

BOARD OF DIRECTORS

Chairman & Managing Director

Surendra Kumar Tibrewala

Executive Director

Sanjay Tibrewala

Anand Agarwal (resigned w.e.f. 02-Sep-11)

Manmohan Mehta

Sanjay Mittal

Navin Mittal (appointed w.e.f. 02-Sep-11)

BANKERS

Indian Bank

Oriental Bank of Commerce

Union Bank of India

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, MIDC, TTC, Maphe, New Mumbai

REGISTRARS & TRANSFER AGENTS

Bigshare Services Private Limited

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

Phone : 022- 4043 0200 Telefax:022- 2847 5207

E-mail : investor @bigshareonline.com

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NOTICE

NOTICE is hereby given that the Ninth Annual General Meeting of the members of Fineotex Chemical Limited will be held at 9.30 a. m. on Monday, 31st December, 2012 at Gokul Hall, Rajpuria Bagh, Vile Parle (East), Mumbai 400057 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012 and Statement of Profit and Loss for the financial year ended on that date, and the Report of the Directors and Auditors thereon.
2. To declare dividend on equity shares for the year 2011-12.
3. To appoint a director in place of Mr. Manmohan Mehta who retires by rotation and being eligible offers himself for reappointment.
4. To appoint UKG & Associates Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution :-

“RESOLVED THAT Mr. Navin Bhimsen Mittal, who was appointed by the Board of Directors as an additional Director of the Company with effect from 02-Sep-2011 and who holds office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 is eligible for appointment and the Company has received a notice in writing pursuant to the provisions of section 257 of the Companies Act, 1956 from a member of the Company proposing his candidature for the office of the Director of the Company, and who has consented, if appointed, to act as a Director be and is hereby appointed as a Director of the Company liable to retire.’

6. To consider the following resolution, with or without modification, as an Special Resolution :-

‘RESOLVED THAT pursuant to section 149(2A) of the Companies Act, 1956 consent of the Company is hereby given to the commencement by the Company of the business as mentioned and by amending clause 56 under other objects under Clause III of the Memorandum of Association of the Company as under:

‘To carry on business as builder, contractors, developers and promoters of Co-operative societies or other form of enterprises and deal in real estate business by constructing, reconstructing, altering, improving offices, flats, houses, factories, other warehouses, shops buildings , works and conveniences by acquiring, consolidating, connecting and subdividing immovable properties and by leasing and disposing off the same.’

By Order of the Board

(Surendra Kumar Tibrewala)
Chairman & Managing Director

Registered Office:

42/43, Manorama Chambers
SV Road, Bandra (West),
Mumbai 400050
Dated : 24-Nov-2012

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**Resolution No. 5**

Mr. Navin Bhimsen Mittal was appointed as an Additional Director by the Board of Directors at their meeting held on 2-Sep-2011 pursuant to Section 260 of the Companies Act, 1956 (‘the Act’) read with Article of the Articles of Association of the Company. Mr. Mittal would hold office upto the date of this Annual General Meeting.

The Company has received notices in writing under Section 257 of the Act from members of the Company along with a deposit of Rs. 500/- each signifying their intention to propose Mr. Mittal as a candidate for the office of the Director.

The Board of Directors recommend the resolution for approval of the Members as Ordinary Resolution.

None of the Directors, except Mr. Navin Mittal, is concerned or interested in the resolution.

Resolution No. 6

The Company is presently dealing in manufacture of specialty and other chemicals mainly for textile industries. It has plans for diversification. The Board has reviewed various opportunities and have decided, subject to the approval of the shareholders and other approvals if any, to go into the business of builders, contractors, developers of shops, building etc by acquiring, consolidating and subdividing land or premises of any type. The object is broadly included under the other objects in the Memorandum of Association of the Company. However to commence any new business, the Company requires the shareholders approval by ay of a special resolution as per section 149(2A) of the Companies Act 1956. Hence your consent is sought to commence this business and replacing clause 55 under other objects under Clause III of the Memorandum of Association of the Company. The Board recommends the resolution for approval of the Members as a Special Resolution.

None of the Directors are interested in the resolution.

NOTES

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, on a poll, to vote on his behalf. A proxy need not be a member of the Company. The authorized Proxy forms, in order to be effective, must be deposited at the Registered Office of the Company before 12.00 noon on Saturday, 29th December, 2012.**

2. Corporate members are requested to send a duly certified copy of Board Resolution, pursuant to section 187 of the Companies Act, 1956 authorizing their representative to attend and vote at the Annual General Meeting
3. Members/proxies should bring duly filled attendance slips sent herewith for attending the meeting.
4. In case of joint holders attending the meeting, only such joint holder who is higher in the names will be entitled to vote.
5. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification and attendance at the meeting.
6. The Register of Members and Share Transfer books of the Company will remain closed from 24-Dec-2012 to 28-Dec-2012. (both days inclusive)
7. Subject to provisions of Section 206A of the Companies Act, 1956, Dividend recommended by the Board of Directors, if declared at the meeting, will be payable on or after 31-Dec-2012 to the members whose names appear in the Registrar of Members on 28-Dec-2012.
8. Members holding shares in electronic form may please note that their bank account details as furnished by the representative depositories to the Company will be printed on the dividend warrant as per the applicable regulations of the depositories and the Company will not entertain any direct request from such members for deletion or change in such bank account details. Members may therefore give instructions regarding bank account details to their depository participants.
9. Members are requested to intimate immediately of the change of address to their DPs
10. An Explanatory Statement pursuant to Section 173(2) relating to special business is annexed to this Notice.
11. 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.
12. 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.
13. 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.
14. 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.
15. In case of joint holders attending the meeting, only such joint holder who is higher in the names will be entitled to vote.
16. 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)

	Re-appointment as Director	Appointment as Director
1. Name of the Director	Mr. Manmohan Mehta	Mr. Navin Bhimsen Mittal
2. Date of Birth	28-Aug-1968	13-Mar-1973
3. Relationship with other Directors	None	None
4. Date of Appointment	31-Dec-07	2-Sep-11
5. Expertise in the specific functional area	Textile Processing	Iron & Steel
6. Number of equity shares held in the Company	NIL	NIL
7. Directors in other Indian Public Limited Companies as on 31.03.2012	NIL	NIL
8. Chairmanship /Memebership in other Indian Public Limited Company as on 31.3.2012.	Nil	NIL
9. Director Identification No	00391964	03555295

DIRECTORS' REPORT

Your Directors take pleasure in presenting Ninth Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended 31st March 2012.

FINANCIAL RESULTS

The Highlights of the performance of the Company during the Financial Year ended 31st march 2012 are appended below:-

(Rs. in Lakhs)

	Year ended 31-3-2012	Year ended 31-3-2011
Total Income (net of Excise duty)	3553.52	2864.84
Less: Expenditure	2760.87	2217.45
Less: Depreciation	17.05	13.05
Less: Finance Costs	29.10	1.32
Net Profit before Tax	746.50	633.02
Provision for Tax (including short Provision for Previous Year & deferred tax)	232.90	208.22
Profit after tax	513.60	424.80
Appropriations		
Dividend on Equity Shares	56.15	56.15
Tax on Dividend	9.11	9.33
Balance Brought forward from previous Year	1149.10	789.78
Profit carried to Balance Sheet	1597.44	1,149.10

DIVIDEND

Your Directors have recommended a dividend of Re 0.50 per equity share (Last year Re. 0.50 per share) for the year ended 31st March, 2012. The dividend will be paid to the members whose names appear in the register of members as on 28-Dec-2012. 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 is free from Income Tax in the hands of the shareholders.

OPERATIONS

During the year under review, the Company could achieve a gross turnover of Rs. 3599 lakhs as against Rs. 3061 lakhs last year an increase of 17.57 % inspite of the depressed economic conditions.. Due to rising costs of the oil, depreciating Indian Rupee and their 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 meet the challenge, 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.

During the year the Company formed Fineotex Malaysia Limited (FML), a Limited Company, in Labaun Malaysia. FML in turn has controlling interest in 3 other companies in Malaysia that have established manufacturing and trading activities. Their turnover is higher than the parent company. The synergy of the businesses would help all the companies when the integration takes place. The integration process is slow due to cultural differences but in a positive direction and the effect would be visible from the current financial year.

The Company continues to develop new products and modify the products as per the requirements of its customers. It has its own testing and development facilities backed by qualified staff. It has also applied for the recognition of its research and development facilities with the Department of Scientific and Industrial Research, Ministry of Science & Technology, Government of India.

DIRECTORS

During the year Mr. Navin Mittal was appointed as Additional Director. Notices have been received from the shareholders proposing his name as Director of the Company. Mr. Anand Agarwal resigned from the Board of the Company with effect from 2nd September, 2011 due to his preoccupation. The Board notes with appreciation the services and advices rendered by him since the Company became Public Limited Company in 2007.

Mr. Manmohan Mehta retires by rotation and, being eligible, offers himself for 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.

COST ACCOUNTING RECORDS AND COST AUDIT

The Ministry of Corporate Affairs has issued a notification dated 3rd June, 2011 titled The Companies (Cost Accounting Records) Rules, 2011 making it mandatory for your Company to maintain Cost Accounting Records as prescribed therein. The Company is also required to file a Compliance Certificate from the Practising Cost and Management Accountant.

The Cost Audit Branch (CAB) of the Ministry of Corporate Affairs have issued CAB Order dated 24th January, 2012 making the products of the Company liable to Cost Audit under Section 233B of the Companies Act, 1956. This Order would apply to accounting periods commencing on or after 1st April, 2012. The Board has therefore recommended the name of M/s V. J. Talati & Co. as Cost Auditors of the Company. The approval of the government is awaited. M/s V. J. Talati & Co. would also issue a Compliance Certificate for the Cost Accounting Records for the financial year 2011-12

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

(Surendrakumar Tibrewala)
Chairman

Date : 24-Nov-2012

Place : Mumbai

Annexure A

Part 'A'

	2011-12	2010-11
Power & Fuel Consumption		
1. Electricity		
a) Purchased Units (Nos)	75,724	69,476
Total Cost (Rs) #	5,73,729	4,55,080
Rate / Unit (Rs.) #	7.58	6.55
2. Diesel Oil		
Quantity (K.Ltrs)	1968.97	2,383.08
Total Cost (Rs.)	87,453	97,640
Average rate per K Ltr. (Rs.)	44.42	40.97

Part 'B'

	2011-12	2010-11
1. Production (own manufacture)	5088.719 MT	(4,725.545 MT)
2. Production (labour jobs only)	340.507 MT	(156.617MT)

Note: The consumption per unit is not comparative as the production of various products require different production standards. 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

- (a) Energy conservation measure taken – Energy consumption is not very high
- (b) Additional investments/ proposals being implemented for reduction of consumption of energy – None in the year
- (c) 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
- (d) Total energy consumption and energy consumption per unit of production as per form 'A' attached hereto - Attached

B. TECHNOLOGY ABSORPTION

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

Form B

Research and Development (R & D)

1. 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
2. Benefits derived as a result of the above R & D – Developed few products as well as improved performance of certain products to increase sales.
3. Future plan of action – Continue with vigour to gain more consumer satisfaction. It has applied for recognition of its research and development facilities to the Department of Scientific and Development Research, Ministry of Science & Technology, Government of India
4. Expenditure on R & D – Not significant during the year.

Technology absorption, adoption and innovation

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

C. FOREIGN EXCHANGE EARNING AND OUTGO

- (a) 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 to increase exports Sales
- (b) Total Foreign exchange earned
Nil
- (c) Total Foreign exchange used
 - i. Loan taken
Rs. 6,48,68,940/-
 - ii. Interest
Rs. 25,26,026/-
 - iii. Expenses
Rs. 6,97,853/-

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 products are like recipes made as per customer needs with the interaction at the customers production process. 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 restricting the 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 17.57 % over the last year. However due to the rising raw material costs the profit before tax has remained almost at the same level in the year under review. The Company is a zero debt Company with

no borrowings for its local operations. Short term borrowings are restricted to need based working capital requirements. The salient indicators are as under :-

	(Rs. In lakhs)	
	2011-12	2010-11
Sales amount	3587	3056
PBDIT	547	633
PAT	513.59	424.80
Earnings per Share (Basic & Diluted) (Rs)	4.57	5.82

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 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 2011-12 were 4873 MT against 4726 MT in 2010-11. 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 constantly reviews its adherence to the environmental norms. The Company has its own Internal Control system and the Audit Committee reviews its adequacy from time to time. Measures are taken to strengthen the same.

HUMAN RESOURCES

The Company has 32 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
(Surendrakumar Tibrewala)
Chairman

Date : 24-Nov-2012
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, 2012 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 Chairmanship/Member
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) upto 2nd Sept., 2011	Independent non-executive	0	No	ONE	NIL
Mr.Manmohan Mehta DIN 00391964)	Independent Non-executive	7	Yes	NIL	NIL
Mr.Sanjay Mittal DIN 00391964)	Independent Non-executive	7	Yes	NIL	NIL
Mr.Navin Mittal (DIN 03555295) from 2nd Sept.,2011	Independent Non-executive	4	NA	NIL	NIL

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 Chairman & Managing Director which is circulated to the members of the Board in advance.

Profile of the Director being re-appointed

Mr. Navin Mittal is a graduate and has experience in iron & steel business. His particulars are given elsewhere in this report. Mr. Manmohan Mehta retires by rotation and offers himself for re-appointment. He has a vast experience in textile business and is involved in a lot of social activities. He has been a director from 31-Dec-2007.

Audit Committee

The Company has a qualified Audit Committee. The terms of reference of the Committee are in accordance with the provisions of the 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. The Committee met 5 times during the year 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 Sanjay Mittal and Navin Mittal as members. The Committee met twice during the year. 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.

Committee also recommended that the payment of sitting fees to the Independent Directors.

The details of remuneration paid/provided to Mr. Surendra Tibrewala Managing Director during the year ended 31st March, 2012 are Basic Salary Rs. 21,00,000/-, House Rent Assistance and other allowances of Rs. 7,20,000/- and Retirement benefits Rs. 2,52,000/-. The details of remuneration paid to Mr. Sanjay Tibrewala Executive Director during the year ended 31st March, 2012 are Basic Salary Rs. 18,00,000/-, House Rent Assistance and other allowances of Rs. 5,40,000/- retirement Benefits Rs.2,16,000/-.

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 Manmohan Mehta. The Board of Directors has delegated power of approving transfer/transmission of shares to senior executives of the Company. The Committee met twice during the year.

Company Secretary, is the Compliance Officer of the Company.

During the year under review, no grievances were received during the year. Requests for information were received and were replied and no grievance was outstanding as on 31st March, 2012. No share transfers/transmissions/issue of duplicate share certificates was pending as on 31st March, 2012.

Details of General Body Meetings

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

Year	Venue	Date	Time
2008-09	Registered Office	04-Aug-2009	3.00 P.M.
2009-10	Registered Office	06-Jul-2010	4.00 P.M.
2010-11	Gokul Hall, Rajpuria Bagh, Vile Parle (E), Mumbai 400057.	12-Aug-2011	2.30 P.M.

Special Resolutions were proposed at the 8th Annual General Meeting held on 12th August 2011 and were approved unanimously.

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

No Extra-Ordinary General Meeting was convened during the year 2011-12.

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. 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. Some sales have been made to the proprietary concern of the Executive Director. These have been disclosed in the accounts and other public documents. Wherever required, the approval of the Central Government is also obtained.
- (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 has 1258 shareholders as on 31st March, 2012 and the total holding is in dematerialised form except for 1 shareholder holding three shares.

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 Monday 31-Dec-2012 at 9.30 A.M
Venue Gokul Hall, N B Thakkar Road,
Vile Parle (E) Mumbai 400057.
- b. Financial Calendar**
The Company's Financial Year is a 12 months period from April to following March.
Period Dates for Unaudited/ Audited Results.
April- June 2012 1st Fortnight of August 2012
July-Sept. 2012 1st Fortnight of November 2012
Oct-Dec 2012 1st Fortnight of February 2013
Jan-Mar -2013 Before 30th May 2013
- c. Book Closure** 24-Dec-2012 to 28-Dec-2012
- d. List of Stock Exchanges where applications for listing of shares have been made**
Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers,
Mumbai Dalal Street, Mumbai-400 023
- e. Stock Code & Scrip Id**
Bombay Stock Exchange Ltd, Mumbai Code 533333
Id FCL
- f. Market Price Data The shares of the Company were listed for trading with effect from 11th March, 2011**

Month	High (Rs.)	Low (Rs)	Volume (Rs.)
April 2011	233.95	177.30	2,57,09,09,333
May 2011	302.50	197.00	4,26,95,10,288
June 2011	353.00	242.60	3,04,25,87,430
July 2011	333.80	262.10	1,34,58,09,102
August 2011	320.00	215.00	62,51,11,074
September 2011	336.90	224.00	38,78,84,463
October 2011	244.00	152.10	12,21,21,560
November 2011	204.50	87.70	16,66,42,497
December 2011	109.00	52.05	7,35,67,855
January 2012	66.70	53.00	4,04,53,499
February 2012	67.80	55.00	73,18,603
March 2012	63.55	50.25	3,42,58,080

g. Share Transfer System

99.99% 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

99.99 % of total Equity Share Capital is held in dematerialised form with NSDL and CDSL as at 31st March 2012.

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, 2012)

Category	No. of shareholders	No. of Equity Shares held	Percentage of Shareholding
Promoters (Non Corporate)	7	66,13,900	58.89
Promoters (Corporate)	2	4,02,800	3.59
Promoters' Relatives	3	1,900	0.02
Bodies Corporate	133	30,50,221	27.16
Clearing Members	9	1,21,740	1.08
Foreign Institutional Investor	1	1,50,953	1.34
Non Resident Indians	33	30,125	0.27
Public	1,070	8,58,172	7.64
Total	1,258	1,12,29,811	100.00

j. Distribution of shareholding as on 31st March, 2012

Category (No of Shares)	No of shareholders	Shares held	% of shareholding
1-500	1,114	1,08,494	0.97
501-1000	45	36,139	0.32
1001-2000	20	27,016	0.24
2001-3000	10	25,162	0.22
3001-4000	5	18,132	0.16
4001-5000	4	18,777	0.17
5001-10000	9	64,427	0.57
> 10001	51	1,09,31,664	97.35
Total	1,258	1,12,29,811	100.00

- k. Company Registration number with
ROC/ Ministry of Corporate Affairs L24100MH2004PLC144295
- 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: (022) 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

(Surendrakumar Tibrewala)
Chairman

Date : 24-Nov-2012
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, 2012.

For and on behalf of the Board

(Surendrakumar Tibrewala)
Chairman

Date : 24-Nov-2012
Place : Mumbai

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 2012 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
Firm Regn No 123393W

Champak Dedhia
Partner
(Membership No.101769)

Date : 24th Nov., 2012

Place : Mumbai

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, 2012, the Statement of Profit and Loss 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 account 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of 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, 2012 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, Statement of Profit and Loss and Cash Flow Statement read together with 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, 2012; and
- ii) In the case of Statement of Profit and Loss, 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
(Firm Regn No. 123393W)

Champak Dedhia
Partner
(Membership No.101769)

Date : 24th Nov, 2012

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, 2012)

1. Fixed Assets:

- a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. 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.
- c. No Fixed assets have been disposed off during the year and therefore do not affect the going concern status of the Company.

2. Inventories:

- a. The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- b. 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.
- c. 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.

3. Related party transactions:**a. 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.

b. 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.

c. 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.

d. 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.

4. Internal Controls:

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.

5. The Company has an internal audit system, which in our opinion is commensurate with the size of the Company and nature of its business.

6. Taxation:

a. 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.

b. 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:

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

Miscellaneous:

7. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
8. 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.
9. 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.
10. 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.
11. 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.
12. 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.
13. 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.
14. 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.
15. In our opinion and on the basis of information and explanations provided to us, term loans have been applied for the purposes for which they have been raised.
16. 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.
17. 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.
18. 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.
19. 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 33 forming part of the financial statements.
20. 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
(Firm Regn no. 123393W)

(Champak K. Dedhla
Partner
Membership Number : 101769

Date : 24th November, 2012
Place : Mumbai

BALANCE SHEET AS AT 31ST MARCH, 2012 - STANDALONE
(In Rs.)

Particulars	Note No.	As At March 31, 2012	As At March 31, 2011
I. EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
Share Capital	3	112,298,110	112,298,110
- Reserves and Surplus	4	388,011,843	350,315,422
Sub-Total		<u>500,309,953</u>	<u>462,613,532</u>
2. NON-CURRENT LIABILITIES			
- Long-term Borrowings	5	56,092,846	—
Sub-Total		<u>56,092,846</u>	<u>—</u>
3. CURRENT LIABILITIES			
- Short Term Borrowings	6	2,161,213	1,003,338
- Trade Payables	7	49,099,097	37,176,264
- Other Current Liabilities	8	21,290,597	3,167,698
- Short-term Provisions	9	8,067,178	9,192,740
Sub-Total		<u>80,618,085</u>	<u>50,540,540</u>
Total		<u>637,020,885</u>	<u>513,153,572</u>
II. ASSETS			
1. NON-CURRENT ASSETS			
- Fixed Assets			
Tangible Assets	10	45,348,945	34,634,085
Capital work-in-progress		—	7,355,999
- Non-Current Investments	11	83,868,940	—
- Deferred Tax Assets (Net)	12	5,273,753	6,597,394
- Long Term Loans And Advances	13	71,247,171	30,154,470
Sub-Total		<u>205,738,808</u>	<u>78,741,948</u>
2. CURRENT ASSETS			
- Current Investments	14	195,715,948	59,067,943
- Inventories	15	25,345,485	23,645,500
- Trade Receivables	16	86,369,222	74,776,516
- Cash and Cash Equivalents	17	110,373,723	260,620,984
- Short-term Loans and Advances	18	13,477,699	16,300,681
Sub-Total		<u>431,282,077</u>	<u>434,411,624</u>
Total		<u>637,020,885</u>	<u>513,153,572</u>
Significant Accounting Policies	2		
Notes 1 to 39 form an integral part of the financial statements.			

As per our Report of even date

For & on behalf of Board of Directors

 For **UKG & Associates**

Chartered Accountants

(Firm Registration No : 123393W)

(Champak K. Dedhia)

Partner

Membership Number : 101769

A V Nerurkar

Company Secretary

(Surendrakumar Tibrewala)

Chairman & Managing Director

Sanjay Tibrewala

Executive Director

Date : 24th Nov 2012

Place : Mumbai

Date : 24th Nov 2012

Place : Mumbai

FINEOTEX CHEMICAL LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012 - STANDALONE

(In Rs.)

Particulars	Note No.	As At March 31, 2012	As At March 31, 2011
INCOME			
- Revenue from Operations	19	333,219,403	282,439,217
- Other Income	20	22,133,089	4,045,116
Total		<u>355,352,492</u>	<u>286,484,333</u>
EXPENSES			
- Cost of Materials Consumed	21	233,238,809	190,499,953
- Changes in Inventories of Work-in-Progress	22	(215,506)	(346,432)
- Employee benefit Expenses	23	13,629,624	11,281,870
- Finance costs	24	2,909,739	132,493
- Other Expenses	25	29,434,707	20,308,357
- Depreciation		1,705,597	1,305,404
Total		<u>280,702,971</u>	<u>223,181,645</u>
Profit before Tax		74,649,521	63,302,688
Tax Expenses			
- Current tax		23,178,000	20,400,000
- Deferred tax		1,323,641	420,346
- Short / (Excess) Tax Provision for earlier years		(1,211,503)	2,202
Profit after tax		51,359,383	42,480,141
Earning per Equity Share (Face value Rs. 10 each)			
Basic and Diluted		4.57	5.82
Significant Accounting Policies	2		
Notes 1 to 39 form an integral part of the financial statements.			

As per our Report of even date

For & on behalf of Board of Directors

For **UKG & Associates**

Chartered Accountants

(Firm Registration No : 123393W)

(Champak K. Dedhia)

Partner

Membership Number : 101769

A V Nerurkar

Company Secretary

(Surendrakumar Tibrewala)

Chairman & Managing Director

Sanjay Tibrewala

Executive Director

Date : 24th Nov 2012

Place : Mumbai

Date : 24th Nov 2012

Place : Mumbai

CASHFLOW STATEMENT - STANDALONE
(In Rs.)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Cash flow from operating activities		
Profit before tax	74,649,521	63,302,688
Non-cash adjustment to reconcile profit before tax to net cash flows		
Preliminary Expense written-off	—	4,784
Depreciation/amortization on continuing operations	1,705,597	1,305,404
Net gain on sale of current investments	(1,311,977)	(235,112)
Interest expense	2,590,629	109,581
Interest income	(19,312,877)	(2,587,550)
Dividend income	(1,479,630)	(1,119,843)
Exchange Differences Amortise	2,785,106	—
Provision for dimunition in value of investments	267,156	228,215
Operating profit before working capital changes	59,893,526	61,008,167
Movements in working capital		
Increase/(Decrease) in trade payables	11,922,833	11,893,874
Increase/(Decrease) in short term provisions	(43,410)	(98,366)
Increase/(Decrease) in other current liabilities	(1,261,366)	1,705,498
(Increase)/Decrease in trade receivables	(11,592,706)	(17,257,140)
(Increase)/Decrease in trade inventories	(1,699,985)	(7,542,606)
(Increase)/Decrease in long term loans and advances	(9,692,701)	(5,342,815)
(Increase)/Decrease in short term loans and advances	850012	(121,695)
Cash generated from operations	48,376,205	44,244,917
Direct taxes paid(net of refunds)	23,027,382	18,762,047
Cash flow generated from operating activities	25,348,823	25,482,870
Cash flows from Investing activities		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(36,464,458)	(345,526)
Purchase of non-current investments	(83,868,940)	—
Purchase of current investments	(290,515,290)	(135,945,945)
Proceeds from sale/maturity of current investments	154,912,106	111,948,478
Interest received	20,685,846	1,189,788
Dividend received	1,479,630	1,119,843
Loans & Advances (given) / Recd Back	600,000	(10,100,000)
Fixed Deposits with Bank Withdrawn / (Placed)	148,000,000	(256,223,886)
Net cash flow from/(used in) investing activities (B)	(85,171,106)	(288,357,248)
Cash flows from Financing activities		
Proceeds from issuance of Equity / Preference share capital	—	294,784,770
Share Issue Expenses	—	(28,536,924)
Proceeds / (Repayment) from Long term borrowings	64,868,940	—
Proceeds / (Repayment) from Short term borrowings	1,157,875	1,003,338
Interest paid	(190,4321)	(109,581)
Dividends paid	(5,614,906)	(7,018,600)
Dividend distribution tax	(932,566)	(1,165,702)
Net cash flow from/(used in) financing activities (C)	57,575,023	258,957,302
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(2,247,261)	(3,917,077)
Cash and cash equivalents at the beginning of the year	3,949,698	7,866,775
Cash and cash equivalents at the end of the year	1,702,437	3,949,698
Components of cash and cash equivalents		
Cash on hand	204,156	640,498
With banks-		
in current A/c	1,073,710	2,952,064
in Earmarked A/c	424,572	357,136
Total Cash and cash equivalents	1,702,437	3,949,698
Notes:		
1. Figures in brackets represent outflows of cash and cash equivalents		
2. Previous year's figure have been regrouped / reclassified wherever applicable		

As per our Report of even date

For & on behalf of Board of Directors

 For **UKG & Associates**

Chartered Accountants

(Firm Registration No : 123393W)

(Champak K. Dedhia)

Partner

Membership Number : 101769

A V Nerurkar

Company Secretary

(Surendrakumar Tibrewala)

Chairman & Managing Director

Sanjay Tibrewala

Executive Director

Date : 24th Nov 2012

Place : Mumbai

Date : 24th Nov 2012

Place : Mumbai

1 CORPORATE INFORMATION

Fineotex Chemical Ltd. (The Company) is a public limited Company domiciled in India and incorporated under the Companies Act, 1956. The Company was incorporated in 2004 and is listed on Bombay Stock Exchange. The Company is engaged in the business of manufacturing and trading of Chemicals. The Company is one of the leading manufacturers of chemicals for textiles, construction, water-treatment, fertiliser, leather and paint industry.

2 SIGNIFICANT ACCOUNTING POLICIES**A. Change in Preparation and Presentation of the Financial Statements:**

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

B. Basis of Preparation of Financial Statements:

The financial statements are prepared under historical cost convention in accordance with generally accepted accounting principles in India and comply in all material aspects with the applicable Accounting Standards notified under section 211 (3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

C. 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.

D. Basis 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 Standards 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 Revised Schedule VI of the Companies Act, 1956 to the extent applicable.

E. Fixed Assets:

- i. 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.

- ii. Intangible Assets

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

F. Depreciation:

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

- ii. Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/ installation.
- iii. 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.
- iv. For assets costing Rs.5000/- or less, depreciation is fully provided.
- v. 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.

G. Inventories:

- i. 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.
- ii. Raw materials 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.
- iii. 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.
- iv. Scrap is valued at estimated realizable value.

H. Foreign Currency Transactions:

- i. Transactions in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.
- ii. Monetary items denominated in foreign currencies at the year end are restated at the year end rates.
- iii. Exchange difference arising on reporting of long term foreign currency monetary items (other than related to acquisition of depreciable Fixed Assets) at rates different from those at which they were initially recorded during the period or reported in previous financial statement which were until now being recognized in the statement of Profit and Loss are now being accumulated in "Foreign Currency Monetary Item Translation Reserve Account" and amortized in the statement of Profit and Loss A/c. over the remaining life of the long term foreign currency monetary items.
- iv. Non Monetary items denominated in foreign currencies are carried at cost.

I. Research and Development:

- i. Capital Expenditure, if any is shown separately in Fixed Assets.
- ii. Research and development cost (other than cost of fixed assets acquired) are charged as an expense in the year in which they are incurred.

J. Investments:

- i. 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.
- ii. Current Investments are valued at cost of acquisition, less provision for diminution, as necessary, if any.
- iii. Unquoted current investments are stated at the lower of cost and fair value where available.

K. Revenue Recognition:

- i. 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.
- ii. Other income is accounted for on accrual basis when it is reasonably certain that the ultimate collection will be made.
- iii. Interest is accrued over the period of loan/ investment.
- iv. Dividend on shares and mutual funds is accounted as and when the right to receive is established.

L. 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 Statement of Profit and Loss.

M. Impairment of Assets:

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss 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.

N. Borrowing Costs:

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

O. 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.

P. Employment Retirement Benefits:

- i. 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 Statement of Profit and Loss of the year.
- ii. 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.
- iii. Termination benefits such as compensation under voluntary retirement scheme are recognized as a liability in the year of termination.

Q. Cash Flow Statements:

The Cash Flow Statement has been compiled from and is based on the Balance Sheet as at 31st March 2012 and the related Statement of Profit and Loss for the year ended on that date. The cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on Cash Flow Statement issued by the ICAI.

R. 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.

S. Earnings per share:

- i "Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year."
- ii For the purpose of calculating the diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

T. Operating Cycle for current and non-current classification:

Operating cycle for the business activities of the Company covers the duration of product line/ service including the defect liability period, wherever applicable and extends up to the realization of receivables within the agreed credit period normally applicable to the respective lines of business.

3 - Share Capital

(In Rs.)

Particulars	March 31, 2012	March 31, 2011
Authorised:		
13,000,000 (13,000,000) Equity shares of Rs. 10/- each	130,000,000	130,000,000
	130,000,000	130,000,000
Issued, Subscribed and Paid-up:		
EQUITY SHARE CAPITAL		
11,229,811 (11,229,811) Equity shares of Rs. 10/- each fully paid up	112,298,110	112,298,110
Total	112,298,110	112,298,110

i) Shareholders holding more than 5 % of Equity Shares :

Name of the Shareholder	March 31, 2012		March 31, 2011	
	No. of Shares	% held	No. of Shares	% held
Mr. Surendra Tibrewala	5,719,000	50.93	5,719,000	50.93

ii) **Aggregate number of shares allotted as fully paid up bonus shares during the the period of five years immediately preceding the reporting date**
 - 3,324,600 Equity shares of Rs.10/- each fully paid issued as bonus shares in the Financial Year 2007-2008 by capitalisation of Securities Premium Account.

iii) **Aggregate number of shares issued as fully paid up for consideration other than cash during the the period of five years immediately preceding the reporting date**
 - 3,000,000 Equity shares of Rs.10/- each fully paid issued for consideration other than cash to vendor in pursuant to the acquisition of business in Financial Year 2007-2008.

Reconciliation of the number of Equity Shares outstanding	March 31, 2012	March 31, 2011
	No. of Shares	No. of Shares
Number of shares at the beginning of the year	11,229,811	7,018,600
Add: Shares issued	—	4,211,211
Number of shares at the end of year	11,229,811	11,229,811

v. The Company has only one type of equity share. Each equity share is entitled to one voting right only.

vi. In the event of liquidation of the Company, the holders of Equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all the preferential amounts. The distribution would be in proportion of the number of Equity shares held by the Equity Shareholders.

Particulars	March 31, 2012	March 31, 2011
Capital Reserve	1,085,354	1,085,354
Securities Premium Account		
Balance at the beginning of the year	234,318,989	704,000
Add : Received during the year	—	252,672,660
Less : Share issue expenses (net of taxes)	—	19,057,671
	234,318,989	234,318,989
Foreign Currency Monetary Item Translation Reserve		
Balance at the beginning of the year	—	—
Add : Additions during the year	(9,921,863)	—
Less : Amortised during the year	2,785,106	—
	(7,136,757)	—
Profit and Loss Account		
Balance at the beginning of the year	114,911,079	78978409
Add : Profit for the year	51,359,383	42,480,141
Less : Appropriations		
Dividend on Equity Shares	5,614,906	5614906
Tax on Dividend	911,299	932566
	159,744,257	114,911,079
Total	388,011,843	350,315,422

Note : The Company has opted to follow Notification dated 29th December, 2011 issued by MCA (Ministry of Corporate Affairs) to the long term foreign currency monetary items. Accordingly the foreign exchange loss amortised upto the current date works to Rs.27.85 lakhs. The unamortised portion carried forward in the "Foreign Currency Monetary Item Translation Reserve" as on 31st March, 2012 is Rs. 71.37 lakhs.

5 - Long Term Borrowings

Particulars	March 31, 2012	March 31, 2011
Secured Borrowings:		
Term Loan from bank	56,092,846	—
Total	56,092,846	—

Note:

- i. Term loan from bank is secured by way of exclusive first charge created by hypothecation of the total current assets including receivables (both present and future) of the Company. Fixed Deposits of the Company of Rs. 8 Crores have been marked as lien in favour of the Bank as a collateral security. Interest is charged at six months LIBOR plus 4.50 % p.a. is payable quarterly on the outstanding loan amount.
- ii. Details of Terms of repayment:

Details of Installments	Period of Loan	Outstanding Balance	
		March 31, 2012	March 31, 2011
12 Quarterly installments of US \$ 121,835/- each	July 01, 2011 to Apr 27, 2015	74,790,803 74,790,803	— —

6 - Short term Borrowings

Particulars	March 31, 2012	March 31, 2011
Secured Borrowings:		
Bank Overdraft	2,161,214	1,003,338
Total	2,161,214	1,003,338

Note: Bank Overdraft is secured against bank fixed deposits.

7 - Trade Payables

Particulars	March 31, 2012	March 31, 2011
Trade Payables:		
Other than Micro and Small Enterprises	49,099,098	37,176,264
Total	49,099,098	37,176,264

8 - Other Current Liabilities

Particulars	March 31, 2012	March 31, 2011
Current maturities of Long Term Debt (Secured) Refer note 5(i) & (ii)	18,697,957	—
Interest Accrued but not due on Borrowings	686,308	—
Advance from customers	97,315	3,162
Trade Deposits	666,027	884,667
Interest Payable on Trade Deposits	177,706	286,399
<u>Other</u>		
Unclaimed IPO Proceeds	4,740	—
Unclaimed Dividend	50,832	—
Statutory Dues	615,239	1,820,668
Payables for Capital Goods	294,474	172,802
Total	21,290,597	3,167,698

9 - Short Term Provisions

Particulars	March 31, 2012	March 31, 2011
Provision for Employee Benefits:		
Provision for Leave Encashment	76,556	109,484
Provision for Gratuity	9,150	19,632
Others:		
Provision for Income tax (net of Advance Tax)	1,455,268	2,516,153
Proposed Dividend	5,614,906	5,614,906
Provision for Dividend Tax	911,299	932,566
Total	8,067,178	9,192,740

10 - Fixed Assets
(In Rs.)

Particulars	Gross Block			Depreciation/Amortisation			Net Block		
	As on 01.04.2011	Addition during the year	Disposals Adjustments	As on 31.03.2012	As on 01.04.2011	For the year	Disposals Adjustment	As on 31.03.2012	As at 31.03.2011
I. Tangible Assets									
Leasehold Land	10,200,000	-	-	10,200,000	-	-	-	10,200,000	10,200,000
Factory Building	3,661,228	1,817,051	-	5,478,279	344,346	146,371	-	4,987,562	3,316,882
Plant and Machinery	14,724,863	9,341,456	-	24,066,319	1,596,265	974,777	-	21,495,277	13,128,598
Office Premises	483,000	-	-	483,000	31,492	7,873	-	443,635	451,508
Furniture and Fixtures	1,482,857	24,166	-	1,507,023	207,034	94,851	-	1,205,139	1,275,823
Computers	623,558	534,913	-	1,158,471	263,473	146,884	-	748,114	360,085
Vehicles	2,545,074	702,871	-	3,247,945	876,927	263,502	-	2,107,516	1,668,147
Renovation on Lease Premises	4,376,699	-	-	4,376,699	143,657	71,340	-	4,161,701	4,233,042
Total	38,097,279	12,420,457	-	50,517,736	3,463,194	1,705,597	-	45,348,945	34,634,085
Previous Year	37,049,075	1,048,204	-	38,097,279	2,157,790	1,305,404	-	34,634,085	34,891,285
II. Capital Work-In-Progress	-	-	-	-	-	-	-	-	7,355,999

11 - Non Current Investments

Particulars	March 31, 2012	March 31, 2011
Long Term Investment - at cost		
Trade Investments (Unquoted):		
In Equity Shares of Subsidiary Company		
1890218 (Nil) Shares Fineotex Malaysia Ltd. of US \$ 1 each fully paid up	83,868,940	—
Total	83,868,940	—

12 - Deferred Tax Asset (Net)

Particulars	March 31, 2012	March 31, 2011
Deferred Tax Asset		
Expenditure allowable u/s. 35D	9,258,805	9,479,253
Provision for diminution in value of investments	160,723	—
Expenditure/Provisions allowable on payment basis - 43B Items	24,839	96,169
Sub-Total (A)	9,444,367	9,575,422
Deferred Tax Liability		
Depreciation	4,170,614	2,978,028
Sub-Total (B)	4,170,614	2,978,028
Total (A - B)	5,273,753	6,597,394

13 - Long Term Loans and Advances

Particulars	March 31, 2012	March 31, 2011
Unsecured, Considered good:		
Capital Advances	31,400,000	—
Security Deposits		
- Related Parties	24,500,000	24,500,000
- Others	159,624	159,624
Other Loans and Advances		
-Balance with VAT Authorities	4,634,304	4,753,824
- Interest accrued but not due	10,553,243	741,022
Total	71,247,171	30,154,470

Note:

- i. Interest Free deposit towards rented premises paid to relative of director Rs.19,500,000/- (Rs.19,500,000/-)
- ii. Trade deposit paid to an Associate Company Rs.5,000,000/- (Rs.5,000,000/-).

14 - Current Investments

Particulars	Face Value	Number	March 31, 2012	March 31, 2011
Investment in Mutual Funds:				
Birla Sunlife Cash Manager Growth Fund	10	Nil (631,524.057)	—	15,050,418
Birla Sunlife Cash Manager Growth Fund	100	134,560.699 (Nil)	33,286,845	—
Birla Sunlife Dividend Yield Plus Growth Fund	10	75,931.20 (24,567.798)	6,300,000	2,082,612
BSL Capital Protection Oriented Growth Fund	10	300,000 (300,000)	3,000,000	3,000,000
BBirla Sunlife Monthly Income Growth Fund	10	Nil (118,899.820)	—	4,176,261
BNP Paribas Bond Fund	10	733,387.935 (Nil)	9,500,000	—

DWS Premier Bond Regular Growth Plan Fund	10	116,862.704 (Nil)	2,000,000	—
DWS Short Maturity Growth Plan Fund	10	134,930.765 (236,423.239)	2,284,544	4,000,000
HDFC Cash Management Treasury Advantage Plan Retail Growth Fund	10	2,342,016.388 (708,534.808)	51,680,076	15,049,917
HDFC Equity Growth Fund	10	22,388.973 (6,125.58)	5,858,590	1,735,230
ICICI Prudential Focused Blue Chip Equity Retail Growth Fund	10	167,785.235 (Nil)	2,500,000	—
ICICI Prudential Regular Savings Growth Fund	10	878,591.350 (Nil)	9,500,000	—
Kotak Bond Regular Growth Fund	10	18,176.160 (Nil)	5,500,000	—
Kotak Credit Opportunity Growth Fund	10	491,825.173 (Nil)	5,409,733	—
Kotak Credit Opportunities Monthly Dividend Fund	10	Nil (515,020.582)	—	5,150,436
Kotak Midcap Growth Fund	10	19,010.684 (19,010.684)	469,849	467,226
Pramerica Dynamic Growth Fund	10	300,000 (300,000)	2,754,000	2,934,000
Reliance Growth Retail Plan Fund	10	730.345 (730.345)	316,839	350,123
Reliance Regular Savings Debt Plan Growth Fund	10	(Nil) (238,847.869)	—	3,069,004
Sundaram Select Midcap Appreciation Fund	10	40,081.133 (13,734.211)	5,855,473	2,002,717
SBI Dynamic Bond Growth Fund	10	114,202.1835 (Nil)	1,500,000	—
UTI Bond Growth Plan Fund	1000	256,335.592 (Nil)	8,000,000	—
UTI Treasure Advantage Growth Fund	10	15,501.282 (Nil)	40,000,000	—
	Total		195,715,948	59,067,943

Note:

- Aggregate provision for diminution in value of Current Investments Rs. 495,372/- Rs. 228,215/-
- Aggregate amount of unquoted investments Rs. 203,943,800/- Rs. 59,670,851/-
- All the investments have been valued at cost or market value whichever is lower. (Refer Note 2 (K) of Significant Accounting Policies).

15 - Inventories

Particulars	March 31, 2012	March 31, 2011
Raw Materials	17,643,057	16,509,816
Work in Progress	5,872,399	5,656,893
Packaging Materials	1,830,029	1,478,791
Total	25,345,485	23,645,500

Note:

Inventories are valued at lower of cost or net realizable value whichever is less. (Refer Note 2 (H) of Significant Accounting Policies & Other Notes on Accounts).

16 - Trade Receivables

Particulars	March 31, 2012	March 31, 2011
Unsecured, Considered good:		
- Outstanding for a period exceeding six months	172,059	345,989
- Others	86,197,163	74,430,527
Total	86,369,222	74,776,516

Note : Out of above Rs.21,21,600/-(Rs.1,24,57,300/-) is due from a concern in which director is interested.

17 - Cash and Cash Equivalents

Particulars	March 31, 2012	March 31, 2011
Cash and Cash Equivalents:		
Balance with Bank	1,073,710	2,952,064
Cash on hand (As certified by the management)	204,156	640,498
Other Bank Balances:		
Balance Earmarked With Banks		
- Unclaimed Dividends	50,832	—
- Unclaimed IPO Proceeds	4,740	—
- Tender Deposits	369,000	357,136
Fixed Deposits with maturity of more than 3 months but less than 12 months	108,671,286	250,000,000
Fixed Deposits with maturity of more than 12 months	—	6,671,286
Total	110,373,723	260,620,984

Note:

Fixed Deposits include Rs. 86,671,286/- (Rs.6,671,286/-) are under lien with Banks for guarantees given against borrowings and tender deposits.

18 - Short Term Loans and Advances

Particulars	March 31, 2012	March 31, 2011
Unsecured, Considered good:		
Security Deposits		
- Others	85,000	1,602,116
Other Loans and Advances		
- Balance with VAT and Excise Authorities	3,092,630	2,871,479
- Other Loans	9,500,000	10,100,000
- Interest Receivable	24,793	1,397,762
- Others	775,277	329,323
Total	13,477,699	16,300,681

Note : Others include advance to Creditors, Prepaid expenses and Loan to employees.

19 - Revenue from Operations
(In Rs.)

Particulars	March 31, 2012	March 31, 2011
Sale of Products	358,721,178	305,623,191
Sale of Services	1,217,750	499,940
	359,938,927	306,123,131
Less: Excise Duty	26,719,524	23,683,914
Total	333,219,403	282,439,217

20 - Other Income

Dividend Income - from Others	1,479,630	1,119,843
Net Gain on Sale / Redemption of Mutual Fund (Current)	1,311,977	235,112
Interest on deposits with Banks and Others	19,312,877	2,587,550
Foreign Exchange Gain (Net)	28,604	221
Miscellaneous Income	—	102,390
Total	22,133,089	4,045,116

21 - Cost of Materials including packaging materials consumed

Raw Materials	211,424,560	172,055,987
Packaging Materials	21,814,249	18,443,966
Total	233,238,809	190,499,953

22 - Changes in Inventories of Work-in-Progress

Closing Stock	5,872,399	5,656,893
Less: Opening Stock	5,656,893	5,310,461
Total	215,506	346,432

23 -Employee Benefit Expenses

Salaries, Wages, Bonus and Leave Encashment	12,393,373	10,558,574
Contribution to Provident and Other Funds	738,220	536,438
Provision / (Reversal) of gratuity expenses	152,225	(45,704)
Staff Welfare Expenses	345,806	232,562
Total	13,629,624	11,281,870

Disclosures as defined in Accounting Standard 15 "Employee Benefits" are given below:

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

Particulars	Cuttent Year (RS)	Previous Year (RS)
A) Table showing changes in the Present value of Obligation:		
Defined Benefit Obligation at the beginning of the year	402,461	416,834
Current Service Cost	111,744	109,505
Interest Cost	32,197	33,347
Actuarial (Gain)/ Loss	50,529	(157,225)
Benefit paid	(110,539)	—
Defined Benefit Obligation at year-end	486,392	402,461
B) Table showing changes in fair value of plan assets:		
Fair value of plan assets at beginning of the year	382,829	286,552
Expected return of plan asset	42,245	31,331
Actuarial (Gain)/ Loss	—	—
Employer Contribution	162,707	64,946
Benefit paid	(110,539)	—
Fair Value of plan assets at year end	477,242	382,829
Actual return on plan assets	—	—
C) Table showing fair value of plan assets:		
Fair Value of Plan asset at beginning of the year	382,829	286,552
Actual return on plan asset	42,245	31,331
Employer Contribution	162,707	64,946
Benefit Paid	(110,539)	—
Fair Value of Plan asset at the end of the year	477,242	382,829
Funded Asset	(9,150)	(19,632)
D) Actuarial Gain/Loss recognized:		
Actuarial (Gain)/Loss for the year obligation	(50,529)	(157,225)
Actuarial (Gain)/Loss for the year plan assets	—	—
Total (Gain)/Loss for the year	50,529	(157,225)
Actuarial (Gain)/Loss recognized for the year	50,529	(157,225)
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	486,392	402,461
Fair Value of plan assets as at the end of the year	477,242	382,829
Funded Status	(9,150)	(19,632)
Net Asset/(Liability) recognized in balance sheet	(9,150)	(19,632)
F) Expenses recognized in statement of profit and loss account:		
Current Service Cost	111,744	109,505
Interest Cost	32,197	33,347
Expected return of plan asset	(42,245)	(31,331)
Net Actuarial (Gain)/loss recognised in the year	50,529	(157,225)
Expenses recognised in statement of profit and loss account	152,225	(45,704)
G) Assumption:		
Discount Rates	8%	8%
Salary Escalation	5%	5%

24 - Finance Cost

Particulars	March 31, 2012	March 31, 2011
Interest on Trade Deposits	64,603	109,581
Bank charges including Interest	46,669	22,912
Other Borrowing Cost		
- Interest on Loan	2,526,026	—
- Loan processing Fees	272,441	—
Total	2,909,739	132,493

25 - Other Expenses

Particulars	March 31, 2012	March 31, 2011
Labour charges	6,551,291	5,841,749
Power and Fuel	909,241	798,511
Water charges	211,789	251,019
Factory expense	80,578	124,764
Rent	780,000	780,000
<u>Repairs and Maintenance of</u>		
- Buildings	1,224,682	102,953
- Plant and Machinery	1,186,344	583,074
- Others	200,844	173,184
Insurance	170,270	205,305
Rates and Taxes	2,236,801	1,635,976
<u>Payment to Auditors</u>		
- As Auditor	200,000	200,000
- For Taxation Matters	82,500	45,000
- For Other Services	67,500	167,500
Commission	3,605,184	2,702,082
Advertisement	30,007	317,399
Provision for Diminution in value of current investments	267,156	228,215
Legal & Professional fees	948,723	663,869
Transport charges	1,608,837	721,561
Telephone expenses	385,879	332,941
Travelling expenses	2,628,223	2,152,391
Donation	37,100	25,000
Foreign Exchange loss	2,785,106	—
Prior Period item	—	65,336
Miscellaneous Expenses	3,236,653	2,190,527
Total	29,434,707	20,308,357

26 Contingent Liabilities and Commitments

i. Contingent liabilities not provided for in respect of:

Particulars	2011-2012	2010-2011
(a) Guarantees given by bank	369,000	749,000
(b) Claims against the Company not acknowledged as debts	3,898,285	3,898,285

ii. 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.

iii. Commitments

Particulars	2011-2012	2010-2011
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances).	26,400,000	777,584
27 Value of Imports on CIF Basis in Respect of		
Raw Material	726,457	81,190
Total	726,457	81,190
28 Expenditure in Foreign Currency		
Interest	2,526,026	—
Travelling	591,386	196,216
Total	3,117,412	196,216
29 Earnings per share		
Profit available to shareholders (In Rs.)	51,359,383	42,480,141
Weighted average no. of shares outstanding during the year	11,229,811	7,295,502
Basic and Diluted Earnings per Share (In Rs.)	4.57	5.82
Face Value per Equity Share (In Rs.)	10	10

30 Proposed Dividend

The Board of Directors of the Company in the meeting held on 24th November, 2012 has proposed a dividend of 5% on the Equity shares of Rs. 10/- each. The payment of the above proposed dividends are subject to the approval from the shareholders of the Company in the Annual General Meeting.

31 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.

32 Related Party transactions

List of related parties where control exists and related parties with whom transactions have taken place and relationships

SN	Name of the Related Party	Relationship
1 2	Surendrakumar Tibrewala Sanjay Tibrewala	Key Management Personnel
3 4	Mrs. Kanaklata Surendra Tibrewala Mrs. Ritu Tibrewala (Gupta)	Relatives of Key Management Personnel
5 6	Sanjay Exports Proton Biochem Private Limited	Enterprise under significant influence of Key Management Personnel or their relatives
7	BT Biotex SDN BHD	Subsidiary

33 Initial Public Offering (IPO)

During the year 2010-11, 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 initial public offering (IPO) 4,211,211 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 2012 of the amount raised through the said initial public offer is as follows:

AS 18 - Related Parties Disclosure

SN	PARTICULARS	KEY MANAGEMENT PERSONNEL		RELATIVES OF KEY MANAGEMENT PERSONNEL		ENTERPRISE UNDER SIGNIFICANT INFLUENCE OF KEY MANAGEMENT PERSONNEL OR THEIR RELATIVES		SUBSIDIARIES		TOTAL	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
1	Sale of Goods										
	Sanjay Exports	-	-	-	-	58,325,328	51,168,879	-	-	58,325,328	51,168,879
2	Purchase of Goods										
	BT Biotex SDN BHD	-	-	-	-	-	-	-	-	726,457	-
3	Directors Remuneration										
	Surendra Tibrewala	2,820,000	2,400,000	-	-	-	-	-	-	2,820,000	2,400,000
	Sanjay Tibrewala	2,340,000	1,440,000	-	-	-	-	-	-	2,340,000	1,440,000
4	Salary Paid										
	Ritu Tibrewala	-	-	50,000	300,000	-	-	-	-	50,000	300,000
5	Rent Paid										
	Kanaklata Tibrewala	-	-	780,000	780,000	-	-	-	-	780,000	780,000
6	Interest on Deposits (Income)										
	Proton Biochem Pvt. Ltd.	-	-	-	-	600,000	600,000	-	-	600,000	600,000
7	Labour Charges										
	Proton Biochem Pvt. Ltd.	-	-	-	-	6,265,841	5,290,423	-	-	6,265,841	5,290,423
8	Security Deposits Given										
	Proton Biochem Pvt. Ltd.	-	-	-	-	5,000,000	5,000,000	-	-	5,000,000	5,000,000
	Kanaklata Tibrewala	-	-	19,500,000	19,500,000	-	-	-	-	19,500,000	19,500,000
9	Investments										
	Fineotex Malaysia Limited	-	-	-	-	-	-	-	-	83,868,940	-
10	Outstanding Balances										
	Rent Payable	-	-	58,500	-	-	-	-	-	58,500	-
11	Trade Receivables										
	Trade Receivables	-	-	-	-	2,121,600	12,457,300	-	-	2,121,600	12,457,300
12	Trade Payables										
	Trade Payables	-	-	-	-	280,156	513,509	-	-	280,156	513,509
13	Security Deposits										
	Security Deposits	-	-	19,500,000	19,500,000	5,000,000	5,000,000	-	-	24,500,000	24,500,000
14	Interest on Deposits Receivable										
	Interest on Deposits Receivable	-	-	-	-	1,175,731	635,731	-	-	1,175,731	635,731
15	Investments										
	Investments	-	-	-	-	-	-	-	-	83,868,940	-

Note : 1 Related parties are identified by the Company and relied upon by Auditors.

Statement of utilisation of IPO funds

Particulars of Fund Utilisation			Amt (in Rs.)
Amount received from IPO			294,784,770
Deployment of funds received from IPO	As per prospectus	Actual Incurred	
Investment in Capital Expenditure	92,500,000	35,286,670	
Working Capital Requirements	80,000,000	9,940,196	
Corporate Purposes	97,600,000	83,868,940	
Issue related expenses	24,684,770	20,478,246	
	Total	294,784,770	149,574,052
Balance amount to be utilised			145,210,718

Interim Utilisation of balance IPO proceeds			Amt (in Rs.)
Investments in Mutual Funds			36,539,432
Investments in Fixed Deposits with scheduled banks			108,671,286
	Total	145,210,718	

- 34** 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.
- 35** The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February 2011 and 21st February 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.
- 36** Balance of sundry debtors, creditors and loans and advances are subject to confirmation, reconciliation, if any.
- 37** In the opinion of board and to the best of their knowledge and belief, 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.
- 38** In the opinion of the board, provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.
- 39** Previous year's figures have been regrouped, rearranged and reclassified wherever necessary.

As per our Report of even date

For & on behalf of Board of Directors

For **UKG & Associates**

Chartered Accountants

(Firm Registration No : 123393W)

(Champak K. Dedhia)

Partner

Membership Number : 101769

A V Nerurkar

Company Secretary

(Surendrakumar Tibrewala)

Chairman & Managing Director

Sanjay Tibrewala

Executive Director

Date : 24th Nov 2012

Place : Mumbai

Date : 24th Nov 2012

Place : Mumbai

AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To,

The Members

FINEOTEX CHEMICAL LIMITED

Mumbai.

1. We have audited the attached Consolidated Balance Sheet of Fineotex Chemical Limited and its subsidiaries (the Company and its subsidiaries constitute "the group") as at 31st March, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements. 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 prepared, in all material aspects, in accordance with and identified financial reporting framework and 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. We did not audit the financial statements of subsidiaries whose financial statements have been considered for the purpose of Consolidated Financial Statements, which constitute total assets of Rs 30.44 Crores as at 31st March, 2012, total revenue of 62.24 crores, net profit of 1.26 crores and net cash flows amounting to 0.81 crores. These financial statements have been audited by other auditors whose reports have been furnished to us, and in our opinion, insofar as it relates to the amounts included in respect of the subsidiaries are based solely on the reports of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 Consolidated Financial Statements as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of separate audit reports on individual financial statements and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) In the case of the Consolidated Balance Sheet, of the

state of affairs of the Group as at 31st March, 2012; and

- ii) In the case of Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date;
- iii) In the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **UKG & Associates**

Chartered Accountants
(FIRM REGN NO: 123393W)

Champak Dedhia

Partner

(Membership No.101769)

Date : 24th Nov, 2012

Place : Mumbai

FINEOTEX CHEMICAL LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2012 - CONSOLIDATED

(In Rs.)

Particulars	Note No.	As At March 31, 2012
I. EQUITY AND LIABILITIES		
1. Shareholder's Funds		
- Share Capital	3	112,298,110
- Reserves and Surplus	4	407,521,353
Sub-Total		<u>519,819,463</u>
2. Minority Interest		
		24,632,727
3. Non-Current Liabilities		
- Long Term Borrowings	5	56,092,846
Sub-Total		<u>56,092,846</u>
4. Current Liabilities		
- Short Term Borrowings	6	2,161,214
- Trade Payables	7	143,728,743
- Other Current liabilities	8	30,630,313
- Short Term Provisions	9	6,611,911
Sub-Total		<u>183,132,181</u>
Total		<u><u>783,677,217</u></u>
II. ASSETS		
1. Non-current Assets		
- Fixed assets		
- Tangible Assets	10	48,313,609
- Goodwill on consolidation		54,086,447
- Deferred Tax Assets (Net)	11	5,222,743
- Long Term Loans and Advances	12	72,777,228
Sub-Total		<u>180,400,027</u>
2. Current Assets		
- Current Investments	13	195,715,949
- Inventories	14	100,157,511
- Trade Receivables	15	165,611,404
- Cash and Cash Equivalents	16	120,240,086
- Short Term Loans and Advances	17	21,552,240
Sub-Total		<u>603,277,190</u>
Total		<u><u>783,677,217</u></u>

Significant Accounting Policies

2

Notes 1 to 39 form an integral part of the financial statements

As per our Report of even date

For & on behalf of Board of Directors

For **UKG & Associates**

Chartered Accountants

(Firm Registration No : 123393W)

(Champak K. Dedhia)

Partner

Membership Number : 101769

Date : 24th Nov 2012

Place : Mumbai

A V Nerurkar

Company Secretary

(Surendrakumar Tibrewala)

Chairman & Managing Director

Date : 24th Nov 2012

Place : Mumbai

Sanjay Tibrewala

Executive Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012 - CONSOLIDATED*(In Rs.)*

Particulars	Note No.	For the year ended March 31, 2012
INCOME		
- Revenue from Operations	18	798,059,794
- Other Income	19	22,527,637
Total		<u>820,587,431</u>
EXPENSES		
- Cost of Materials Consumed	20	440,776,170
- Purchase of Stock in Trade	21	127,003,456
- Changes in Inventories of Work-in-Progress	22	27,054,729
- Employee benefit Expenses	23	35,516,243
- Finance Costs	24	4,667,766
- Other Expenses	25	93,287,581
- Depreciation	10	2,874,669
Total		<u>731,180,614</u>
Profit before tax		89,406,816
Tax Expenses		
- Current tax		25,801,755
- Deferred tax		1,037,230
- Short / (Excess)Tax Provision for earlier years		(2,024,727)
Profit after tax for the year before pre acquisition profits		64,592,558
Less: Pre acquisition profits		1,750,771
Profit after tax for the year before Minority Interest		62,841,787
Less: Minority Interest		2,801,223
Profit for the year		60,040,564
Earnings per Equity Share (Nominal value per share : Rs 10/-)		
Basic and Diluted		5.35

Significant Accounting Policies

2

Notes 1 to 39 form an integral part of the financial statements

As per our Report of even date

For & on behalf of Board of Directors

For **UKG & Associates**

Chartered Accountants

(Firm Registration No : 123393W)

(Champak K. Dedhia)

Partner

Membership Number : 101769

A V Nerurkar

Company Secretary

(Surendrakumar Tibrewala)

Chairman & Managing Director

Sanjay Tibrewala

Executive Director

Date : 24th Nov 2012

Place : Mumbai

Date : 24th Nov 2012

Place : Mumbai

CONSOLIDATED CASHFLOW STATEMENT

(In Rs.)

Particulars

**For the year ended
March 31, 2012**

Cash Flow from Operating Activities

Profit before Tax 89,406,816

Non-cash adjustment to reconcile profit before tax to net cash flows

Depreciation 2,874,669

Dividend Income (1,479,630)

Net (Gain) / Loss on sale of current investments (1,311,977)

Interest Income (19,389,544)

Interest Expense 4,603,163

Exchange Difference amortised 2,785,106

Provision for diminution in value of investments 267,156

Operating Profit before Working Capital Changes 77,755,760

Movements in working capital

Increase/(Decrease) in Trade Payables (6,540,926)

Increase/(Decrease) in Short Term Provisions (4,873,724)

Increase/(Decrease) in Other Current Liabilities 5,597,712

(Increase)/Decrease in Trade Receivables 4,871,517

(Increase)/Decrease in Trade Inventories 5,900,822

(Increase)/Decrease in Long Term Loans and Advances (4,777,526)

(Increase)/Decrease in Short Term Loans and Advances 5,969,870

Cash generated from/(used in) Operations 83,903,504

Direct Taxes paid (net of refunds) (30,222,260)

Cash Flow generated from Operating Activities 53,681,244

Cash Flows from Investing Activities

Purchase of fixed assets including capital advances (37,566,612)

Acquisition of Subsidiaries (91,685,646)

Purchase of current investments (290,515,290)

Proceeds from sale/maturity of current investments 154,912,106

Interest received 19,389,544

Dividend received 1,479,630

Investment in Fixed Deposits 148,000,000

Net Cash Flow from/(used in) Investing Activities (B) (95,986,268)

Cash Flows from Financing Activities

Proceeds / (Repayment) from Long term borrowings 64,868,940

Proceeds / (Repayment) from Short term borrowings (26,655,662)

Interest paid (4,603,163)

Dividends paid (6,951,114)

Dividend Distribution Tax (932,566)

Net cash flow from/(used in) Financing Activities (C) 25,726,436

Foreign Exchange translation effect (D)

13,529,206

Net increase/(decrease) in Cash and Cash Equivalents (A+B+C+D) (3,049,383)

Cash and Cash Equivalents at the beginning of the year 3,949,698

Cash and Cash Equivalents on Acquisition of Subsidiary 10,668,485

Cash and Cash Equivalents at the end of the year 11,568,800

Components of Cash and Cash Equivalents

Cash on hand 315,640

With banks-

in current A/c 10,628,157

in Earmarked A/c 424,572

in Fixed deposits with maturity less than 3 months 200,431

Total Cash and Cash Equivalents 11,568,800

As per our Report of even date

For & on behalf of Board of Directors

For **UKG & Associates**

Chartered Accountants

(Firm Registration No : 123393W)

(Champak K. Dedhia)

Partner

Membership Number : 101769

A V Nerurkar

Company Secretary

(Surendrakumar Tibrewala)

Chairman & Managing Director

Sanjay Tibrewala

Executive Director

Date : 24th Nov 2012

Place : Mumbai

Date : 24th Nov 2012

Place : Mumbai

1 CORPORATE INFORMATION

Fineotex Chemical Limited is a Public Limited Company domiciled in India and incorporated under the Companies Act, 1956. The Company was incorporated in 2004 and is listed on Bombay Stock Exchange. The Group comprises of Fineotex Chemical Limited and its directly and indirectly held 4 subsidiaries in Malaysia. The Group is engaged in the business of Manufacturing and Trading of Chemicals.

2 SIGNIFICANT ACCOUNTING POLICIES

A. Principles of Consolidation

- 1 The Consolidated Financial Statements relate to the Financial Statements of Fineotex Chemicals Ltd ('The Company') and its Subsidiary Companies.
- 2 The Consolidated Financial statements have been prepared on the following basis:
 - i. The Financial Statements of the Company and its subsidiary companies have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and unrealised profits or losses as per Accounting Standard 21 - "Consolidated Financial Statements" notified by Companies(Accounting Standards) Rules, 2006.
 - ii. In case of foreign subsidiaries, being non-integral foreign operations, income and expense items are consolidated at the average rate prevailing during the year. All assets and liabilities both monetary and non-monetary are converted at the end of the year at the closing rate. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve grouped under Reserves & Surplus.
 - iii. The difference between the cost of investment in the subsidiaries and the Company's share of net assets at the time of acquisition of shares in the subsidiaries is recognised in the Financial Statements as Goodwill or Capital Reserve as the case may be.
 - iv. Minority Interest in the net assets of Consolidated Subsidiaries is identified and presented in the Consolidated Balance Sheet separately from the Liabilities and Equity of the Company's shareholders.
 - v. Minority Interest in the net assets of the consolidated subsidiaries consists of:
 - a) The amount of equity attributable to minority at the date on which investment in a subsidiary is made; and
 - b) The minority share of movements in equity since the date the parent subsidiary relationship came into existence.
 - vi. Minority Interest's share of net profit for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the group.
 - vii. The results of operations of the subsidiaries are included in the Consolidated Financial Statements as from the date on which parent-subsubsidiary relation came into existence
 - viii. The Consolidated Financial Statements have been prepared using financial statements drawn upto same reporting dates to the extent practicable.

3 The list of subsidiary companies which are included in the Consolidation and the Company's holdings therein are as under :

SN	Name of the Company	Ownership held by	Ownership in % either directly or through Subsidiaries		Country of incorporation
			As At March 31, 2012	As At March 31, 2011	
1	Fineotex Malaysia Limited	Fineotex Chemical Limited	100%	—	Malaysia
2	BT Chemiclas SDN BHD	Fineotex Malaysia Limited	60%	—	Malaysia
3	BT Biotex SDN BHD	Fineotex Malaysia Limited	60%	—	Malaysia
4	BT Exon SDN BHD	Fineotex Malaysia Limited	60%	—	Malaysia

- 4 Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring in line with the Company's Financial Statements

B. Basis of Preparation and 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 Standards 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 *Revised Schedule VI* of the Companies Act, 1956 to the extent applicable.

C. 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.

D. Fixed Assets**i. 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.

ii. Intangible Assets

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

E. Depreciation

- i. Depreciation has been calculated as per the Straight Line Method at the rates prescribed under Schedule - XIV of the Companies Act, 1956 and in case of subsidiaries, depreciation has been calculated using the Straight Line Method over the estimated useful life of the assets .
- ii. Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/ installation.
- iii. 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.
- iv. For assets costing Rs.5000/- or less, depreciation is fully provided.
- v. 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.
- vi. Depreciation has been calculated as per the Straight Line Method in Foreign Subsidiary as well as the Parent Company. However the rates at which depreciation has been charged in books of Foreign Subsidiaries differ from the rates of depreciation as charged in the books of Parent Company. Since the difference in the rates is not material, the rates of depreciation charged in Foreign Subsidiaries has not been reworked to be in line with the Parent Company.

F. Inventories

- i. 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.
- ii. Raw materials are valued at cost. The costs in relation to work in progress is arrived on 'weighted average' 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.
- iii. 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.
- iv. Scrap is valued at estimated realizable value.

G. Foreign Currency Transactions

- i. Transactions in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.
- ii. Monetary items denominated in foreign currencies at the year end are restated at the year end rates.
- iii. 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 or in case of long term foreign currency monetary items in which they are transferred to "Foreign Currency Monetary Item Translation Reserve" and amortised over the term of the loan.
- iv. Exchange differences relating to monetary items that are in substance forming part of the Company's net investments in non integral foreign operations are accumulated in foreign currency translation reserve.

H. Research and Development

- i. Capital Expenditure, if any is shown separately in Fixed Assets.
- ii. Research and development cost (other than cost of fixed assets acquired) are charged as an expense in the year in which they are incurred.

I. Investments

- i. 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.
- ii. Current Investments are valued at cost of acquisition, less provision for diminution, as necessary, if any.
- iii. Unquoted current investments are stated at the lower of cost and fair value where available.

J. Revenue Recognition

- i. 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.
- ii. Other income is accounted for on accrual basis when it is reasonably certain that the ultimate collection will be made.
- iii. Interest is accrued over the period of loan/ investment.
- iv. Dividend on shares and mutual funds is accounted as and when the right to receive is established.

K. 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.

L. 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.

M. Borrowing Costs

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

N. 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.

O. Employment Retirement Benefits

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

P. Cash Flow Statements:

The Cash Flow Statement has been compiled from and is based on the Balance Sheet as at 31st March 2012 and the related Statement of Profit & Loss for the year ended on that date. The cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on Cash Flow Statement issued by the ICAI.

Q. 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 not recognized in the financial statements.

R. Earnings per share:

- i Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.
- ii For the purpose of calculating the diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

S. Operating Cycle for current and non-current classification:

Operating cycle for the business activities of the Company covers the duration of product line/ service including the defect liability period, wherever applicable and extends up to the realization of receivables within the agreed credit period normally applicable to the respective lines of business.

3- Share Capital

Particulars	(In Rs.) March 31, 2012
Authorised:	
13,000,000 (13,000,000) Equity Shares of Rs. 10/- each	130,000,000
	130,000,000

Issued, Subscribed and Paid-up

EQUITY SHARE CAPITAL

11,229,811 (11,229,811) Equity Shares of Rs. 10/- each fully paid up	112,298,110
Total	112,298,110

i) Details of Shareholding as at March 31, 2012

Shareholders holding more than 5 % of Equity Shares

Name of the Shareholder	March 31, 2012	
	No. of Shares	% held
Mr. Surendra Tibrewala	5,719,000	50.93

ii. Aggregate number of shares allotted as fully paid up bonus shares during the the period of five years immediately preceding the reporting date

3,324,600 Equity shares of Rs.10/- each fully paid issued as bonus shares in the Financial Year 2007-2008 by capitalisation of Securities Premium Account.

iii. Aggregate number of shares issued as fully paid up for consideration other than cash during the the period of five years immediately preceding the reporting date

3,000,000 Equity shares of Rs.10/- each fully paid issued for consideration other than cash to vendor in pursuant to the acquisition of business in Financial Year 2007-2008.

iv. Reconciliation of the number of Equity Shares outstanding	March 31, 2012	March 31, 2012
Particulars	No. of Shares	Amount
Number of shares at the beginning of the year	11,229,811	112,298,110
Add: Shares issued	—	—
Number of shares at the end of year	11,229,811	112,298,110

v. The Company has only one type of equity share. Each equity share is entitled to one voting right only.

vi In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all the preferential amounts. The distribution would be in proportion of the number of equity shares held by the equity shareholders.

4 - Reserves and Surplus

Particulars	March 31, 2012
Capital Reserve	1,085,354
Securities Premium Account	
Balance at the beginning of the year	234,318,989
Add/Less : Additions/ Utilisation during the year	—
	<u>234,318,989</u>
Foreign Currency Translation Reserve	
Balance at the beginning of the year	—
Add : Additions during the year	10,828,328
	<u>10,828,328</u>
Foreign Currency Monetary Item Translation Reserve	
Balance at the beginning of the year	—
Add : Additions during the year	(9,921,863)
Less : Amortised during the year	2,785,106
	<u>(7,136,757)</u>
Profit and Loss Account	
Balance at the beginning of the year	114,911,079
Add : Profit for the year	60,040,564
Less : Appropriations	
Dividend on Equity Shares	5,614,906
Tax on dividend	911,299
	<u>168,425,438</u>
Total	407,521,353

Note : During the year, the Company has exercised the option under paragraph 46A(1) of Accounting Standard - 11 'The effect of changes in Foreign Exchange rates' as notified by Ministry of Company Affairs vide notification dated 29th December, 2011. Consequently the foreign exchange loss arising on reporting/settlement of long term foreign currency monetary items (other than related to acquisition of depreciable fixed assets) amounting to Rs 71.37 lakhs for the year ended 31st march 2012 has been accumulated in "Foreign Currency Monetary Translataion Diference Account", out of which Rs 27.85 lakhs remains to be amortized as at 31st march 2012.

5 - Long Term Borrowings

(In Rs.)

Particulars	March 31, 2012
Secured Borrowings:	
Term Loan from bank	56,092,846
Total	56,092,846

Note:

- i. Term loan from bank is secured by way of exclusive first charge created by hypothecation of the total current assets including receivables (both present and future) of the Company. Fixed Deposits of the Company of Rs. 8 Crores have been marked as lien in favour of lender Bank as a Collateral Security. Interest @ LIBOR (6 months) plus 4.50 % p.a. is payable quarterly on the outstanding loan amounts.
- ii. Details of Terms of repayment:

Details of Installments	Period of Loan	O/S Balance
		March 31, 2012
12 Quarterly installments of US \$ 121,835/- each	July 01, 2011 to Apr 27, 2015	74,790,803 74,790,803

6 - Short term Borrowings

Particulars	March 31, 2012
Secured Borrowings:	
Bank Overdraft	2,161,214
Total	2,161,214

Note: Bank Overdraft is secured against Bank Fixed Deposits.

7 - Trade Payables

Particulars	March 31, 2012
Trade Payables	
Other than Micro, Small and Medium Enterprises	143,728,743
Total	143,728,743

8 - Other Current Liabilities

Particulars	March 31, 2012
Current maturities of long term debt (Secured) Refer note 5(i) & (ii)	18,697,957
Interest accrued but not due on borrowings	686,308
Advance from debtors	97,315
Trade Deposits	666,027
Interest payable on Trade Deposits	177,706
Other	
Unrefunded IPO proceeds	4,740
Unclaimed dividend	50,832
Bank overdrawn	9,339,716
Statutory dues	615,239
Payable for capital goods	294,474
Total	30,630,313

9 - Short Term Provisions

Particulars	March 31, 2012
Provision for Employee Benefits	
Provision for leave encashment	76,556
Provision for gratuity	9,150
Others	
Proposed dividend	5,614,906
Provision for dividend tax	911,299
Total	6,611,911

10 - Fixed Assets

Particulars	Gross Block			Depreciation/Amortisation					Net Block	
	Ason 01.04.2011	Acquisi- tions	Addition during the year	Disposals Adjustments	Ason 31.03.2012	Ason 01.04.2011	Acquisi- tions	For the year	Disposals Adjustment	As at 31.03.2012
I. Tangible Assets										
Leaschold Land	10,200,000	-	-	-	10,200,000	-	-	-	-	10,200,000
Factory Building	3,661,228	-	1,817,051	-	5,478,279	344,346	-	146,371	-	4,987,562
Plant and Machinery	14,724,863	4,830,026	10,166,297	-	29,721,186	1,596,265	3,318,708	1,521,704	-	23,284,509
Office Premises	483,000	-	-	-	483,000	31,492	-	7,873	-	443,635
Furniture and Fixtures	1,482,857	221,986	47,466	-	1,752,309	207,034	38,279	113,643	-	1,393,354
Computers	623,558	-	534,913	-	1,158,471	263,473	-	146,884	-	748,114
Vehicles	2,545,074	4,636,153	704,675	-	7,885,902	876,927	4,172,544	705,621	-	2,130,810
Leaschold Improvements	4,376,699	1,903,061	252,209	-	6,531,969	143,657	1,080,112	232,574	-	5,125,625
Total - (I)	38,097,279	11,591,225	13,522,611	-	63,211,115	3,463,194	8,559,643	2,874,669	-	48,313,609

11 - Deferred Tax Asset (Net)
(In Rs.)

Particulars	March 31, 2012
Deferred Tax Asset	
Expenditure/Provisions allowable on payment basis - 43B Items	24,839
Expenditure allowable u/s. 35D	9,258,805
Provision for diminution in value of investments	160,723
Sub-Total	<u>9,444,367</u>
Deferred Tax Liability	
Depreciation	4,221,624
Sub-Total	<u>4,221,624</u>
	<u>5,222,743</u>

12 - Long Term Loans and Advances

Particulars	March 31, 2012
Unsecured, Considered good	
Capital Advances	31,400,000
Security Deposits	
- Related Parties	24,500,000
- Others	162,965
Other Loans and Advances	
- Balance with VAT Authorities	4,634,304
- Balance with Income Tax Authorities	1,526,717
- Interest accrued but not due	10,553,243
Total	<u>72,777,228</u>

Notes:

i. Interest free deposit towards rented premises paid to relative of director Rs.19,500,000/- (Rs.19,500,000/-)

ii. Trade deposit paid to an Associate Company Rs.5,000,000/- (Rs.5,000,000/-).

13 - Current Investments

Particulars	Face Value	Number	March 31, 2012 In Rs.
Investment in Mutual Funds:			
Birla Sunlife Cash Manager Growth Fund	100	134,560.699	33,286,845
Birla Sunlife Dividend Yield Plus Growth Fund	10	75,931.201	6,300,000
BSL Capital Protection Oriented Growth Fund	10	300,000.000	3,000,000
BNP Paribas Bond Fund	10	733,387.935	9,500,000
DWS Premier Bond Regular Growth Plan Fund	10	116,862.704	2,000,000
DWS Short Maturity Growth Plan Fund	10	134,930.765	2,284,544
HDFC Cash Management Treasury Advantage Plan Retail Growth Fund	10	2,342,016.388	51,680,076
HDFC Equity Growth Fund	10	22,388.973	5,858,590
ICICI Prudential Focused Blue Chip Equity Retail Growth Fund	10	167,785.235	2,500,000
ICICI Prudential Regular Savings Growth Fund	10	878,591.350	9,500,000
Kotak Bond Regular Growth Fund	10	18,176.160	5,500,000
Kotak Credit Opportunity Growth Fund	10	491,825.173	5,409,733
Kotak Midcap Growth Fund	10	19,010.684	469,849
Pramerica Dynamic Growth Fund	10	300,000.000	2,754,000
Reliance Growth Retail Plan Fund	10	730.345	316,839
Sundaram Select Midcap Appreciation Fund	10	40,081.133	5,855,473
SBI Dynamic Bond Growth Fund	10	114,202.184	1,500,000
UTI Bond Growth Plan Fund	1000	256,335.592	8,000,000
UTI Treasure Advantage Growth Fund	10	15,501.282	40,000,000
Total			<u>195,715,948</u>

Note:

- | | |
|--|-------------------|
| i. Aggregate provision for diminution in value of Current Investments | Rs. 495,372/- |
| ii. Aggregate amount of unquoted investments | Rs. 203,943,800/- |
| ii. All the investments have been valued at cost or market value whichever is lower. (Refer Note 2) of Significant Accounting Policies). | |

14- Inventories

	<i>(In Rs.)</i>
Particulars	March 31, 2012
Raw Materials	50,410,448
Work in Progress	5,872,399
Packaging Materials	1,830,029
Finished Goods	42,020,417
Stock in Trade	24,219
Total	<u>100,157,511</u>

Note:

Inventories are valued at lower of cost or net realizable value whichever is less. (Refer Note 2) of Significant Accounting Policies).

15 - Trade Receivables

	<i>(In Rs.)</i>
Particulars	March 31, 2012
Unsecured, Considered good:	
- Outstanding for a period exceeding six months	226,208
- Others	165,385,196
Total	<u>165,611,404</u>

Note : Out of above Rs.2,121,600/-(Rs.12,457,300/-) is due from the concern in which director is proprietor.

16 - Cash and Cash Equivalents

	<i>(In Rs.)</i>
Particulars	March 31, 2012
Cash and Cash Equivalents:	
Balance with banks	10,628,157
Cash on hand (As certified by the management)	315,640
Fixed deposits with maturity of less than 3 months	200,431
Other Bank Balances	
Balance Earmarked With banks	
- Unclaimed dividends	50,832
- Unclaimed IPO proceeds	4,740
- Tender deposits	369,000
Fixed deposits with maturity of more than 3 months but less than 12 months	108,671,286
Total	<u>120,240,086</u>

17 - Short Term Loans and Advances

	<i>(In Rs.)</i>
Particulars	March 31, 2012
Unsecured, Considered good:	
Security Deposits	
- Others	1,160,647
Other Loans and Advances	
- Balance with VAT and Excise Authorities	3,092,630
- Loans to related parties	6,570,975
- Loans to others	9,500,000
- Interest receivable	24,793
- Others	1,203,195
Total	<u>21,552,240</u>

Note : Others include Advance to Creditors, Prepaid Expenses and Loan to Employees.

18 - Revenue from Operations	<i>(In Rs.)</i>
Particulars	March 31, 2012
Sale of Products	823,561,568
Sale of Services	1,217,750
	824,779,318
Less: Excise Duty	26,719,524
Total	<u>798,059,794</u>
19 - Other Income	
Dividend income (Others)	1,479,630
Net Gain on sale / redemption of Mutual Funds (Current)	1,311,977
Interest on deposits with banks and others	19,389,544
Foreign exchange gain (Net)	346,485
Total	<u>22,527,637</u>
20 - Cost of Materials including packaging materials consumed	
Raw materials	408,945,827
Packaging materials	31,830,343
Total	<u>440,776,170</u>
21 - Purchase of Stock in Trade	
Purchase of Stock in trade	127,003,456
Total	<u>127,003,456</u>
22 - Changes in inventories of finished goods	
Closing stock	37,139,123
Less: Opening stock	64,193,852
Total	<u>(27,054,729)</u>
23 - Employee Benefit Expenses	
Salaries, wages, bonus and leave encashment	30,328,031
Contribution to provident and other funds	3,764,426
Provision for gratuity	152,225
Staff welfare expenses	1,271,562
Total	<u>35,516,243</u>

Disclosures as defined in Accounting Standard 15 "Employee Benefits" are given below:

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.

Particulars	2011-12
A) Table showing changes in the Present value of Obligation:	
Defined Benefit Obligation at the beginning of the year	402,461
Current Service Cost	111,744
Interest Cost	32,197
Actuarial (Gain)/ Loss	50,529
Benefit paid	(110539)
Defined Benefit Obligation at year-end	486,392
B) Table showing changes in fair value of plan assets:	
Fair value of plan assets at beginning of the year	382,829
Expected return of plan asset	42,245
Actuarial (Gain)/ Loss	—
Employer Contribution	162,707
Benefit paid	(110539)
Fair Value of plan assets at year end	477,242
Actual return on plan assets	—

C) Table showing fair value of plan assets:

Fair Value of Plan asset at beginning of the year	382,829
Actual return on plan asset	42,245
Employer Contribution	162,707
Benefit Paid	(110539)
Fair Value of Plan asset at the end of the year	477242
Funded Asset/(Liabilities)	(9150)

D) Actuarial Gain/Loss recognized:

Actuarial (Gain)/Loss for the year obligation	(50529)
Actuarial (Gain)/Loss for the year plan assets	—
Total (Gain)/Loss for the year	50,529
Actuarial (Gain)/Loss recognized for the year	50,529

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	486,392
Fair Value of plan assets as at the end of the year	477,242
Funded Status	(9150)
Net Asset/(Liability) recognized in balance sheet	(9150)

F) Expenses recognized in statement of profit and loss:

Current Service Cost	111,744
Interest Cost	32,197
Expected return of plan asset	(42245)
Net Actuarial (Gain)/loss recognised in the year	50,529
Expenses recognised in statement of profit and loss	152,225

G) Assumption:

Discount Rates	8%
Salary Escalation	5%

24 - Finance Cost

Interest on trade deposits	64,603
Bank charges including interest	1,804,696
Other Borrowing cost:	
- Interest on loan	2,526,026
- Loan processing fees	272,441

Total

4,667,766

25 - Other Expenses

Labour chares	6,551,291
Consumption of stores and spares	3,233,131
Power and fuel	3,284,078
Water charges	211,789
Factory expenses	80,578
Rent	4,602,213
Repairs and Maintenance of :	
- Buildings	1,786,499
- Plant and Machinery	3,057,635
- Others	1,488,022
Insurance	713,789
Rates and Taxes	2,884,698
Payment to Auditors	
- As Auditor	1,067,760
- For Taxation Matters	397,100
- For Other Services	110,500
Commission	3,605,184
Advertisement	140,500
Provision for diminution in value of current investments	267,156
Legal & Professional fees	21,691,555
Printing & Statioinery	352,074

Postage & courier charges	1,459,624
Travelling & conveyance	2,150
Transport charges	18,414,568
Telephone expenses	1,044,127
Travelling expenses	4,509,740
Donation	97,491
Exchange difference	4,186,538
Bad debts	2,754,398
Incorporation expenses	3,96,192
Miscellaneous expenses	4,897,202
Total	<u>93,287,581</u>

26 Earnings per share

Particulars	2011-2012
Consolidated Profit attributable to shareholders (In Rs.)	60,040,564
Weighted average number of shares outstanding during the year	11,229,811
Basic and Diluted Earnings per Share (In Rs.)	5.35
Face Value per Equity Share (In Rs.)	10

27 Contingent Liabilities and Commitments

i. Contingent liabilities not provided for in respect of:

Particulars	2011-2012
(a) Guarantees given by bank	369,000
(b) Claims against the Company not acknowledged as debts	3,898,285
ii. Premium amount to be paid to MIDC on account of transfer of leasehold land in the name of the Fineotex Chemical Limited, for which amount is not ascertainable.	

iii Commitments

Particulars	2011-2012
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances).	26,400,000

28 Related Party transactions

List of related parties where control exists and related parties with whom transactions have taken place and relationships

SN	Name of the Related Party	Relationship
1	Surendrakumar Tibrewala	Key Management Personnel
2	Sanjay Tibrewala	
3	Cedric Jean Veniat	
4	Liau Chenag Kiat	
5	Ng Yin Ling	
1	Mrs. Kanaklata Surendra Tibrewala	Relatives of Key Management Personnel
2	Mrs. Ritu (Tibrewala) Gupta	
1	Sanjay Exports	Enterprise under significant influence of Key Management Personnel or their relatives
2	Proton Biochem Private Limited	
3	Live Holding SDN BHD	

29 Segment Reporting

The Group (FCL and its Subsidiaries) has considered the business segment as the primary reporting segment on the basis that the risk and returns of the Group is primarily determined by the nature of products and services. Consequently, the geographical segment has been considered as a secondary segment.

The business segment has been identified on the basis of the nature of products and services, the risks and returns, internal organisation and management structure and the internal performance reporting systems.

The Group is mainly engaged in the business of manufacturing and trading of chemicals. Considering the nature of business and financial reporting of the Group, the Group has only one segment viz; Speciality chemicals as reportable segment.

AS - 18 Related Parties Disclosure.

PARTICULARS	KEY MANAGEMENT PERSONNEL	RELATIVES OF KEY MANAGEMENT PERSONNEL	ENTERPRISE UNDER SIGNIFICANT INFLUENCE OF KEY MANAGEMENT PERSONNEL OR THEIR RELATIVES	SUBSIDIARIES	TOTAL
	2011-12	2011-12	2011-12	2011-12	2011-12
Sale of Goods					
Sanjay Exports	-	-	58,325,328	-	58,325,328
Directors Remuneration					
Surendra Tibrewala	2,820,000	-	-	-	2,820,000
Sanjay Tibrewala	2,340,000	-	-	-	2,340,000
Cedric Veniat	6,191,986	-	-	-	6,191,986
Liau Cheng Kiat	971,479	-	-	-	971,479
Ng Yin ling	105,111	-	-	-	105,111
Salary Paid					
Ritu Tibrewala	-	50,000	-	-	50,000
Rent Paid					
Kanaklata Tibrewala	-	780,000	-	-	780,000
Interest on Deposits (Income)					
Proton Biochem Pvt. Ltd.	-	-	600,000	-	600,000
Labour Charges					
Proton Biochem Pvt. Ltd.	-	-	6,265,841	-	6,265,841
Security Deposits Given					
Proton Biochem Pvt. Ltd.	-	-	5,000,000	-	5,000,000
Kanaklata Tibrewala	-	19,500,000	-	-	19,500,000
Sundry balances written off					
Live Holdings Sdn Bhd	2,754,399	-	-	-	2,754,399
Purchase of Fixed Assets					
Live Holdings Sdn Bhd	61,155	-	-	-	61,155
Outstanding Balances					
Rent Payable	-	58,500	-	-	58,500
Trade Receivables	-	-	2,121,600	-	2,121,600
Trade Payables	-	-	280,156	-	280,156
Security Deposits	-	19,500,000	5,000,000	-	24,500,000
Interest on Deposits Receivable	-	-	1,175,731	-	1,175,731

Note :

Related parties are identified by the Company and relied upon by Auditors.

However, the group operates in different locations viz:- within India and Outside India. The same has been considered as secondary segment for reporting as required under Accounting Standard 17- 'Segment Reporting', issued under Companies (Accounting Standards) Rules, 2006.

Based on the above, The Disclosure required under Accounting Standard 17- 'Segment Reporting', issued under Companies (Accounting Standards) Rules, 2006 are provided below:

SECONDARY SEGMENT INFORMATION - GEOGRAPHICAL SEGMENT

Geographical Segment has been identified as secondary segment based on segment revenue

Particulars	2011-2012
Segment Revenue	
- Domestic	333,248,008
- Overseas	465,860,620
	799,108,628
Segment Assets	
- Domestic	637,020,885
- Overseas	168,625,556
	805,646,441

- 30 AS-21 grants exemption from presentation of comparative figures for the previous period in the first year of consolidation. It being the first year of consolidation, the said exemption has been availed.
- 31 The reporting period of the subsidiaries was different from that of the Parent Company. However for the purpose of Consolidated Financial Statements, the management of all the subsidiaries have decided to change the reporting dates to be in line with that of the Parent Company.
- 32 Significant Accounting policies and notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosures and a guide for better understanding of the consolidated position of the Group. Recognising this purpose, the Group has disclosed only such policies and notes from the individual Financial Statements which fairly represent the needed disclosures. Lack of homogeneity and other similar considerations made it desirable to exclude some of them, which in the opinion of the management, could be better viewed when referred from the individual Financial Statements.
- 33 In one of the subsidiaries an amount of Rs. 4,409,486/- was withdrawn by a previous director, which is now under dispute and the recovery is doubtful. The same being an contingent asset has not been recognised in the financial statements.
- 34 The Group 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.
- 35 Statement regarding Subsidiary Companies as required under Sec 212(8) of the Companies Act, 1956 pursuant to the general circular no. 2/2011 dtd February 8, 2011 issued by the Ministry of Corporate Affairs is attached herewith.
- 36 Balance of sundry debtors, creditors and loans and advances are subject to confirmation, reconciliation, if any.
- 37 In the opinion of board and to the best of their knowledge and belief, 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.
- 38 Figures pertaining to the Subsidiary Companies have been reclassified wherever necessary to bring in line with the Company's Financial Statement.

As per our Report of even date

For & on behalf of Board of Directors

For **UKG & Associates**

Chartered Accountants

(Firm Registration No : 123393W)

(Champak K. Dedhia)

Partner

Membership Number : 101769

A V Nerurkar

Company Secretary

(Surendrakumar Tibrewala)

Chairman & Managing Director

Sanjay Tibrewala

Executive Director

Date : 24th Nov 2012

Place : Mumbai

Date : 24th Nov 2012

Place : Mumbai

FINEOTEX CHEMICAL LIMITED

STATEMENT PURSUANT TO SECTION 212(3) OF THE COMPANIES ACT,1956,RELATING TO SUBSIDIARY COMPANIES

Particulars \ Name of the Subsidiary Company	FINEOTEX MALAYSIA LIMITED (FML)	BT CHEMICAL SDN. BHD	BT BIOTEX SDN. BHD	BE EXON SDN. BHD
1.Holding Company's interest in subsidiary	100%	60%	60%	60%
		thru FML	thru FML	thru FML
2.Net aggregate amount of the profit/ (loss) of the subsidiary not dealt with in Holding Company's account				
a) For the financial year of the the Subsidiary Company	5,228,910	728,596	2,930,042	1,593,722
b) For the previous financial year of the Subsidiary Company	NA	NA	NA	NA
3.Net aggregate amount of the profit of the Subsidiary dealt with in Holding Company's account				
a) For the financial year of the Subsidiary Company	NIL	NIL	NIL	NIL
b) For the previous financial year of the Subsidiary Company	NA	NA	NA	NA

STATEMENT PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT,1956,RELATING TO SUBSIDIARY COMPANY

Particulars \ Name of the Subsidiary	FINEOTEX MALAYSIA LIMITED	BT CHEMICAL SDN. BHD	BT BIOTEX SDN. BHD	BE EXON SDN. BHD
Capital	96,696,937	8,351,299	1,670	16,703
Reserves	5,228,910	29,682,596	18,004,920	3,077,988
Total Assets	102,131,394	144,591,042	44,297,309	13,390,553
Total Liabilities	102,131,394	144,591,042	44,297,309	13,390,553
Investments other than Investment in Subsidiary	-	-	-	-
Turnover	20,597,269	383,550,068	179,157,938	34,154,639
Profit/(Loss) Before Tax	5,232,277	971,376	6,328,072	2,975,221
Provision for Tax (Including Deferred Tax)	3,367	(242,951)	1,444,669	319,018
Profit / (Loss)After Tax	5,228,910	1,214,324	4,883,403	2,656,203
Dividend % (paid during the year)	-	60%		20000%

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FINEOTEX CHEMICAL LIMITED

REGISTERED OFFICE

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

NINTH ANNUAL GENERAL MEETING

MONDAY, 31ST DECEMBER, 2012 AT 9.30 A.M.

AT THE GOKUL HALL, RAJPURIA BAGH, 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 9th AGM

Folio No.	DP ID No.	Client HD No.

Signature of Member/Proxy _____

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 Monday, 31st day of December , 2012 at 9.30 a.m.

As witness my/our hand/s this _____ day of _____ 2012.

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.