases of Investments	(135945945)	-
Dividend on mutual fund/shares	1119843	(70032235)
Provision for diminution in value of investments	228215	-
Interest income	2587550	1613206
Sales of Investments	111948478	60609108
Cash flow generated from investing activities	(20407385)	(9435634)
CASH FLOW FROM FINANCING ACTIVITIES:		
Interest expense	(109581)	(159154)
Net Proceeds from Borrowings	1003338	(14640567)
Dividend paid	(5614906)	(7018600)
Corporate dividend distribution tax paid	(932566)	(1165702)
Proceeds from issue of share capital	294784770	-
Share Issue Expenses	(28536924)	-
	260594133	(22984023)
Net increase/(decrease) in cash and cash equivalents	251949673	5935375
Cash and Cash Equivalents as at beginning	8314175	2378800
Cash and Cash Equivalents as at end	260263848	8314175

Significant Accounting Policies and Notes to Financial Statements

For & on behalf of Board of Directors

 For **UKG & Associates**

 Chartered Accountants
(Firmregno : 123393W)

(Champak K. Dedhla)

Partner

Membership Number : 101769

Date : 28th May 2011

Place : Mumbai

(Surendrra Tibrewala)

Chairman

Sanjay Tibrewala

Executive Director

A V Nerurkar

Company Secretary

FINEOTEX CHEMICAL LIMITED

Schedule 1 : Share capital

	AS ON 31.03.2011	AS ON 31.03.2010
Authorised 1,30,00,000 (1,30,00,000) equity shares of Rs. 10/- each.	13000000	13000000
Issued, Subscribed And Paid Up: 1,12,29811 (70,18,600) equity shares of Rs. 10/- each fully paid up	112298110	70186000
Note: (Of the above, 42,11,211 equity shares of Rs. 10/- each fully paid up have been issued to public at a premium of Rs.60/- per share and the premium on issue has been credited to Securities Premium Account.) (Of the above, 33,24,600 equity shares of Rs. 10/- each fully paid up have been issued as bonus shares by capitalisation of Securities Premium Account.) (Of the above, 30,00,000 equity shares of Rs. 10/- each fully paid up have been issued to vendor in pursuant to the acquisition of business.)		
Total	112298110	70186000

Schedule 2 : Reserves and surplus

Capital Reserve	1085354	1085354
Securities Premium		
Balance at the beginning of the year	704000	704000
Add : Received during the year	252672660	—
Less : Share issue expenses (net of taxes)	19057671	—
	234318989	704000
Profit and Loss Account	114911078	78978410
Total	350315421	80767764

Schedule 3 : Secured Loans

Bank Overdraft (Secured against Fixed Deposit with Bank)	1003338	—
Total	1003338	—

Schedule 5 : Current Investments-Non-Trade (Valued at cost)

Mutual fund units (Unquoted)

Nil (378387.325) Units of Birla Sun Life Income Fund - Quarterly Dividend - Reinvestment (378387.325 units sold during the current year)	—	4120792
Nil (297699.463) Units of Reliance Income Fund - Retail Plan - Monthly Dividend Plan (4061.944 units cumulated and 301761.407 units sold during the current year)	—	3060185
Nil (274721.619) Units of DSP BlackRock Bond Fund - Regular Plan - Monthly Dividend (6245.742 units cumulated during the year and 280967.361 units sold during the current year)	—	3018986
Nil (254583.529) Units of Fortis Flexi Debt Fund - Regular - Quarterly Dividend (254583.529 sold during the current year)	—	2562290
Nil (532085.663) Units of HDFC Arbitrage Fund - Retail Plan - Quarterly Dividend - Option Reinvest (532085.663 units sold during the current year)	—	5484351

Nil (197374.954) Units of SBI Arbitrage opp. Fund-Quarterly Dividend - Option Reinvest (1801.02 units cumulated and 199175.97 units sold during the current year)	—	2149591
Nil (238473.768) Units of DSP BlackRock World Gold Fund-Regular Plan- Dividend (sold 238473.768 units in the current year)	—	3000000
631524.057 (Nil) Units of Birla Sunlife Cash Manager Growth (631524.057 units purchased during the current year)	15050418	—
24567.798 (Nil) Units of Birla Sunlife Dividend Yield Plus (24567.798 purchased during the current year)	2100000	—
300000 (300000)Units of BSL Cap. Protec. Ori. Fund (300000 units purchased during the current year)	3000000	3000000
118899.820 (Nil) Units of BSL Monthly Income Growth (118899.82 units purchased during the current year)	4176261	—
6125.58 (Nil) Units of HDFC Equity Fund Growth (6125.58 units purchased during the current year)	1750000	—
19010.684 (Nil) Units of Kotak Midcap Growth (19010.68 units purchased during the current year)	500000	—
730.345 (Nil) Units of Reliance Growth Fund Retail Plan (730.345 units produced during the current year)	350123	—
236423.239 (Nil) Units of DWS Short maturity Fund (236423.239 units purchased during the current year)	4000000	—
238847.869 (Nil) Units of Reliance Regular Savings Fund Debt (238847.869 units purchased during the current year)	3069004	—
NIL (381246.10)Units of ICICI Prudential Long Term Fund (14331.94 units cumulated and 395578.05 units sold during the current year)	—	4005979
515020.582 (Nil) Units of Kotak Credit Opportunities Fund (515020.582 units purchased during the current year)	5150436	—
300000 (Nil) Units of Pramerica Dynamic Fund (300000 units purchased during the current year)	3000000	—
Nil (385965.860) Units of Reliance Regular Saving Fund Debt (5085.421 cumulated and 391051.281 sold during the current year)	—	4661406
708534.808 (Nil) Units of HDFC Cash Management Growth (708534.808 units purchased during the current year)	15049917	—
13734.211 (Nil) Units of Sundaram Select Midcap Appreciation (13734.211 units purchased during the current year)	2100000	—
Aggregate book value of unquoted investments	59296159	—
Less : Provision for diminution in value of investments	(228215)	—
Total	59067943	35063579

FINEOTEX CHEMICAL LIMITED

Schedule 6

Inventories

(As taken, valued & certified by the management)

Raw Materials	16509816	9669525
Packaging	1478791	1122908
Semi Finished Goods	5656893	5310461
Total	23645500	16102894

Schedule 7

Loans & Advances

(Unsecured and considered good)

Deposit given to Associate person		
Interest Free deposit towards Rented premises	19500000	19500000

Deposit given to Associate Company

Trade Deposit - Proton Bio Chem Pvt. Ltd.	5000000	5000000
Other Deposits	2118876	265610
Interest Receivable	2138784	1383919
Loans to others	10100000	
Advance Recoverable in cash or kind for value to be received	7954627	3343349

Total	46812287	29492878
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Schedule 8

(Unsecured and considered good)

Sundry Debtors

Outstanding for a period exceeding six months	93779	7867
Others	74682737	57511509

*Out of above Rs.1,24,57,300/-(Rs. 37,06,158/-) is due from the concern in which director is proprietor

Total	74776516	57519376
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Schedule 9

Cash & Bank Balances

Cash on hand (As certified by the management)	640498	542580
Bank balances with Scheduled Banks		
In Current Account	2952064	7324195
In Fixed Deposit	256671286	447400

Total	260263848	8314175
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Schedule 10

Current Liabilities & Provisions

Current Liabilities

Sundry Creditors	36927966	25103227
Advance from Debtors	3162	—
Trade Deposit	884667	884667
Outstanding Expense	2448945	718438
	40264740	26706332

Provisions		
Provision for Income tax (net of Advance Tax)	2516153	880205
Proposed Dividend	5614906	7018600
Provision for Dividend Tax	932566	1165702
Provision for Expenses	208338	261533
	9271962	9326040
Total	<u>49536702</u>	<u>36032372</u>
Schedule 11		
Other income		
Dividend on Mutual Fund	1119843	851931
Gain on Sale / Redemption of Mutual Fund	235112	3586666
Interest on deposits with Banks and Others	2587550	761275
{Tax deducted at source Rs. 251952 (Previous year - Rs143365)}		
Reversal of Provision for depletion of Investments		1874119
Miscellaneous Income	102611	71129
Total	<u>4045116</u>	<u>7145120</u>
Schedule 12		
Increase / (decrease) in stock		
Closing Stock of Work-In-Progress	5656893	5310461
Less: Opening Stock of Work-In-Progress	5310461	1996082
Total	<u>346432</u>	<u>3314379</u>
Schedule 13		
Material cost		
Opening stock	9669525	10857022
Add: Purchases & Freight thereon	178896278	117171028
Less: Closing Stock	16509816	9669525
Total	<u>172055987</u>	<u>118358525</u>
Schedule 14		
Manufacturing and direct expense		
Wages	2058338	1831377
Factory expense	124764	130357
Labour charges	5841749	5375092
Power and Fuel	798511	610962
Packing Material	18443966	16848370
Water charges	251019	192422
Total	<u>27518347</u>	<u>24988580</u>
Schedule 15		
Administrative and other expenses		
Auditors Remuneration	200000	200000
Advertisement	317399	
Commission paid	2702082	1131227
Donation	25000	36001
Rates & Taxes	1704676	153803
Insurance	205305	157725
Rent	780000	780000

FINEOTEX CHEMICAL LIMITED

Transport charges	721561	548754
Legal & Professional fees	876369	979898
Provision for diminution in value of investments	228215	
Repairs & Maintenance		
Plant and Machinery	583074	850439
Building	102953	
Others	173184	
Telephone expenses	332941	340149
Travelling expenses	2152391	1514981
Sundry Balances witten off	18100	
Miscellaneous Expenses	2172427	3429081
Total	13295678	10122059
Schedule 16		
Personnel Cost		
Salaries, Wages, Bonus and Leave Encashment	8431536	8556767
Contribution to provident fund and other funds	536438	517486
Provision / (Reversal) of gratuity expenses	(45704)	79198
Staff Welfare expense	232562	270994
Total	9154832	9424445
Schedule 17		
Financial Charges		
Interest on Trade Deposits	109581	146261
Bank Charges	22912	12893
Total	132493	159154

**SCHEDULES FORMING PART OF THE BALANCE SHEET
SCHEDULE--4**

Sr. No	Particulars	Gross Block			Depreciation			Net Block		
		Ason 01.04.2010	Addition during the year	Deletion	Ason 31.03.2011	Ason 01.04.2010	For the year	Adjustment	Ason 31.03.2011	As at 31.03.2010
1	Leasehold Land	10200000	-	-	10200000	-	-	-	10200000	10200000
2	Factory Building	3661228	-	-	3661228	222061	122285	344346	3316882	3439167
3	Renovation on Lease Premises	4376699	-	-	4376699	72317	71340	143657	4233042	4304382
4	Office Premises	483000	-	-	483000	23619	7873	31492	451508	459381
5	Plant and Machinery	12378514	832298	-	13210812	842621	604484	1447105	11763707	11535893
6	Electric Fittings	1126818	-	-	1126818	64793	53524	118316	1008501	1062025
7	Furniture and Fixture	1482857	-	-	1482857	113169	93865	207034	1275823	1369688
8	Computers	553488	70070	-	623558	165900	97573	263473	360085	387588
9	Motor Car	2545074	-	-	2545074	635145	241782	876927	1668147	1909929
10	Office Equipments	241397	145836	-	387233	18166	12678	30844	356389	223231
	Total	37049075	1048204	-	38097279	2157790	1305404	3463194	34634085	34891285
	Previous Year Total	35873382	1175693	-	37049075	890547	1267243	2157790	34891285	34982835

FINEOTEX CHEMICAL LIMITED

SCHEDULE - 18

Significant Accounting Policies and Notes to accounts forming part of the Balance Sheet as at 31.3.2011 and ProfitandLoss account for the year ended on that date.

1 SIGNIFICANT ACCOUNTING POLICIES :

A Method of accounting:

The financial statements are prepared:

- i On the historical cost convention
- ii On a going concern basis
- iii In accordance with the Accounting Standard as notified by Companies (Accounting Standard) Rules, 2006.
- iv On mercantile system of accounting and recognizes income and expenditure on an accrual basis except those with significant uncertainties
- v In accordance with the relevant presentation requirements of the Companies Act, 1956 to the extent applicable.

B Use of estimates:

Estimates and assumptions used in the preparation of the financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the Financial Statements, which may differ from the actual results at a subsequent date. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized.

C Intial Public Offering (IPO)

During the year, pursuant to the approval of the shareholders of the Company in an extra ordinary general meeting held on 26th August 2010, the Company has issued and allotted through intial public offering (IPO) 42,11,211 equity shares of Rs.10/- each at a premium of Rs.60/- per share aggregating to total of Rs. 29.48 crores to all categories of investors. The issue was made in accordance with the terms of the Company's prospectus dated 26th February 2011 and the shares got listed on 11th March 2011 on Bombay Stock Exchange Ltd.

In accordance with the "objects of issue" as stated in the prospectus of the company, the status of utilisation upto 31st March 2011 of the amount raised through the said intial public offer is as follows:

Particulars of Fund Utilisation		Amt (Rs. In crs)
Amount received from IPO		29.48
Deployment of funds received from IPO	As per Prospectus	Actual Incurred
Investment in Capital expenditure	9.25	-
Working Capital Requirements	8	-
General Corporate Purpose	9.76	-
Issue Related Expenses	2.47	2.05
Total	29.48	2.05
Balance amount to be utilised		27.43
Interim Utilisation of balance IPO proceeds		
Investments in Mutual Funds		2.43
Fixed Deposits		25.00
Total		27.43

Fixed assets:**Tangible assets:**

Fixed Assets are stated at their original cost of acquisition including incidental expenses related to acquisition and installation of the concerned assets. Fixed Assets are shown net of accumulated depreciation and amortisation. Historical cost comprises the acquisition price or construction price and all direct and indirect costs attributable to bring the asset to the working condition for intended use, but excluding any Cenvat / Service Tax / Value Added Tax credit available. Borrowing cost directly attributable to acquisition / construction of fixed asset which necessarily takes a substantial period of time to get ready for their intended use are capitalised.

Intangible assets:

Intangible Assets are stated at cost of acquisition less accumulated amortization. Amortization is done on Straight Line Method.

The Trademarks acquired by the company are amortised over a period of 10 years on SLM basis.

Depreciation:

Depreciation has been calculated as per the Straight Line Method at the rates prescribed under Schedule - XIV of the Companies Act, 1956.

Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/ installation.

Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis upto the date on which such assets are sold, discarded or demolished.

For assets costing Rs.5000/- or less, depreciation is fully provided.

Depreciation on additions on account of increase in rupee value due to revaluation of foreign currency loans is being provided at rates of depreciation over the future life of said asset.

Inventories:

Cost of Inventories have been computed to include all cost of Purchases, Cost of Conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and components, stores and spares are valued at cost. The costs are ascertained using the FIFO method, except in case of slow moving and obsolete material, at lower of cost or estimated realizable value. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Work-in-progress and finished goods are valued at the lower of cost or estimated realizable value. Cost represents prime cost, and includes appropriate portion of overheads.

Scrap is valued at estimated realizable value.

Foreign currency transactions:

Transactions in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction

Monetary items denominated in foreign currencies at the year end are restated at the year end rates.

Any income or expense on account of exchange difference either on settlement or translation is recognised in the Profit and Loss Account except in cases where they relate to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

Research and development:

Capital Expenditure is shown separately in Fixed Assets.

Research and development cost (other than cost of fixed assets acquired) are charged as an expense in the year in which they are incurred.

Investments:

Investments are stated at their cost of acquisition. Long term investments are carried at cost. In case there is any diminution of permanent nature in value of Investments, the same is provided for.

Unquoted current investments are stated at the lower of cost and fair value where available.

Current Investments are valued at cost of acquisition, less provision for diminution, as necessary, if any.

Revenue recognition:

The Company recognizes revenues on the sale of products when the products are delivered to the customer or when delivered to the carrier for exports sales, which is when risks and rewards of ownership pass to the customer. Sales are net of taxes on sales and sales returns.

Other income is accounted for on accrual basis when it is reasonably certain that the ultimate collection will be made.

Interest is accrued over the period of loan/ investment.

Dividend on shares and mutual funds is accounted as and when the right to receive is established.

FINEOTEX CHEMICAL LIMITED

Leases:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in Profit and Loss Account.

Impairment:

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

Borrowing Costs:

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of cost of such assets till such time as the assets are ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Taxation:

Provision for taxation is made on the basis of the taxable profits computed for the current accounting period in accordance with the applicable tax rates and tax laws. Deferred Tax resulting from timing difference between Book Profits and Tax Profits is accounted for at the applicable rate of tax to the extent the timing differences are expected to crystallize, in case of Deferred Tax Liabilities with reasonable certainty and in case of Deferred Tax Assets with virtual certainty that there would be adequate future taxable income against which Deferred Tax Assets can be realized.

Employment Retirement Benefits

Benefits in the form of Provident Fund whether in pursuance of law or otherwise which are defined contributions is accounted on accrual basis and charged to Profit And Loss Account of the year.

Long term employee benefits under defined benefit scheme such as contribution to gratuity, leave, etc. are determined at the close of the year at present value of the amount payable using actuarial valuation techniques. Actuarial gains and losses are recognized in the year when they arise.

Termination benefits such as compensation under voluntary retirement scheme are recognized as a liability in the year of termination.

Provisions, Contingent liabilities and Contingent assets:

Necessary provisions are made for present obligations that arise out of past events prior to the Balance Sheet date entailing future outflow of economic resources. Such provisions reflect best estimates based on available information. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

Notes (Continued):

A) Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances Rs. 7,77,584/- (NIL).

B) Contingent liabilities:

Contingent liabilities not provided for in respect of:

Particulars	2010-2011	2009-2010
(a) Guarantees given by bank	2249000	474000
(b) Claims against the Company not acknowledged as debts	3898285	4004940

Premium amount to be paid to MIDC on account of transfer of leasehold land in the name of the Company, for which amount is not ascertainable.

C) Balance of sundry debtors, creditors and loans and advances are subject to confirmation, reconciliation, if any.

D) In the opinion of board the value on realisation of loans, advances and current assets in the ordinary course of business will not be less than the amount at which they are stated in the balance sheet.

E) In the opinion of the Board, provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.

Deferred tax Liability / Asset:

Sr. No.	Particulars	2010-2011	2009-2010
A.	Deferred Tax Assets:		
1	Leave encashment	36368	54422
2	Provision for bonus	59801	121684
3	*IPO related expenses	9479253	
		9575422	176106
B.	Deferred Tax Liabilities:		
1	Depreciation	2978028	2637619
		2978028	2637619
	Deferred Tax Liability / (Asset)	(6597394)	2461513

* The said tax pertains to the IPO related expenses that have been written off against Securities premium account.

F. Earning per share:	2010-2011	2009-2010
Profit available to shareholders (In Rs.)	42545476	34986549
Weighted average no. of shares outstanding during the year	7295502	7018600
Basic Earning per Share (In Rs.)	5.83	4.98
Diluted Earning per Share (In Rs.)	5.83	4.98

G. Segment reporting:

The Company is primarily engaged in the business of manufacturing of textile chemicals, auxiliaries and specialty chemicals. These in the context of Accounting Standard 17 on Segment Reporting, are considered to constitute one single primary segment. There is no other secondary reportable segment.

H. Related party transactions:

A Key Management Personnel:

- 1 Surendrakumar Tibrewala
- 2 Sanjay Tibrewala

B Relatives of Key Management Personnel:

- 1 Mrs. Kanaklata Surendra Kumar Tibrewala
- 2 Ms. Ritu Surendra Kumar Tibrewala

C Enterprise under significant influence of Key Management Personnel or their relatives:

- 1 Sanjay Exports
- 2 Proton Biochem Private Limited

Disclosures in respect of transactions with the above related parties in accordance with Accounting Standard 18 as notified by the companies (Accounting Standard) Rules, 2006 is separately enclosed as an annexure to the notes to accounts.

- I. Liability for employee benefit has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the Accounting Standard-15 (Revised) the details of which are as hereunder :

Defined contribution plan:

Employer's contribution to PF, ESIC and other funds

Defined benefit plan:

The Company has taken a policy under Group Gratuity Scheme with the Life Insurance Corporation of India (LIC). The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

FINEOTEX CHEMICAL LIMITED

	Current Year (Rs.)	Previous Year (Rs.)
A) Table showing changes in the Present value of Obligation:		
Defined Benefit Obligation at the beginning of the year Current Service	416834	179744
Current Service Cost	109505	115153
Interest Cost	33347	14380
Actuarial (Gain)/ Loss	(157225)	107557
Benefit paid	-	-
Defined Benefit Obligation at year-end	402461	416834
B) Table showing changes in fair value of plan assets:		
Fair value of plan assets at beginning of the year	286552	99158
Expected return of plan asset	31331	22617
Actuarial (Gain)/ Loss	-	-
Employer Contribution	64946	164777
Benefit paid	-	-
Fair Value of plan assets at year end	382829	286552
Actual return on plan assets	-	-
Fair Value of Plan Asset at the end of the year Fair Value of Plan Asset at the end of the year	382829	286552
C) Table showing fair value of plan assets:		
Fair Value of Plan asset at beginning of the year	286552	99158
Actual return on plan asset	31331	22617
Employer Contribution	64946	164777
Benefit Paid	-	-
Fair Value of Plan asset at the end of the year	382829	286552
Funded Asset	(19632)	(130282)
D) Actuarial Gain/Loss recognized:		
Actuarial (Gain)/Loss for the year obligation	(157225)	(107557)
Actuarial (Gain)/Loss for the year plan assets	-	-
Total (Gain)/Loss for the year	(157225)	107557
Actuarial (Gain)/Loss recognized for the year	(157225)	107557
E) The amounts to be recognized in the balance sheet and statements of profit and loss:		
Present value of obligations as at the end of year	402461	416834
Fair Value of plan assets as at the end of the year	382829	286552
Funded Status	(19632)	(130282)
Net Asset/(Liability) recognized in balance sheet	(19632)	(130282)
F) Expenses recognized in statement of profit and loss account:		
Current Service Cost	109505	115153
Interest Cost	33347	14380
Expected return of plan asset	(31331)	(22617)
Net Actuarial (Gain)/loss recognised in the year	(157225)	107557
Expenses recognised in statement of profit and loss account	(45704)	214473
G) Assumption:		
Discount Rates	8%	8%
Salary Escalation	5%	5%

J. ADDITIONAL INFORMATION PURSUANT TO THE PROVISION OF PARA 3 AND 4 OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956:

Licensed and installed capacity and Production details:

Particulars of goods	Unit	Installed capacity		Production	
		2010-2011	2009-2010	2010-2011	2009-2010
Chemicals	KG	5000000	5000000	4725545	3837000

Stocks and turnover details (Figures in brackets indicate previous year figures):

Particulars of goods	Opening Stock		Closing Stock		Sales	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
Manufactured items						
"Chemical and chemical products " - Finished Goods"	-	-	-	-	4725545	282439217
	(-)	(-)	(-)	(-)	(3837353)	(207471182)
- Work in Progress	146349	5310461	153925	5656893		
	(51831)	(1996082)	(146349)	(5310461)		

Raw materials consumed:

Particulars	2010-2011		2009-2010	
	Quantity	Amount (Rs.)	Quantity	Amount (Rs.)
Raw material	2468888	168653304	1787318	118358525
Packing material	70353	18559634	178660	16848370
Total		<u>187212938</u>		<u>135206895</u>

Purchase of items traded in:

Particulars	2010-2011		2009-2010	
	Quantity	Amount (Rs.)	Quantity	Amount (Rs.)
Chemical and chemical products - Finished goods	1850	233300	-	-
Total		<u>233300</u>		<u>-</u>

Payment to Auditors

Sr.	Particulars	Amount (Rs.)	
		2010-11	2009-10
i.	As Auditors	200000	200000
ii.	Tax Audit Fees	45000	-
iii.	Certification and other matters	167500	-
	Total	412500	200000
		2010-11	2009-10
a.	CIF value of imports	81190	-
b.	Expenditure in foreign currency	-	-
c.	Earnings in foreign currency	-	-
d.	Value of imported Spare Parts	-	-

FINEOTEX CHEMICAL LIMITED

Managerial Remuneration:	Amount (Rs.)	
Computation of Net Profit in accordance with Section 198(1) and Section 349 of Companies Act, 1956		
Particulars	2010-11	2009-10
Profit as per Profit and Loss Account	42547678	36329754
Add: Managing Directors' and Whole Time Directors remuneration	3840000	5088000
Provision for taxation and fringe benefit tax (including deferred tax)	20861380	17280920
Depreciation as per books	1305404	1267243
	68554462	59965917
Less: Provisions no longer required	-	1874119
Profit / (loss) on sale of investments	235112	3586666
Depreciation as per section 350 of the Companies Act, 1956	1305404	1267243
Profit / (loss) on sale of assets	-	-
Net profit	67013946	53237889
10% of the net profit, maximum remuneration payable to managerial personnel	6701395	5323789
Maximum as determined by the Board of Directors	6701395	5323789

Details of remuneration to managerial personnel included in Profit and Loss Account are as under:

	2010-11	2009-10	Total	
	Chairman and Managing Director Surendrakumar Tibrewala	Whole Time Director Sanjay Tibrewala		
Remuneration	1320000	792000	2112000	2400000
House Rent	900000	540000	1440000	1440000
Contribution to provident fund	180000	108000	288000	288000
Other Perquisites	-	-	-	960000
Total	2400000	1440000	3840000	5088000

K. ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 (VIDE NOTIFICATION NO. GSR 388 (E):

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

I. Registration details:

Registration No. 44295 State Code : 11
Balance Sheet 31.03.2011

II. Capital raised during the year:
(in'000)

	2010-11	2009-10
Public Issue	294784.77	NIL
Bonus Issue	NIL	NIL
Rights Issue	NIL	NIL
Private Placement	NIL	NIL

III. Position of mobilisation, and development of funds: (Rupees in Thousand)

2010-2011

Total Liabilities		Total Assets	
Source of Funds:	463617	Application of Funds:	463617
Paid-Up Capital	112298	Net Fixed Assets	34634
Reserves & Surplus	350315	Capital WIP	7356
Deferred Tax Liability	-	Deferred Tax Asset	6597
Secured Loans	1003	Investments	59068
Unsecured Loans	-	Net Current Assets	355961
Misc. Expenses	-		

IV. Performance of the company:

(Rupees in Thousand)

2010-2011

Turnover/Income	286831	Total Expenditure	223463
Profit / Loss Before Tax	63368	Profit/Loss after Tax	42548
Earning Per Share	5.82	Dividend Rate (%)	5

V. Generic names of three principal products, services of company:Generic names of three principal products, services of company:

Item Code No.	--
Product Description	Chemicals
Product Description	Manufacture of chemicals

3 Previous year's figures have been regrouped, rearranged and reclassified wherever necessary.

4 Figures in brackets relate to the previous year

5 The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act could not be furnished.

(Signatories to Schedule 1 to 18)

Significant Accounting Policies and Notes to Financial Statements

For **UKG & Associates**
Chartered Accountants
(Firmregno : 123393W)
(Champak K. Dedhla)
Partner
Membership Number : 101769
Date : 28th May 2011
Place : Mumbai

For & on behalf of Board of Directors

(Surendrra Tibrewala)
Chairman
Sanjay Tibrewala
Executive Director
A V Nerurkar
Company Secretary

FINEOTEX CHEMICAL LIMITED

FINEOTEX CHEMICAL LIMITED

REGISTERED OFFICE

42/43, Manorama Chambers, S V Road, Bandra (W), Mumbai 400 050.

EIGHTH ANNUAL GENERAL MEETING

FRIDAY, 12TH AUGUST, 2011 AT 3.00 P.M.

AT THE GOKUL HALL RAJPURIA BAUG, N B THAKKAR ROAD, VILE PARLE (E), MUMBAI 400 057

A member / proxy wishing to attend the meeting must complete this Admission Slip and hand it over at the entrance. If you intend to appoint a proxy, please complete the Proxy form below and deposit it at the Company's Registered Office, at least 48 hours before the time of holding the meeting.

I record my presence

at the 8th AGM

Folio No.	DP ID No.	Client HD No.

Member/Proxy

Signature of

Signature of Proxy (if any) in Block Letters

FINEOTEX CHEMICAL LIMITED

REGISTERED OFFICE

42/43, Manorama Chambers, S V Road, Bandra (W), Mumbai 400 050.

I/We _____ of _____ being a member of Fineotex Chemical Limited, hereby appoint _____

_____ of _____

_____ of _____

as my/our proxy to attend vote for me/us and on my/our behalf at the Eighth Annual General Meeting of the Company to be held on Friday, 12th day of August , 2011 at 2.30 p.m.

As witness my/our hand/s this _____ day of _____ 2011.

Signed by the said

Affix
Revenue
Stamp here

Folio No.	DP ID No.	Client HD No.

This Proxy Form duly completed must be received at the Company's Registered Office at least 48 hours before the time of holding the Meeting.