

**18<sup>TH</sup>  
ANNUAL REPORT  
2009-2010**



**ASHOK ALCO-CHEM LIMITED**

## ASHOK ALCO-CHEM LIMITED

<b>BOARD OF DIRECTORS</b>	: DR. ANIL M. KADAKIA PANKAJ M. KADAKIA VIPIN P. SHAH DR. UMESH S. KULKARNI SUBRAMANIAM AYYAR	Chairman & Managing Director Vice Chairman Independent Director Independent Director Independent Director
<b>BANKERS</b>	: DENA BANK	
<b>AUDITORS</b>	: R. A. KUVADIA & CO. Chartered Accountants, Mumbai	
<b>SOLICITORS</b>	: MULLA & MULLA & CRAIGE BLUNT & CAROE, MUMBAI	
<b>REGISTERED OFFICE</b>	: 404, Sharda Chambers, 33, New Marine Lines, V. Thakersey Marg, Mumbai - 400 020 Tel. Nos. : 22000024, Fax No.: 22009456 E-mail : anmk06@rediffmail.com; Internet: <a href="http://www.kadakiagroup.com">http://www.kadakiagroup.com</a>	
<b>PLANTS</b>	: ACETIC ACID UNIT & ETHYL ACETATE UNIT Plot No.A-22/2/1, Mahad Industrial Area, Village Kamble, Mahad - 402 301, Dist: Raigad, Maharashtra	
<b>REGISTRAR AND SHARE TRANSFER AGENT</b>	: LINK INTIME INDIA PVT. LTD. C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai - 400 078 Phones : 022- 2596 38 38 Fax: 022 – 2594 69 69 E-mail: isrl@vsnl.com	

# ASHOK ALCO-CHEM LIMITED

## NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of **Ashok Alco-Chem Limited** will be held on **Tuesday, the 14<sup>th</sup> September, 2010** at 11.00 a.m. at R.S. Bhatt Seminar Room, 6<sup>th</sup> Floor, Above Patkar Hall, SNDT Women's University, New Marine Lines, Mumbai – 400 020, to transact the following business.

### Ordinary Business.

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended **31<sup>st</sup> March 2010**, Balance sheet as of that date together with Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Subramaniam Ayyar, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

### Special Business

4. To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:  
"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 311 and 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force), the relevant provisions of the Articles of Association of the Company and all applicable guidelines for managerial remuneration issued by the Central Government or any other competent authority from time to time and in partial modification to earlier resolution passed by the members in 17<sup>th</sup> Annual General Meeting held on 25-09-2009, Consent of members be and is hereby accorded to the revised terms and conditions including remuneration of Shri (Dr.) Anil Kadakia, the Managing Director of the Company for remaining tenure commencing from 01-04-2010, as are set out in the agreement to be entered into between the Company and Shri (Dr.) Anil Kadakia, a draft whereof is placed before this meeting which is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement, subject to the same not exceeding the limit specified in Schedule XIII to the Companies Act, 1956, including any statutory modifications or re-enactment thereof for the time being in force or as may be made by the Central Govt. in that behalf from time to time, or any amendments as may be agreed to between the Board and Shri (Dr.) Anil Kadakia "
5. **To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution through Postal Ballot which are being mailed. Result of Postal Ballot will be declared by the Chairman on 20<sup>th</sup> October, 2010 :**  
"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, Draft of new set of Articles of Association as placed at the Meeting, be and is hereby approved and that the same be adopted instead and place of the existing Articles of Association of the Company"  
"RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorised to do and perform all the acts and deeds as they may think fit and proper for giving effect to aforesaid resolution."

For and on behalf of the Board,

Place : Mumbai  
Date : 29<sup>th</sup> May, 2010

Dr. Anil M. Kadakia  
Chairman & Managing Director

### NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL VOTE INSTEAD OF HIM AND A PROXY NEED NOT BE A MEMBER.
2. Proxies in order to be effective must be received by the Company at its Registered Office not later than 48 hours before the commencement of the Meeting.
3. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956, in respect of Special Business enumerated at Item Nos.4 & 5 is annexed hereto.
4. **Members are requested to cast their votes on resolution proposed at Item No. 5 through Postal Ballot Forms attached herewith which should reach the Scrutinizer, not later than the close of the working hours on 15<sup>th</sup> October, 2010. All postal ballot forms received after this date will be strictly treated as if reply from such shareholder has not been received.**
5. The Register of Members and the Share Transfer Registers of the Company will remain closed from Friday, the 10<sup>th</sup> September, 2010 to Tuesday, 14<sup>th</sup> September, 2010 (both days inclusive).

## ASHOK ALCO-CHEM LIMITED

6. Members are requested
  - i) to notify changes, if any, in their address to the Registrar and Share Transfer Agents at the earliest.
  - ii) to hand over the enclosed attendance slip, duly signed in accordance with their specimen signatures registered with the Company for admission to the venue of the Meeting.
7. **Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Company at least seven days in advance of the Meeting so that the information required can be readily available at the meeting.**
8. Pursuant to SEBI circular No. D&CC/FITTC/CIR-15/2002 dtd. 27.12.2002 all the work related to share registry in terms of both physical and electronic are being done by the Company's R&T Agents M/s. Link Intime India Pvt. Ltd. Therefore, shareholders are requested to send their communication directly to them in future.

### ANNEXURE TO THE NOTICE OF ANNUAL GENERAL MEETING

Information pursuant to Clause 49 of the Listing Agreement regarding reappointment of Director.

<b>Name of the Director</b>	: <b>Mr. Subramaniam Ayyar</b>
Date of Birth	: 19-11-1949
Date of Appointment	: 28-09-2006
Specialized Expertise	: General Management (Corporate Affairs) and Communication (Marketing)
Educational Qualification	: M.A. P. G. D. M.
Directorships of others Companies as on 31st March, 2010	: NIL
Chairman/ Member of Committees of Other Companies	: NIL

### ANNEXURE TO THE NOTICE

**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.**

**Item: 4.**

Shri (Dr.) Anil Kadakia, is associated with the Company since incorporation and has performed duties of Managing Director till 01-04-2009. He was again reappointed as the Managing Director by the Shareholders at its 17<sup>th</sup> Annual General Meeting held on 25<sup>th</sup> September, 2009 effective from 2<sup>nd</sup> April, 2009, in terms of Sections 269, 309, 311 and 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956.

(Dr.) Anil Kadakia is a M.B.B.S. with Diploma in Anesthesiology from Mumbai University and possesses over 37 years' of vast and varied experiences in the Industrial Management in the Organic Chemicals Industry.

Considering his background, competence and extensive business experience, contributions provided to the Company and future expected contribution from him by the Company, keeping in view the Salaries being paid in comparable Industries and increasing activities of the Company, at the recommendation of the Remuneration Committee, the Board of Directors, at their meeting held on 29<sup>th</sup> May, 2010, have modified / revised, main terms and conditions of appointment of Shri (Dr.) Anil Kadakia, as the Managing Director for his remaining tenure of service as under, with effect from 1<sup>st</sup> April, 2010, subject to approval of the Shareholders.

**i. Revised Remuneration : Rs. 2,00,000/- per month, inclusive of all perquisites.**

Proposed Revised Remuneration of the Managing Director shall include all such perquisites, allowances, bonus and incentives, and house rent allowance or house maintenance allowance and repairs, medical reimbursement, leave travel concession for self and family including dependents, club fees, medical insurance, however it shall not include the Company's contribution to Provident Fund, Superannuation or Annuity Fund, Gratuity payable and encashment of leave at the end of his tenure, reimbursement of out of pocket expenses incurred under discharge of their duties and other incidental expenses incurred for attending the work of the Company in the aforesaid proposed remuneration. Proposed remuneration payable is in accordance with Schedule XIII of the Companies Act, 1956 with additional disclosures as stipulated thereunder.

In the case where in any financial year comprised by the period of appointment, the Company has no profit or its profits are inadequate, the aforesaid salary shall be paid to each of him in accordance with the applicable provisions of Schedule XIII of the said Act as the Minimum Remuneration.

**ii. The terms and conditions set out for changes in terms of appointment and / or payment of remuneration herein and / or in the agreement, may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion, deem fit, provided that the overall yearly remuneration payable to the said Managing Director shall not exceed the limits specified under Schedule XIII of the Companies Act, 1956. (Including any statutory modification (s) or re-enactment thereof for the time being in force ) or any amendment made thereto.**

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- iii. The Agreement may be terminated by either party by giving three months' prior notice in writing to each other or salary in lieu thereof.

### Information as required under B under Schedule XIII to the Companies Act, 1956.

#### I. General Information :

- (1) Nature of Industry : Manufacturing and trading of Organic Chemicals
- (2) Date or expected date of commencement of Commercial production : The Company is already in operation. It is a running Company, since 1992.
- (3) In case of new companies, expected date of Commencement of activities as per project approved by financial institutions appearing in the prospectus : Not Applicable

- (4) Financial Performance based on given indicators : (Rs. in Lacs)

Particulars	Year 2008-09	Year 2007-08	Year 2006-07
Gross Income- Turnover	665	1559	2546
Operating Profit before Interest & Depreciation	183	22	156
Net Profit after Tax	(330)	(51)	85
Debt Equity Ratio	(23)	8	6
Current Ratio	0.61	0.72	0.68
Net Worth	(772)	(460)	(385)

- (5) Export performance and net foreign Collaborations : The Company is not an exporting Company.

- (6) Foreign Investments or collaborators, if any : Not Applicable

#### II. Information about the Appointee : **Dr. Anil M. Kadakia, the Chairman and Managing Director**

- (1) Background details : **Dr. Anil M. Kadakia** holds degree of M.B.B.S. with Diploma in Anesthesiology from Mumbai University with and possesses **37 years'** of extensive experiences in the field of Manufacturing and dealing in Organic Chemicals.
- (2) Past remuneration : Rs.1,50,000 p.m. inclusive of perquisites
- (3) Recognition or awards : N.A.
- (4) Job profile and his suitability : Over all Management of Operations of the Company on various project sites with responsibility of business development.
- (5) Remuneration proposed : Rs.2,00,000 p.m. inclusive of perquisites
- (6) Comparative remuneration profile with Respect to industry , size of the Company, Profile of the position and person :

(Rs. In Lacs)

Name of Company	Turnover	Directors' Remuneration
1. Tuticorin Alkali Chemicals & Fertilizers Ltd	727	17.28
2. Orchid Chemicals & Pharmaceuticals Ltd.	124983	128.94

- (7) Pecuniary relationship directly or indirectly with the Company, or relationship with the management personnel, if any : —

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### III. Other information :

- (1) Reasons of loss or inadequate profits : Under utilisation of production capacity of the Company due to paucity of Working Capital, Prevailing keen competition and availability of imported goods at cheaper rates.
- (2) Steps taken or proposed to be taken for Improvement : Exploring new markets to increase Sales; Increasing production capacity and installing new Plant & Machineries to manufacture New products; Undertaking new business activity relating to Global Trading / Sales of various items generating surplus.
- (3) Expected increase in productivity and Profits in measurable terms : By expansion of capacities followed by increase in production, fixed operative cost would get minimized.  
Undertaken Trading activities on larger scale.  
These would generate higher turnover with increased profits / surplus in future.

The draft amendment to the Agreement executed between the Company and Shri (Dr.) Anil M. Kadakia, are available for inspection at the Registered Office of the Company on all working days, upto the date of the ensuing Annual General Meeting between 11.00 a.m. and 1.00 p.m.

None of the Directors of the Company, except Shri (Dr.) Anil M. Kadakia is, in any way, concerned or interested in the proposed resolutions.

The Board recommends the resolutions for consideration and approval.

#### **Item No.5 : Alteration of Articles of Association of the Company :**

In order to update the Articles of Association of the Company with all new amendments enforced by Securities Exchange Board of India and Bombay Stock Exchange Ltd. till the date, to keep the same in line with the present regulations and dispense with the restrictive articles earlier provided in the existing Articles of Association of the Company, the Board has, subject to the approval of the Shareholders and the Bombay Stock Exchange Ltd. where the shares are listed, approved adoption of New set of Articles of Association in place of existing.

In terms of provisions of Section 31 of the Companies Act, 1956 , the Articles of Association of a Company may be altered / adopted with the approval of its members by passing a Special Resolution.

Draft of new set of Articles of Association proposed to be adopted, would be kept open at the Registered office for inspection by the Members, during 10.30 a.m. to 1.00 p.m. on all working days except on Holidays, Saturdays and Sundays, till the date of Annual General Meeting.

None of the Directors of the Company, are in any way, concerned or interested in this resolution.

The Board recommends the Special resolution as set out in the Notice for adoption.

**For and on behalf of the Board,**

**Place : Mumbai**  
**Date : 29<sup>th</sup> May, 2010**

**Dr. Anil M. Kadakia**  
**Chairman & Managing Director**

# ASHOK ALCO-CHEM LIMITED

## DIRECTORS' REPORT

The Members,  
**Ashok Alco-Chem Limited**  
Mumbai

Your Directors submit their 18<sup>th</sup> Annual Report together with the Statement of Account for the year ended on 31<sup>st</sup> March, 2010.

The following figures summaries the financial performance of the Company during the year under review.

**1. Financial Results :**

Particulars	(Rs. In Lacs )	
	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009
<b>Turnover</b> (net of excise and sales tax) and Other Income	<b>19909</b>	665
<b>Profit/(Loss) before Interest, Depreciation and Tax</b>	<b>65</b>	183
Add/Less : Interest	<b>9</b>	69
Depreciation	<b>114</b>	109
Fringe Benefit Tax	<b>0</b>	1
Deferred Tax Surplus	<b>37</b>	25
Add : Prior period adjustment	<b>15</b>	7
<b>Net Profit / (Loss ) for the Year</b>	<b>(36)</b>	(330)
Balance in Profit & Loss Account	<b>(1835)</b>	(1505)
Balance Available for Appropriation	<b>(1871)</b>	(1835)

**2. Dividend :**

In view of the carried forward loss, your Directors regret their inability to recommend payment of dividend to the Shareholders for the year under review.

**3. Operation in Retrospect :**

During the Year under review, the Company showed significant improvement in performance by registering increased Gross Income of Rs.19909 lacs ( net of excise and sales tax ) as against Rs. 665 lacs of previous year. The Company also fetched reduced Net Loss of Rs. 36 lacs from Rs. 330 lacs of the previous year.

Chemical Division bear loss of Rs. 233 lacs as against Rs. 330 lacs of previous year despite phenomenal increase in Gross Income to Rs. 1890 lacs from Rs. 665 lacs of previous year. Whereas the new division created for undertaking trading activities, in its first year of operation, earned considerable Gross Income of Rs. 18018 lacs and yielded Net profit of Rs. 197.21 lacs which offset the overall loss to Rs. 36 lacs .

In Chemical division, the Company continued to face adverse and unfavorable conditions due to dumping of imported products at cheaper price, non availability of Alcohol at reasonable price, increase in cost / price of other inputs, non availability of working Capital facilities, etc. suppressing available margins and making the manufacturing cost higher than the sale price of the products available in the market. Volatile fluctuation in the market price had adversely affected to the Company's endeavors to operate its Chemical division profitably. The Company put thrust upon increasing production by utilization of its Optimum capacity and thereby achieve relatively lesser operative cost on production leverage.

The Company has plans to penetrate the market significantly, by promotion its trading business under its Trading division, in coming period to generate higher surplus.

**4. Settlement of Overdue Debt under OTS :**

In a planned endeavor, the Company could become a debt free Company by making requisite payment of settled dues to its long overdue Secured Creditors M/s. SICOM Ltd. and Dena Bank, under OTS entered in to with them.

**5. De-registration under Sick Industrial Companies (Special Provisions) Act, 1985:**

On account of Net Worth being positive, the Board of Industrial and Financial reconstruction (BIFR), has vide its order dated 1<sup>st</sup> October,2009, deregistered the Company as Sick Industrial Company.

**6. Management Discussion And Analysis :**

**(a) Industry Structure and Development :**

The overall growth of the Indian Economy and higher industrial growth augur well for the future. The industrial climate is also positive for an enhanced role in the global economy. In this scenario, market for the Company's products have improved substantially and this development is expected to continue in the future.

The improvement at macro-level helped your Company to restart the industrial activity which was otherwise standstill for some time.

**(b) Outlook :**

Organic Chemical Industry in India continues to face competition within it self from petro-route vis-à-vis the alcohol route. Again the pricing of petro-route had direct relation with the movements in crude prices internationally whereas the pricing of alcohol route had effects of government policies of using alcohol in automobile fuel, molasses controls and so on.

Trading Division continues to see volatility in commodity prices.

**(c) Segment-wise Performance :**

The Company has one segment of Organic Chemicals. The period saw the Company out of activity for major part thereof. The Company faced myriads of problems including non availability of Raw Material and Power at reasonable price along with paucity of Working Capital, which had cumulative effects making it more difficult for the Company to undertake its operational activities on continuous basis.

Beginning of Trading Division has started on a good note. Hopefully, the Company can continue to build on the platform.

**(d) Opportunities, Threats, Risks and Concerns :**

The uncertainties faced by the Indian economy through movements in crude prices in international market as well as changes in government policies with respect to controls on molasses prices and export of molasses and alcohol, represent threats and risks to be reckoned in the Industry. The Company being a part of the Industry is affected by these threats, risks and uncertainties. Volatility in foreign Exchange is major risk for trading division.

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**(e) Financial Performance :**

Financial Performance achieved by the Company during the year under review, are shown in the Directors' Report to the Shareholders.

During the year, the plant of the Company remained out of operations for major part of the period. As a result, the Company suffered losses. However, due to stricter control on expenditure, the Company could minimise loss. The Company has been pursuing various ways to operate continuously, at its optimum capacity.

**(f) Internal Control Systems and Adequacy:**

The Internal Control Systems, continuously made updated and strengthened, realizing the need for the same. Although during the year, for major part of the Year, the plant remained closed, however, whatever transactions that took place, were closely monitored with proper checks and controls.

**(g) Human Relations :**

There has been cordial relations in the Company during the period.

The Company wishes to thank the workers, its union and leaders for their tremendous support.

**(h) Cautionary Statement :**

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectation may be 'forward - looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include availability of adequate working capital, economic conditions affecting demand / supply, price conditions in the domestic and overseas markets in which the Company operates, changes in Government regulations, tax laws and other statutes.

**8. Directors' Responsibility Statement :**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors state that

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- ii) they have, in the selection of the accounting policies, consulted the Statutory auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year viz., March 31<sup>st</sup>, 2010 and of the Loss of the Company for the year ended on that date;
- iii) they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting standards and records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) they have prepared the annual accounts on a going concern basis.

**9. Directorate :**

Shri Subramaniam Ayyar, the Director, retires by rotation at the ensuing Annual General Meeting, however, being eligible, offers himself for re-appointment.

**10. Audit Committee :**

As required in terms of Clause 49 of the Listing Agreement entered in to with the Bombay Stock Exchange Limited, the Audit Committee duly constituted by Independent Directors, performed its duties as required in terms thereof.

**11. Remarks made by Auditors in their Report :**

Remarks and observation made by the Statutory Auditors in their Report are self explanatory and do not call for any further explanation and clarification.

**12. Statutory Disclosures :**

Information as per Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of this Report, is annexed to this report as **Annexure- A**.

As per Section 217 (2A) read with Companies (Particulars of Employees) Rules, 1975, as amended, are not furnished as no employee is covered there under, during the year under review.

**13. Corporate Governance :**

As per the amended Listing Agreement with the Bombay Stock Exchange Limited, your Company complied with the requirements of Corporate Governance and Report thereon forms part of this Report as **Annexure- B**.

**14. Auditors :**

M/s R.A. Kuvadia & Co., Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting, being eligible, offer themselves for re-appointment.

Members are requested to consider their appointment as the Statutory Auditors of the Company in place of retiring Auditors, for the current financial year and fix their remuneration.

**15. Fixed Deposits :**

Your Company has not accepted any fixed deposit from public attracting the provisions of Section 58 A of the Companies Act, 1956 and the rules made there under.

**16. Insurance :**

The properties and insurable assets of the Company including buildings, plant and machinery and inventories are adequately insured.

**17. Employees :**

An atmosphere of understanding prevailed at all levels of employees of the Company.

**18. Acknowledgment :**

The Board acknowledges with thanks the contributions and support received from the Government, Local Authorities, Financial Institutions and Banks, Creditors and Suppliers, Valued Customers, employees and the Shareholders of the Company.

**For and on behalf of the Board,**

**Place : Mumbai  
Date : 29<sup>th</sup> May, 2010**

**Dr. Anil M. Kadakia  
Chairman & Managing Director**

# ASHOK ALCO-CHEM LIMITED

## Annexure "A"

**Information as per section 217 (1) (e) read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2010.**

### A. CONSERVATION OF ENERGY :

#### (a) Measures taken :

The Company undertook various energy conservation measures at its manufacturing units which, inter alia, include :

- (i) Cooling tower at Mahad shows improved performance by use of non-conventional parts and accessories.
- (ii) Power factor improved by installation of capacitors.

#### (b) Additional Investments & Proposals :

- (i) Painting and insulation of pipelines and equipments periodically.
- (ii) Replacement of out-dated/old parts and accessories on regular basis

#### (c) Impact of the measures :

The measures have benefited the company in optimizing the energy consumption per unit of production under continuous operation.

#### (d) Total energy consumption and energy consumption per unit of production.

### A. Power and fuel Consumption :

	(Rs. in Lacs )	
	2009-10	2008-09
<b>1) ELECTRICITY</b>		
a) Purchased -		
Unit (kwh in lacs)	10.46	7.56
Total Amount (Rs.in lacs)	54.49	38.64
Cost Per Unit	5.21	5.11
b) Own Generation		
Through Diesel Generator –		
Units (Kwh. In lacs)	Nil	Nil
Units per liter of Diesel Oil	Nil	Nil
Cost per Units	Nil	Nil
<b>2) FURNACE OIL</b>		
Quantity (K. Ltrs.)	Nil	142.00
Total Amount (Rs. In lacs)	Nil	35.22
Average Rate (per K. Ltrs.)	Nil	24802.82
<b>3) DIESEL OIL</b>		
Quantity ( K. Ltrs.)	Nil	Nil
Total Amount (Rs. In lacs)	Nil	Nil
Average Rate (per K. Ltrs.)	Nil	Nil
<b>4) COAL</b>		
(Steam Coal of Grade A/B used as fuel for Boiler)		
Quantity (MT)	2971	844
Total Cost (Rs. In lacs)	135.19	41.21
Average Rate (per K. Ltrs.)	4.55	4.88

### B. Consumption per unit production :

(Please refer Notes given here in below)

#### Name of the Product

(i) Acetic Acid :		
Electricity Kwh/MT	465	656
Furnace Oil Ltr./MT	Nil	258
Coal Kg./MT	547	1517
(ii) Ester :		
Electricity Kwh/MT	224	285
Furnace Oil Ltr./MT	Nil	Nil
Coal Kg./MT	751	875
(iii) Acetaldehyde		
Electricity	247	Nil
Coal Kg./MT	585	Nil

#### Notes :-

1. The consumption per unit of production gives only broad indication as it is arrived at without taking into consideration the variations in grade, quality and purity of the products.
2. The consumption of power per unit of production includes the consumption for ETP.

### B. I. TECHNOLOGY ABSORPTION :

Efforts made in technology absorption : Nil

#### RESEARCH & DEVELOPMENT :

##### 1) Specific area in which R & D carried out by the Company.

- a) Processes are modified on on-going basis for enhancing the efficiency and energy conservation.

##### 2) Benefits derived as a result of above R & D

- a) Higher production and productivity
- b) Better product quality
- c) Reduced Pollution

##### 3) Future plan of action :

Continuous efforts are made to save energy and to improve the quality.

##### 4) Company has not incurred any expenditure on R & D.

### II. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION :

##### 1) Efforts, in brief, made towards technology absorption, adaptation & innovation.: N. A.

##### 2) Benefits derived as a result of the above efforts. : N. A.

### C. FOREIGN EXCHANGE EARNING AND OUT GO :

1. Activities relating to exports, initiative taken to increase exports, development of new export markets for products and services and export plans.

Efforts are being to exports products

2. Total Foreign Exchange earned and spent.

(Amount in Rupees)

	Current Year	Previous Year
i) Foreign Exchange used	31,16,85,961	Nil
ii) Foreign Exchange earned	1,33,85,46,050	Nil

For and on behalf of the Board,

Place : Mumbai,  
Date : 29<sup>th</sup> May, 2010

Dr. Anil M. Kadakia  
Chairman & Managing Director

# ASHOK ALCO-CHEM LIMITED

## Annexure - B Report on Corporate Governance

**1. Company's Philosophy :**

The Company believes in good corporate Governance in tune with the guidelines recommended by SEBI and in terms of the Listing Agreements.

Given below is the report of the Board of Directors of the Company on Corporate Governance practices being followed by the Company.

**2. Board of Directors :**

The Board of Directors was consisting of Five Directors with Promoter Executive Chairman & Managing Director, Non Executive Vice-Chairman, with Three Non Executive Independent Directors as on 31<sup>st</sup> March, 2010. The Composition of the Board was in conformity with Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange Limited.

None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees as specified in Clause 49, across all the Companies in which he is a Director. Necessary disclosure regarding Committee position in other Public Companies as at 31<sup>st</sup> March, 2010, have been made by the Director.

**Board Meetings :**

During the year 2009-10, the Board met 5 times on 14.4.2009, 30.06.2009, 31.07.2009, 31.10.2009, and 28.01.2010. The longest gap between any two Board Meetings did not exceed four months.

A brief resume of the directors being reappointed at the Annual General Meeting, the nature of their expertise in specific functional areas and names of Companies in which they hold directorship and membership of the committees of the Board are annexed to the Notice.

The names and categories of the Directors, their attendance at Board Meetings, Annual General Meeting, No of directorships in other Companies and committees etc are given below :

Name of Directors	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM	No. of other companies in which he is directors/ chairman	No. of Committees of other Companies in which he is a Member/ Chairman
Dr. Anil M. Kadakia	Promoter, Chairman & Managing Director	5	Yes	4	–
Pankaj M. Kadakia	Promoter & Non Executive Director	2	Yes	4	–
Vipin P. Shah	Non-Executive Independent Director	3	Yes	–	–
Dr. Umesh Kulkarni	Non-Executive Independent Director	3	No	–	–
Subramaniam Ayyar	Non-Executive Independent Director	5	Yes	–	–

None of the Non Executive Directors have any material pecuniary relationship or transactions with the Company. Necessary information as mentioned in Annexure 1A to the Clause 49 of the Listing Agreement has been placed before the Board for their consideration.

**Shareholding of Directors with their Relatives :**

Names of Directors	No. of Shares
Dr. Anil M. Kadakia	21,39,640
Smt. Urvashi Ashok Kadakia	14,800
Smt. Shobhana Anil Kadakia	1,58,303

**Code of Conduct :**

The Board of Directors of the Company have adopted Code of Conduct for all Board Members and senior management of the Company. The Company has no distinct level of senior management from the Board. The Board members have affirmed compliance to the Code of Conduct. In view of severe financial crunch, the Company has not been able to have its website to post the Code of Conduct on it.

**3. Audit Committee :**

The Board has constituted Audit Committee pursuant to Section 292A of the Companies Act, 1956 read with Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited (BSE ) with the required terms of reference as per the above referred statutory requirements.

The primary objective of the Audit Committee is to monitor and effectively supervise the Company's financial reporting process with a view to provide accurate, timely and proper disclosures and the integrity and quality of the financial reporting.

The Company has an Audit committee comprising with Shri (Dr.) Umesh Kulkarni and Shri Subramaniam Ayyar, and Shri

## ASHOK ALCO-CHEM LIMITED

Pankaj Kadakia as the Members with Shri V.P.Shah, as the Chairman. The Committee met on 14.04.2009, 30.06.2009, 31.07.2009, 31.10.2009 and 28.01.2010 and during the year the attendance of the members at the meetings was as follows :

Name of Members	Status	No. of Meetings held	No. of Meetings attended
Vipin P. Shah	Chairman	5	3
Dr. Umesh Kulkarni	Member	5	3
Subramaniam Ayyar	Member	5	5
Pankaj Kadakia	Member	5	2

The Company has not denied any personnel, access to the Audit Committee of the Company and the situation has not arisen to provide protection to "whistle blowers" from unfair termination and other unfair or prejudicial employment practices.

#### 4. Remunerations Committee :

The Company has Remuneration Committee of Directors (Dr.) Shri Umesh Kulkarni and Shri V.P.Shah, as the Members with Shri Subramaniam Ayyar, as the Chairman. One meeting was held during the year under review.

The Remuneration Committee has been constituted to recommend /review remuneration of the Executive Director based on their performance and defined assessment criteria.

Remuneration Policy of the Company is directed towards rewarding performance, based on the review of achievements. The Remuneration policy is in consonance with the existing Industry practice.

The remuneration of Managing Director is approved by the Board within the overall limit fixed under the law. No other Directors are being paid remuneration including sitting fees for meeting attended by independent Directors, in view of weak financial position.

The aggregate value of salary and perquisites for the year ended 31<sup>st</sup> March, 2010 paid to Shri ( Dr.) Anil Kadakia, Managing Director was paid Rs.18.00 lacs as Salary.

Sitting fees are paid @ Rs. 500 per Board Meeting and Rs. 250 per committee meeting to Non Executive Directors. Amount of Sitting fees paid to Non Executive Directors during the year 2009-2010 are as under:

Name of Directors	Amount of Sitting fees paid (in Rs.)
Vipin P. Shah	Rs.3,000
Dr. Umesh Kulkarni	Rs.3,000
Subramaniam Ayyar	Rs.5,000
Pankaj Kadakia	Rs.1,000

As of now, the Company does not have any employee stock option plan..

There were no other pecuniary relationship or transactions of the Non Executive Director vis-à-vis the Company. The Company has not granted any stock option to any of its Directors.

#### 5. Shareholders' Grievance Committee :

The Board has Shareholders' Grievance Committee, comprising of Shri Vipin P. Shah, (Dr.) Umesh Kulkarni and Shri Subramaniam Ayyar as the Members with Shri Vipin P. Shah, as the Chairman. The Board has appointed Shri Vibhakar B. Parikh, as the Compliance Officer.

The Committee, inter alia, oversees and reviews all matters connected with the securities and looks into shareholders complaints like transfer of shares, non receipt of balance sheet, non receipt of declared dividend etc. The Committee oversees the performance and the working of M/s. Link Intime India Pvt. Ltd., the Registrar & Transfer Agent and of the Secretarial Department and recommends measures for overall improvement in the quality of investor services.

During the year 2009-10, the Committee met 14.04.2009, 30.06.2009, 31.07.2009, 31.10.2009 and 28.01.2010 which were attended by Committee Members, as under :

Name of Members	Status	No. of Meetings held	No. of Meetings attended
Vipin P. Shah	Chairman	5	3
Dr. Umesh Kulkarni	Member	5	3
Subramaniam Ayyar	Member	5	5

As on 31.03.2010, there were no Investor Grievances remaining unattended / pending for redressal for more than 30 days.

## ASHOK ALCO-CHEM LIMITED

### 6. General Body Meetings

Details of the location of the last three Annual General Meetings are as under:

Annual General Meetings	Day & Date and Time	Locations
17 <sup>th</sup> AGM	Friday, 25-09-2009 At 10.30 a.m.	404, Sharda Chambers, 33, New Marine Lines, Mumbai – 400 020
16 <sup>th</sup> AGM	Tuesday, 30.09.2008 At 10.30 a.m.	Sharda Chambers Hall, 8 <sup>th</sup> floor, Sharda Chambers, 33, New Marine Lines, Mumbai – 400 020.
15 <sup>th</sup> AGM	Saturday, 29.12.2007 At 11.00 a.m.	Sharda Chambers Hall, 8 <sup>th</sup> floor, Sharda Chambers, 33, New Marine Lines, Mumbai – 400 020.

Whether special resolutions were put through postal ballot last year? Yes.

Postal Ballot process was carried out for Special business viz.;

- i. Alteration of Other Object clause of Memorandum of Association and
- ii. for commencement of new business relating to buying, selling, importing, exporting and dealing with various types of Minerals and Minerals derivatives.
- iii. Are polls proposed to be conducted through postal ballot this year ?  
Yes, For adoption of new set of Articles of Association in place of existing.

### 7. Disclosures :

- (a) There were no materially significant related party transactions that may have potential conflict with the interest of the Company at large.
- (b) No penalties or strictures have been imposed on the Company by SEBI or any Statutory Authority on any matter related to capital markets. The Company's scrip has been temporarily suspended for trading for, inter alia, not having paid listing fees because of financial constraints.

#### 8.1 Compliance of Mandatory Requirements :

The Company has complied with the mandatory requirements as stipulated in Clause 49 of the listing agreement with the Bombay Stock Exchange Ltd.

#### 8.2 Compliance of Non Mandatory Requirements :

The Company has adopted the non-mandatory requirements as regards the provisions relating to the Remuneration Committee. The Quarterly Financial Results are at times published in newspapers, and also sent to the shareholders on request. The Company affirms that no employee has been denied access to the Audit Committee. As regards the other non mandatory requirements the Board has taken cognizance of the same and shall consider adopting the same as and when necessary.

#### 8.3. Means of Communication :

The quarterly half-yearly and yearly financial results of the Company are normally sent to the Bombay Stock Exchange Limited immediately after the same are approved by the Board. Though, due to financial difficulties the results could not be published in newspapers, they are submitted to the Stock Exchanges in accordance with the Listing Agreement and are supplied through E-Mail & posts to the Shareholders on demand.

### 9. General Shareholder Information

#### (a) 18<sup>th</sup> Annual General Meeting

Date and Time	:	14 <sup>th</sup> September, 2010 at 11:00 a.m.
Venue	:	R.S. Bhatt Seminar Room, 6 <sup>th</sup> Floor, Above Patkar Hall, SNDT Women's University, New Marine Lines, Mumbai – 400 020,

#### (b) Financial Calendar

Board Meeting to approve Unaudited Financial results for	Period
Quarter ending September 30 <sup>th</sup> , 2010	By 14 <sup>th</sup> November, 2010
Quarter ending December 31 <sup>st</sup> , 2010	By 14 <sup>th</sup> February, 2011
Quarter ending March, 31 <sup>st</sup> , 2011	By 15 <sup>th</sup> May, 2011
Quarter ending June 30 <sup>th</sup> , 2011	By 14 <sup>th</sup> August, 2011
Audited Financial Results	By 31 <sup>st</sup> August, 2011

- (c) Date of Book Closure : 10.09.2010 to 14.09.2010 (both days inclusive)
- (d) Dividend payment Date : Not Applicable
- (e) Listing on Stock Exchange : The Bombay Stock Exchange Limited, Mumbai
- (f) Company Code : 524594

## ASHOK ALCO-CHEM LIMITED

**(g) Market Price Data:**

Trading in Equity Shares recommenced on the Bombay Stock Exchange Limited from April, 2009 To March 2010 Details relating thereto are provided hereunder.

Months	Share Price of Ashok Alco-Chem Limited			BSE Sensex	
	High	Low	Volume	High	Low
April 2009	5.99	5.05	9261	11,492.10	9,546.29
May 2009	5.58	4.17	52943	14,930.54	11,621.30
June 2009	6.55	4.73	28355	15,600.30	14,016.95
July 2009	5.6	4.41	7595	15,732.81	13,219.99
August 2009	6.5	4.49	26648	16,002.46	14,684.45
September 2009	7.39	5.9	10161	17,142.52	15,356.72
October 2009	8.02	7	8296	17,493.17	15,805.20
November 2009	9.52	7	34968	17,290.48	15,330.56
December 2009	14.58	9.99	79680	17,530.94	16,577.78
January 2010	12.85	9.85	18940	17,790.33	15,982.08
February 2010	11.56	7.82	28780	16,669.25	15,651.99
March 2010	13.19	8.94	46568	17,793.01	16,438.45

**(h) Registrar & Share Transfer Agents:**

Link Intime India Pvt. Ltd.  
203, Daver House, 2<sup>nd</sup> Floor,  
197/199, Dr. D. N. Road,  
Mumbai-400001  
Phone No. 2265 6929 / 27

Link Intime India Pvt. Ltd.  
C-13, Pannalal Silk Mills Compound,  
L. B. S. Marg, Bhandup (West), Mumbai-400 078  
Phone No. : 25963838, Fax No. 25946969  
Email : isrl@vsnl.com

**Share Transfer System:**

Shares lodged for transfer in physical form are processed and duly transferred Share Certificates are sent within 30 days of receipt of the valid documents. The Shares are transferred at an interval of 30 days time.

**Dematerialization of Shares :** Electronic holding by members constitute 23.53% of the total Equity Capital of the Company.

The Members are requested to get their shares demated to facilitate better custody and easy dealings.

**(i) Distribution of Shareholding :**

The Distribution of Shareholding as on 31<sup>st</sup> March, 2010

No of Shares	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Total Share holders
Up to 500	3,122	91.10	4,26,907	11.31
501 to 1000	174	5.08	1,42,387	3.77
1001 to 2000	72	2.10	1,04,811	2.78
2001 to 3000	17	0.50	41,940	1.11
3001 to 4000	9	0.26	31,850	0.84
4001 to 5000	14	0.41	62,103	1.64
5001 to 10000	9	0.26	69,828	1.85
10001 & above	10	0.29	28,95,517	76.70
Total	3,427	100.00	37,75,343	100.00

**(j) Shareholding Pattern as on 31<sup>st</sup> March, 2010 :**

Associates	No. of Shares held	% of Shareholding
1. Directors & Relatives ( Promoter )	23,12,743	61.26
2. Mutual Funds & Bank	5,00,100	13.25
3. Non Residents	6,530	0.17
4. Corporate Bodies	61,420	1.63
5. Indian Public	8,67,384	22.98
6. Others	27,166	0.71
TOTAL	37,75,343	100.00

**(k) Outstanding GDRs/ADRs Warrants :** Not Applicable

**(l) Plant Location :** Plot No.A-22/2/1, Mahad Industrial Area,  
Vill.-Kamble, Mahad- 402301, Dist. Raigad, Maharashtra

**(m) Address of Correspondence :** 404, Sharda Chambers, 33, New Marine Lines, Mumbai – 400 020.

## ASHOK ALCO-CHEM LIMITED

### CERTIFICATE OF PRACTICING COMPANY SECRETARY

To,  
The Members,  
**Ashok Alco-Chem Limited**  
Mumbai.

We have examined the compliance of conditions of Corporate Governance by **Ashok Alco-Chem Limited** for the year ended on 31<sup>st</sup> March, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Limited.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to producers and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on 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 Agreement

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

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

**For Jayesh Vyas & Associates**  
Practising Company Secretary

Jayesh Vyas

FCS : 5072 CP : 1790

Place : Vadodara

Date : 28<sup>th</sup> May, 2010

### DECLARATION

#### Declaration regarding Compliance by Board Members and Senior Management Personnel with the Company's Code of Conduct :

This is to confirm that the Company has adopted a Code of Conduct for its employees , Non executive Directors and Executive Director.

I confirm that the Company has, in respect of the financial year ended 31<sup>st</sup> March, 2010 received from the Senior Management Team of the Company and the Members of the Board, declaration of Compliance with the Code of Conduct as applicable to them.

Place : Mumbai

Date : 29<sup>th</sup> May, 2010

Dr. Anil M. Kadakia

CEO & Managing Director

### CERTIFICATE

To,  
The Board of Directors,  
Ashok Alco-Chem Ltd.,  
Mumbai.

This is to certify that ;

I have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief, these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading, these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

I accept responsibility for establishing and maintaining internal controls and that I have evaluated the effectiveness of the internal control systems of the company and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.

I have indicated to the auditors and the Audit Committee,

- significant changes in Internal Control during the year ;
- significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements ; and
- instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant rolls in the Company's internal control system.

Place : Mumbai

Date : 29<sup>th</sup> May, 2010

Dr. Anil M. Kadakia  
CEO & Managing Director

# ASHOK ALCO-CHEM LIMITED

## AUDITOR'S REPORT

**TO  
THE MEMBERS  
ASHOK ALCO-CHEM LIMITED  
MUMBAI**

We have audited the attached Balance Sheet of **ASHOK ALCO-CHEM LIMITED**, as at 31<sup>st</sup> March, 2010 and also the Profit and Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by Companies (Auditors Report) Order, 2003 issued by the central Government in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said order.

Further to our comments as above, we report that;

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

3. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
4. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act 1956.
5. According to information & explanations given to us and on the basis of written representations received from the Directors of the Company & taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a Director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts *subject to, note no 5 regarding non deposit of unpaid dividend, of Schedule 18* and read along with other notes to accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
  - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2010;
  - b) In the case of Profit and Loss Account, of the **LOSS** for the year ended on that date, and
  - c) In case of Cash Flow Statement, cash flow for the year ended on that date.

**For R.A. KUVADIA & Co.  
Chartered Accountants**

**(R.A. KUVADIA)  
Proprietor**

**Place : Mumbai  
Date : 29<sup>th</sup> May, 2010**

### Annexure referred to in Paragraph 3 of our report of even date

1. (a) The Company is in the process of updating the records showing particulars, including quantitative details and situation of fixed assets;  
(b) The fixed assets have been physically verified by the management and no discrepancies were found on such verification;  
(c) In our opinion and according to the information and explanations given to us, during the year the Company has not disposed of substantial part of fixed assets and the going concern status of the Company is not affected.
2. (a) The stock of Finished Goods, Raw materials, Stores and consumables and trading Material was physically verified by the Management at reasonable intervals;  
(b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
3. (a) The Company is maintaining proper records of inventories. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of account.  
(b) According to the information and explanations given to us, the Company has taken unsecured loans from parties covered in the register maintained under Section 301 of the Companies Act, 1956 & the terms and conditions of the loan are not prejudicial to the interest of the company.  
(b) Deposits and advances given to parties listed under section 301 for use of the assets or otherwise are free of interest. The loans or advances in nature of loan from companies or parties listed in the register maintained under section 301 of Companies Act 1956 are, prima

## ASHOK ALCO-CHEM LIMITED

facie, not prejudicial to the interest of the Company.  
There are no stipulations as to repayments of loans.

4. In our opinion and according to the information and explanation given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed asset and with regard to the sale of goods and services. During the course of our audit, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the internal control system.
5. (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section;  
(b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of such contracts or arrangements exceeding value of rupees five lacs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company is in the process of complying with the directives issued by The Reserve Bank of India and provisions of section 58A and the rules there under for short term loan taken from Director who has resigned during the year under review.
7. The Company has an internal audit system commensurate with the size and nature of its business.
8. To the best of our knowledge and explanations given to us the maintenance of cost records under sec 209(1)(d) of The companies Act, 1956 has not been prescribed by Central Government for any of the products of the company for the year under review .
9. (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales tax, Wealth Tax, Service Tax, Customs duty, Excise Duty, Cess and other material statutory dues applicable to it except for marginal delays.  
(b) According to the records of the Company and subject to method of accounting consistently followed by it the undisputed amount payable to appropriate authorities in respect of - Sales-tax for the F. Y. 2000-2001 Rs. 34.54 lacs, F. Y. 2001-2002 Rs. 52.73 lacs, F. Y. 2002-2003 Rs. 67.57 lacs, F. Y. 2003-2004 Rs. 21.12 lacs; Sales Tax Deferment Dues Rs. 249.12 lacs; Income Tax Rs. 16.75 lacs for the F.Y.1997-98 and Rs 8.95 lacs for F. Y. 1998-1999; Corporate Dividend Tax Rs. 6.88 lacs for F. Y. 1999-2000 were outstanding as on 31.03.2010 for the period of six months from the date they become payable.  
(c) In case of Income Tax for the A. Y. 1996-1997 Rs. 50.20 lacs and A. Y. 1999-2000 Rs. 99.37 Lacs appeal is pending before appropriate authorities.
10. The Company has accumulated losses in excess of free reserves. The company has incurred cash losses during the year under review. However there were no cash losses in the immediate preceding financial year.
11. The Company has not defaulted in repayment of dues to financial institution or bank or debenture holders.
12. The Company has not given any guarantee for loans taken by others from bank or financial institutions.
13. According to the information and explanations given to us the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
14. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) are not applicable to the Company.
15. The Company has traded in mutual funds. The Company has maintained proper records of transactions and contracts and the same have been held in the name of the Company.
16. According to the information and explanations given to us, the Company has not taken any new term loan during the year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, funds raised on short-term basis, prima facie , have not been used during the year for long-term investment
18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
19. The Company has not raised any money through a public issue during the year.
20. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year under review.

**For R.A. KUVADIA & Co.  
Chartered Accountants**

**(R.A. KUVADIA)  
Proprietor**

**Place : Mumbai  
Date : 29<sup>th</sup> May, 2010**

# ASHOK ALCO-CHEM LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2010

	SCHEDULE	RUPEES	As at 31.03.2010 RUPEES	As at 31.03.2009 RUPEES
<b>SOURCES OF FUNDS :</b>				
Shareholders' Funds				
Share Capital	1	37,753,430		37,753,430
Reserves & Surplus	2	157,745,893		135,955,551
			195,499,323	173,708,981
Loan Funds				
Secured Loans	3	-		71,250,000
Unsecured Loans	4	83,067,250		11,844,774
			83,067,250	83,094,774
			278,566,573	256,803,755
<b>APPLICATION OF FUNDS :</b>				
Fixed Assets				
(a) Gross Block	5	308,074,468		308,000,649
(b) Less: Depreciation		214,492,489		199,863,564
(c) Net Block			93,581,979	108,137,085
			93,581,979	108,137,085
Investments	6		14,000	14,000
Deferred Tax Assets			26,286,957	22,611,097
Current Assets, Loans and Advances				
(a) Inventories	7	46,063,332		7,890,162
(b) Sundry Debtors	8	337,898,818		5,814,318
(c) Cash & Bank Balances	9	27,637,457		3,210,880
(d) Loans & Advances	10	71,972,254		71,877,876
		483,571,861		88,793,236
Less: Current Liabilities and Provisions				
(a) Liabilities	11	499,658,693		141,808,055
(b) Provisions	12	12,410,337		4,510,428
		512,069,030		146,318,483
Net Current Assets			(28,497,169)	(57,525,247)
Balance in Profit and Loss account			187,180,806	183,566,820
			278,566,573	256,803,755
Accounting Policies	18			

As per our report of even date

For R. A. Kuvadia & Co.  
Chartered Accountants

R. A. Kuvadia  
Proprietor  
Membership No. 40087

Place : Mumbai  
Date : 29<sup>th</sup> May, 2010

For Ashok Alco-Chem Ltd.

Dr. Anil M. Kadakia  
Chairman & Managing Director

Mr. Subramaniam Ayyar  
Director

# ASHOK ALCO-CHEM LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	SCHEDULE	For the Period ended 31.03.2010 RUPEES	For the Period ended 31.03.2009 RUPEES
<b>INCOME :</b>			
Sales Turnover(Gross)		2,027,740,541	68,447,184
Less : Excise Duty		12,021,232	5,539,120
Less: V A T		6,557,942	2,126,487
Less : Foreign Exchange Loss		27,346,416	-
		<u>1,981,814,951</u>	<u>60,781,577</u>
Other Income	13	9,045,836	5,760,179
		<u>1,990,860,787</u>	<u>66,541,756</u>
<b>EXPENDITURE :</b>			
Manufacturing, Trading & Establishment Expenses	14	1,364,649,539	70,636,966
(Increase)/Decrease in Stocks	15	(3,076,677)	4,464,115
Administrative, Selling & General Expenses	16	622,751,478	9,719,627
Finance Cost	17	873,765	6,920,457
		<u>1,985,198,105</u>	<u>91,741,165</u>
Profit / (Loss) before Depreciation		5,662,682	(25,199,409)
Add : Depreciation		14,628,925	14,068,808
Less : Transfer from Revaluation Reserve		3,209,658	3,209,658
		<u>11,419,267</u>	<u>10,859,150</u>
Profit / (Loss) before Taxation		(5,756,585)	(36,058,559)
<b>Less Provision For Taxation</b>			
Deferred Tax		3,675,860	2,477,270
Fringe Benefit Tax		-	158,233
		<u>(2,080,725)</u>	<u>(33,739,522)</u>
Profit/(Loss) After Taxation		1,325,627	-
Add : Extra Ordinary Item		-	1,064,060
Add : Excess Depreciation Written Back		-	352,977
Less : Prior Period Adjustments		207,634	-
		<u>(3,613,986)</u>	<u>(33,028,439)</u>
Add : Profit/(Loss) upto last Year		(183,566,820)	(150,538,381)
Balance Carried to the Balance Sheet		<u>(187,180,806)</u>	<u>(183,566,820)</u>
No. of Equity Shares		3,775,343	3,775,343
Earning per Share(EPS)			
a) Basic & Diluted before exceptional item		(0.55)	(8.94)
b) Basic & Diluted after exceptional item		(0.96)	(8.75)
Face Value of Share Rs.10/-			
Accounting Policies	18		

As per our report of even date

For R. A. Kuvadia & Co.  
Chartered Accountants

R. A. Kuvadia  
Proprietor  
Membership No. 40087

Place : Mumbai  
Date : 29<sup>th</sup> May, 2010

For Ashok Alco-Chem Ltd.

Dr. Anil M. Kadakia  
Chairman & Managing Director

Mr. Subramaniam Ayyar  
Director

# ASHOK ALCO-CHEM LIMITED

## SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2010 RUPEES	As at 31.03.2009 RUPEES								
<b>SCHEDULE - 1 : SHARE CAPITAL :</b>										
<b>Authorised :</b>										
50,00,000 Equity Shares of Rs.10/- each	50,000,000	50,000,000								
20,00,000 11% Cumulative Redeemable Preference Shares of Rs.10/- each	20,000,000	20,000,000								
	<u>70,000,000</u>	<u>70,000,000</u>								
<b>Issued, Subscribed &amp; Paid-up :</b>										
3775343 (pr. year 37,75,343) Equity Shares of Rs.10/- each fully paid up	<u>37,753,430</u>	<u>37,753,430</u>								
<b>Note :</b>										
1. Of the above, 8,00,112 Equity Shares of Rs.10/- each were allotted on 07.10.1993 as Bonus Shares by capitalisation of Rs.80,01,120/- from revaluation reserves in terms of resolution passed by the members at Annual General Meeting held on 30.09.1993.										
2. 500000 shares allotted to SICOM ARC LTD for consideration other than cash in terms of resolution passed by the members at the extra ordinary general meeting held on 29.01.2009										
<b>SCHEDULE - 2 : RESERVES &amp; SURPLUS :</b>										
1. Capital Subsidy	2,500,000	2,500,000								
2. Revaluation Reserve										
As per Last Balance Sheet	4,195,526	7,405,184								
Less: Transferred to Profit & Loss Account	<u>3,209,658</u>	<u>3,209,658</u>								
	985,868	4,195,526								
3. Share Premium Account	61,879,025	61,879,025								
4. Capital Reserve	<u>92,381,000</u>	<u>67,381,000</u>								
	<u>157,745,893</u>	<u>135,955,551</u>								
<b>SCHEDULE - 3 : SECURED LOANS :</b>										
1. Term Loan from SICOM Ltd.										
Borrowings are for expansion/down stream projects and are secured by mortgage of immovable properties and plant & machineries , both present and future , at MIDC , Mahad]	-	71,250,000								
	-	<u>71,250,000</u>								
<b>SCHEDULE - 4 : UNSECURED LOANS :</b>										
Short Term Loan - Directors	2,770,233	4,344,774								
Intercorporate Deposit	79,000,000	7,500,000								
Others	<u>1,297,017</u>	<u>-</u>								
	<u>83,067,250</u>	<u>11,844,774</u>								
<b>SCHEDULE - 5 : FIXED ASSETS</b>										
ASSETS	AS ON 01-04-09	ADDITIONS 2009-2010	SALE/ ADJ. 2009-2010	GROSS BLOCK 31-03-2010	TOTAL DEPR. 31-03-2010	DEPR. 31-03-2010	DEPR. SALE/ ADJ. 31-03-2010	TOTAL DEPR. 31-03-2010	NET BLOCK 31-03-2010	NET BLOCK AS ON 31-03-2009
LEASEHOLD LAND	7,304,000	-	-	7,304,000	202,830	12,677	-	215,507	7,088,493	7,101,170
BUILDINGS	23,621,395	-	-	23,621,395	6,028,689	416,149	-	6,444,838	17,176,557	17,592,706
PLANT & MACHINERY	267,645,125	42,840	-	267,687,965	135,869,871	10,223,036	-	146,092,907	121,595,058	131,775,254
FURNITURE & FITTINGS	4,739,195	30,979	-	4,770,174	4,096,837	321,767	-	4,418,604	351,570	642,358
VEHICLES	4,690,934	-	-	4,690,934	3,619,058	445,638	-	4,064,696	626,238	1,071,876
TOTAL	308,000,649	73,819	-	308,074,468	149,817,285	11,419,267	-	161,236,552	146,837,917	158,183,364
PREVIOUS YEAR	295,249,457	12,751,192	-	308,000,649	138,958,135	10,859,150	-	149,817,285	158,183,363	156,291,322
<b>Note:</b>										
1	Gross Block includes revaluation as on 31st March,1994 of Leasehold Land (Rs.60,87,005), Building (Rs.42,57,704) and plant & Machinery (Rs.5,18,98,217). The aforesaid amounts in aggregate of Rs.8,25,23,797 were debited to the fixed assets and were credited to revaluation reserve.									
2	Depreciation (a) for the year is net of transfer from revaluation reserve Rs. 32,09,658/- (Previous Year Rs.32,09,658), and (b) as on 31st March 2010 is net of cumulative transfer from revaluation reserve of Rs.5,32,55,938/- (Previous Year Rs. 5,00,46,280/-)									

# ASHOK ALCO-CHEM LIMITED

## SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2010 RUPEES	As at 31.03.2009 RUPEES
<b>SCHEDULE - 6 : INVESTMENTS :</b>		
(At Cost)(Quoted,unless otherwise stated)		
7 Nos. (Previous Year: 7 Nos.) Shares of Rs.2000/- each fully paid-up of Shri Chhatrapati S.S.K.Ltd.( Unquoted)	14,000	14,000
	<u>14,000</u>	<u>14,000</u>
<b>SCHEDULE - 7 : INVENTORIES :</b>		
1. Raw Materials	6,610,174	2,294,828
2. Semi-finished Goods	694,720	531,314
3. Finished Goods	4,300,004	1,386,733
4. Stores , Spares and Packing Materials	2,958,154	2,990,488
5. Fuel	485,012	386,679
5. Trading goods	30,896,768	-
7. Goods in Transit	118,500	300,120
	<u>46,063,332</u>	<u>7,890,162</u>
<b>SCHEDULE - 8 : SUNDRY DEBTORS :</b>		
(Unsecured, considered good unless stated otherwise)		
Debts over Six Months	105,635,005	105,635,005
Less: Provision for Doubtful Debts	<u>105,635,005</u>	<u>105,635,005</u>
	-	-
Other Debts	<u>337,898,818</u>	<u>5,814,318</u>
	<u>337,898,818</u>	<u>5,814,318</u>
<b>SCHEDULE - 9 : CASH &amp; BANK BALANCES :</b>		
1. Cash on Hand	869,543	583,397
2. Balances with Scheduled Banks In Current Accounts	<u>26,767,914</u>	<u>2,627,483</u>
	<u>27,637,457</u>	<u>2,627,483</u>
	<u>27,637,457</u>	<u>3,210,880</u>
<b>SCHEDULE - 10 : LOANS &amp; ADVANCES :</b>		
(Unsecured - considered good)		
1. Advances recoverable in cash/kind or for value to be received includes : Associates	69,817,080	71,409,055
- Ashok Cellulose Ltd. , Rs. 85.14 Lacs ( P. Y. Rs. 85.14 Lacs)		
- Raj Enterprises Rs.96.88 Lacs (P.Y.Rs.96.88 Lacs)		
- Ashok Organic Industries Ltd Rs. 19.87 Lacs (P.Y.Rs 94.87 Lacs)		
- USM Enterprises Rs.0.49 Lacs (P.Y.Rs.0.49 lacs)		
- Aqua Alco Bio Tech Pvt. Ltd Rs. 62.80 Lacs(P.Y.62.80 Lacs)		
2. Balances with Central Excise	<u>2,155,174</u>	<u>468,821</u>
	<u>71,972,254</u>	<u>71,877,876</u>
<b>SCHEDULE - 11 : CURRENT LIABILITIES :</b>		
1. Sundry Creditors	399,309,816	15,367,265
2. Unclaimed Dividend	272,924	278,104
3. Other Liabilities	75,163,759	101,250,492
4. Sales Tax Deferrment Amount	<u>24,912,194</u>	<u>24,912,194</u>
	<u>499,658,693</u>	<u>141,808,055</u>
<b>SCHEDULE - 12 : PROVISIONS :</b>		
1. Provision for Taxation	12,410,337	4,352,195
2. Provison for Fringe Benefit Tax	-	158,233
	<u>12,410,337</u>	<u>4,510,428</u>

## ASHOK ALCO-CHEM LIMITED

### SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	As at 31.03.2010 RUPEES	As at 31.03.2009 RUPEES
<b>SCHEDULE - 13 : OTHER INCOME :</b>		
1. Interest Received (Gross)		
Tax deducted at source Rs.32779/- (Previous Year Rs.32768/- )	146,881	149,046
2. Miscellaneous Receipts	299,340	1,227,625
3. VAT Set-off	6,760,245	2,969,079
4. Sale of Scrap	2,000	86,229
5. Sundry balance w/off-w/back	389,260	1,328,200
6. Dividend from Mutual Fund	855,265	-
7. Share Trading Income	592,845	-
	9,045,836	5,760,179
<b>SCHEDULE - 14 : MANUFACTURING, TRADING &amp; ESTABLISHMENT EXPENSES</b>		
1. Material Consumed		
Opening Stock	2,294,828	2,620,733
Add: Purchases & Incidental Expenses	169,877,806	47,351,191
Less: Closing Stock	6,610,174	2,294,828
	165,562,460	47,677,096
2. Trading material consumed	1,165,984,149	-
3. Stores & Spares Consumed	907,292	1,170,189
4. Packing Materials Consumed	20,500	440,443
5. Power & Fuel	19,835,279	11,764,931
6. Water Charges	895,837	498,008
7. Employees' Remuneration and Benefits		
Salaries, Wages & Allowances	9,104,718	7,780,256
Contribution to Provident and Other Fund	1,574,998	579,907
Staff Welfare Expenses	238,727	324,382
Bonus/Ex-gratia	525,579	401,754
	11,444,022	9,086,299
	1,364,649,539	70,636,966

## ASHOK ALCO-CHEM LIMITED

### SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	As at 31.03.2010 RUPEES	As at 31.03.2009 RUPEES
<b>SCHEDULE - 15 : (INCREASE)/DECREASE IN STOCK</b>		
Opening Stock		
Finished Goods	1,386,733	5,853,848
Semi-finished Goods	531,314	528,314
	<u>1,918,047</u>	<u>6,382,162</u>
	1,918,047	6,382,162
Less: Closing Stock		
Finished Goods	4,300,004	1,386,733
Semi-finished Goods	694,720	531,314
	<u>4,994,724</u>	<u>1,918,047</u>
	<u>(3,076,677)</u>	<u>4,464,115</u>
<b>SCHEDULE - 16 : ADMINISTRATIVE,SELLING &amp; GENERAL EXPENSES</b>		
Rent, Rates & Taxes		35,779
Postage, Telegraph & Telex		285,740
Insurance		141,134
Repairs & Maintenance		
Plant & Machinery	602,746	968,843
Others	406,265	314,585
		<u>1,283,428</u>
	1,009,011	1,283,428
Travelling and Conveyance Expenses		1,735,571
Auditor's Remuneration		170,965
Legal & Professional Fees		1,372,158
Donation		5,000
Selling Expenses		368,725
Trading expenses		
Export Carting, Stevedoring & Port Expenses	143,784,846	-
Export Freight Charges	463,280,788	-
Export Shipment Expenses	7,206,155	-
Selling Expenses others	1,101,142	-
Factory General Expenses		498,280
Security Charges		427,060
Advertisement and Publicity		11,400
Share issue expenses		56,180
Service charges		2,182,093
Miscellaneous Expenses		1,146,114
	<u>622,751,478</u>	<u>9,719,627</u>
<b>SCHEDULE - 17 : FINANCE COST</b>		
Interest on - Fixed Loans		4,829,753
- Others		1,999,164
Bank Charges		91,540
	<u>873,765</u>	<u>6,920,457</u>

# ASHOK ALCO-CHEM LIMITED

## SCHEDULE - 18

### NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

#### SIGNIFICANT ACCOUNTING POLICIES

##### I. BASIS OF ACCOUNTING:

These financial statements are prepared under historical cost convention on an accrual basis in accordance with the Generally Accepted Accounting Principles in India and the Accounting Standards (AS) as notified under Companies (Accounting Standards) Rules, 2006. as modified to include the revaluation of certain assets.

##### II. USE OF ESTIMATES:

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amount of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful life of tangible and intangible fixed assets, provision for doubtful debts / advances, future obligations in respect of retirement benefit plans, etc. Difference, if any, between the actual results and estimates is recognized in the period in which the results are known.

##### III. FIXED ASSETS AND DEPRECIATION/ AMORTIZATION:

- (i) Gross Fixed Assets are stated at historical cost of acquisition / construction net of cenvat credit / Input Credit under VAT on capital goods.

Depreciation on tangible assets is provided on Straight Line Method at the rates specified in Schedule XIV to The Companies Act, 1956.

Lease hold land is amortised over the period of lease.

- (ii) Fixed assets are eliminated from financial statements either on disposal or when retired from active use. The retired assets are disposed off or discarded immediately.
- (iii) Depreciation is provided on pro-rata basis from the date on which assets have been put to use and upto the date on which assets have been used for the company.
- (iv) The assets of the company consisting of land, building, plant and machineries which were revalued during accounting year 1993-94 on the basis of the valuation report of an approved valuer. Consequent to the said revaluation, there is charge of depreciation of Rs. 32,09,658 in F.Y. 2009-10 (Previous Year Rs. 32,09,658). The equivalent amount has been withdrawn from the Revaluation Reserve and credited to the Profit and Loss Account.

##### IV. IMPAIRMENT OF ASSETS:

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

##### V. REVENUE RECOGNITION:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Revenue from sale of goods is recognized when the significant risk and reward of ownership of the goods have passed to the buyer which normally coincides with the despatch of goods from the factory of the company. Sales are disclosed net off trade discount, Sales returns .

Revenue in respect of insurance, interest, cash subsidy and other claims is recognized only when it is reasonably certain that the ultimate collection will be made.

##### VI. INVESTMENTS:

Investments are classified into Current and Long Term Investments.

- (a) Long term investments are carried at cost after providing for any diminution in value, if such diminution is of other than temporary nature.
- (b) Current investments are carried at the lower of cost and market value. The determination of carrying costs of such investments is done on the basis of specific identification.

##### VII. INVENTORIES:

- i) Raw materials and packing materials are valued at landed cost determined on FIFO Basis net off VAT/CENVAT, wherever applicable.
- ii) The finished goods have been valued at cost or net realizable value whichever is less.
- iii) Semi finished goods have been valued at estimated cost, as certified by the management.
- iv) Stores & Spares have been valued at cost or market price whichever is lower.

##### VIII. EMPLOYEE BENEFITS:

Post –Employment Benefit Plans

- i. Defined Contribution Plan : Contribution for provident fund are accrued in accordance with applicable statutes and deposited with the Regional Provident Fund Commissioner.
- ii. Defined Benefit Plan : The liabilities in respect of gratuity and leave encashment are determined using Projected Unit Credit Method with actuarial valuation carried out at the Balance Sheet date. Actuarial gains and losses are recognized in full in the Profit & Loss Account for the period in which they occur.

In respect of gratuity, the Company has created approved Gratuity trust and Company every year provides towards differential liability on the basis of actuarial valuation,. Provision for leave encashment is accounted for on the basis of actuarial valuation.

Short-term Employee Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for services rendered by employees is recognized during the period when the employee renders the service.

##### IX. BORROWING COSTS:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognized as an expense in the period in which they are incurred.

## ASHOK ALCO-CHEM LIMITED

### X. SALES:

Sales excludes Excise Duty, VAT, Trade discount and Foreign Exchange loss.

### XI. EXCISE DUTY :

Excise Duty payable on finished goods is accounted on the production thereof.

### XII. CENVAT CREDIT :

Cenvat Credit is accounted at the time of purchase on accrual basis and is appropriated as payment of Excise Duty payable on clearance of finished goods.

Cenvat credit availed on Input services is accrued on the basis of payment made for such services and is appropriated as payment of Excise Duty payable on clearance of Finished Goods.

### XIII. PRE-OPERATIVE EXPENDITURE :

All expenses including funds borrowed specifically for the acquisition, construction and commissioning of new project / assets are carried forward to be capitalized and apportioned to various assets on commissioning of the project.

### XIV. TAXES ON INCOME:

Tax expense comprises of Current and Deferred Tax. Current Income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

### XV. EARNING PER SHARE:

Basic earning per Share is computed by dividing the net profit attributable to Equity Shareholders for the year, by weighted average number of Equity Shares outstanding during the year. Diluted earning per share is computed using the weighted average number of Equity and dilutive Equity equivalent share outstanding at year-end

### XVI. PROVISIONS AND CONTINGENT LIABILITIES :

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can not be made.

### XVII. ACCOUNTING POLICIES :

Accounting Policies not specifically referred to are consistent and in consonance with generally accepted Accounting principles.

### B) NOTES TO ACCOUNTS:

- Figures for previous year have been re-grouped wherever necessary.
- Contingent Liabilities not provided for in respect of :

(Amount in Rupees)

Sr. No.	Particulars	2009-10	2008-09
I	Income-tax matters	1,49,57,630/-	2,15,67,630/-
II	Excise matters	Nil	27,220/-
III	Labour matters	4,40,000/-	4,40,000/-
<b>Total :</b>		<b>1,53,97,630/-</b>	<b>2,20,34,850/-</b>

Note : Company is seeking legal remedy in the form of appeal and alternate redressal in respect of liabilities listed above.

- In the opinion of the Board of Directors of the Company, the current assets, loans and advances are approximately of the value stated in the Balance Sheet, if realised in the ordinary course of business.
- The provision for doubtful debts continues at an amount of Rs 1056.35 Lacs(P.Y.1056.35 lacs) In the opinion of the management these debts have not become bad and they are quite hopeful of recovery of the amount.
- Unclaimed dividend amounting to Rs 2,72,924 /- remaining unpaid even after the stipulated period of seven year is not deposited in Investor Education and Protection Fund, as the same is yet to be reconciled.
- The Company,s reference made to BIFR u/s 15(1) of the Sick Industrial Companies(Special Provisions) Act, 1985 , registered under reference no 291/2003 has been dismissed by the Bench as non-maintainable on account of networth of the company being positive.

### 7. SEGMENT REPORTING:

#### BUSINESS SEGMENT

The Company is having two Business Segment viz. Chemical Division(Manufacturing) and Global Trading Division.

(Rs. In Lacs)

	Chemical Division (Manu- facturing)	Global Trading Division	Total for the year ended 31 <sup>st</sup> March, 2010
Segment Revenue	1,890	18,019	19,909
Segment Results (P & L)	(234)	198	(36)
Unallocable Income	-	-	-
Unallocable Expenses	-	-	-
Provision for Taxation	-	-	-
Net Profit/(Loss)	(234)	198	(36)
Segment Assets	1,780	4,255	6,035
Unallocable Assets	-	-	-
Total Assets	1,780	4,255	6,035
Segment Liabilities	2,272	4,057	6,329
Unallocable Liabilities	-	-	-
Total Liabilities	2,272	4,057	6,329

# ASHOK ALCO-CHEM LIMITED

## GEOGRAPHICAL SEGMENT

Particular	India	Rest of the World	Total
Segment Revenue	1,952	17,957	19,909
Carrying cost of segment Assets	6,035	-	6,035
Addition to Fixed Assets and intangible Assets	1	-	1

Note: Previous year figures have not been given in the above statement in view of adoption of AS 17 'Segment Reporting' by the Company for the first time.

## OTHE DISCLOSURES

1. Segments have been identified in line with the Accounting Standard on Segment Reporting (AS-17) taking into account the organization structure as well as the differential risks and returns of these Segments.

2. The Company has disclosed Manufacturing segment as the primary segment.

3. Types of Products and Services in each Business Segments

BUSINESS SEGMENT	Types of Products of the Segment
a) Chemicals (Manufacturing)	Acetic Acid, Ethyl Acetate, Acetaldehyde
b) Global Trading Division	Minerals, Processed Minerals, Chemicals etc.

4. The Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segment and amounts allocated on a reasonable basis.

### 8. Related Party Transaction :

As required by Accounting Standard - AS - 18, "Related Parties Disclosure" issued by the Institute of Chartered Accountants of India, the details are as follows:

List of Related parties are as under (more than 20% controlled by the Directors and Relatives):

#### A. Associate Concerns :

- ◆ Ashok Organic Industries Limited
- ◆ Kadakia Alkalies & Chemicals Limited
- ◆ Ashok Cellulose Limited
- ◆ Ashok Chem Pharma International
- ◆ USM Enterprise
- ◆ Devjagan Salt Farm Pvt. Ltd.
- ◆ Aqua Alco Bio-tech Pvt. Ltd.
- ◆ Ashok Pharmaceuticals Pvt. Ltd.
- ◆ Ashok & Brothers, Ashok M Kadakia HUF
- ◆ Anil M Kadakia HUF
- ◆ Pankaj M Kadakia HUF

#### B. Key Management Personnel and Relatives :

- ◆ Dr. Anil M. Kadakia
- ◆ Mr. Pankaj M. Kadakia

#### C. Relatives of Key Management Personnel :

- ◆ Mrs. Urvashi Ashok Kadakia Proprietor of Raj Enterprises (Wife of Mr. Ashok M. Kadakia)
- ◆ Mrs. Shobhana Anil Kadakia (Wife of Dr. Anil M. Kadakia)
- ◆ Mrs. Madhavi Pankaj Kadakia (Wife of Mr. Pankaj M. Kadakia)

(Rs. in Lacs)

Particulars	Associates	Key Mgt.	Relatives
Sale of goods & services	38.17	Nil	Nil
Remuneration and sitting fees	Nil	18.00	Nil
Debts due to the company (Loans & Advances)	168.30	Nil	96.88
Debts due to the company (Sundry Debtors)	1,056.35	Nil	Nil
Debts payable by the company	1.90	40.67	Nil

### 9. Deferred Tax :

Considering the market trend for company's product and Management's perception on future outlook of the Company, the Deferred Tax Surplus for current year is accounted to Profit & Loss Account. The deferred tax adjustment in terms of Accounting Standard 22 is assessed out on the basis of following timing differences.

Particulars	Deferred Tax Surplus for Current Year
Surplus-arising from claim u/s 43B net of reversal	(1,12,112)
Reversal of Liability-Depreciation difference as per Books compared to Income-Tax	(29,68,815)
Surplus-unabsorbed Depreciation and Loss Adjusted Expenses Allowable on Payment of TDS Sec 40(a)(ii)	15,31,317
<b>Deferred Tax Surplus</b>	<b>(36,75,860)</b>

### 10. Earning Per Share :

(After exceptional Items)

	2009-10 Rupees	2008-09 Rupees
Loss after Tax.	36,13,986	3,30,28,439
No Of Equity Shares	37,75,343	37,75,343
Basic and Diluted Earning Per Share	(0.96)	(8.75)

### 11. Payment to Auditors :

	(Amount in Rupees)	
Sr. No.	2009-10	2008-09
a. Audit Fees	1,15,815	88,240
b. Taxation Matters	71,695	44,120
c. Tax Audit	38,605	27,575
d. Other Matters	22,060	11,030
<b>Total:</b>	<b>2,48,175</b>	<b>1,70,965</b>

12. As required by the notification no. GSR 129 (E) dated 22nd February, 1999 issued by the Department of Company Affairs, Ministry of Law, Justice and Company Affairs and based on the information available with the Company in respect of the status of the suppliers, a sum of Rs.11,36,645/- is due and is included in "Sundry Creditors". The Company has not received any claim for interest from the suppliers covered by the said provisions. The suppliers covered by the said provisions to whom the Company owes more than Rs.1 lac for more than 30 days as at 31st March, 2010 are : Maldar Barrels Pvt. Ltd., and Renu Engineering Industries.

## ASHOK ALCO-CHEM LIMITED

13. The Management of the Company has, during the year, carried out technological evaluation for identification of impairment of assets, if any, in accordance with the Accounting Standard (AS) -28 issued by the Institute of Chartered Accountants of India. Based on the judgment of the Management and as certified by the Directors, no provision for impairment is found to be necessary in respect of any of the assets.

14. The Company has not received information from Vendors regarding their status under micro, small and medium Enterprise Development Act, 2006 and hence disclosure relating to amount unpaid as at the year end together with interest paid / payable under this account have not been given.

15. Remuneration includes Rs.18 Lacs (P.Y. Rs. 17.90 lacs) paid to Managing Director.

16. Capacities, Production, Stocks and Sales :

### A. Capacities:

Product	Unit	Licensed / Registered Capacity	Installed Capacity
(i) Glacial Acetic Acid	MT	13,000 (13,000)	13,000 (13,000)
(ii) Esters	MT	5,400 (5,400)	5,400 (5,400)
(iii) Acetaldehyde	MT	10,400 (10,400)	10,400 (10,400)

### B. Production, Stocks and Sales :

#### CHEMICAL DIVISION (Segment 1)

Product	Opening Stock	Production/ Purchase	Sales	Closing Stock
i. Glacial Acetic Acid :				
Qty. (MT)	7 (148)	61 (620)	67 (761)	1 (7)
Value (Rs.in lacs)	1.87 (50.55)	Nil (-)	15.24 (288.33)	0.32 (1.87)
ii. Ethyl Acetate:				
Qty. (MT)	18 (3)	2,316 (790)	2,249 (775)	85 (18)
Value (Rs.in lacs)	8.47 (1)	- (-)	1,015.38 (357.33)	41.28 (8.47)
iii. Acetaldehyde				
Qty. (MT)	11 (26)	2,079 (615)	2,087 (630)	3 (11)
Value (Rs.in lacs)	3.47 (8.92)		968.42 (33.85)	1.40 (3.47)
iv. Others :	0.06 (3.82)	- (-)	1.91 (4.96)	0 (0.06)
<b>Total (Rs.in lacs)</b>	<b>13.87</b>	<b>-</b>	<b>2,000.95</b>	<b>43.00</b>
<b>Total (Rs. In Lacs)</b>	<b>(64.29)</b>	<b>-</b>	<b>(684.47)</b>	<b>(13.87)</b>

#### GLOBAL TRADING DIVISION (Segment 2)

Product	Opening Stock	Production/ Purchase	Sales	Closing Stock
Minerals				
Qty. (MT)	- (-)	8,12,507 (-)	7,87,168 (-)	25,339 (-)
Value (Rs.in lacs)			18,002.99 (-)	308.97 (-)
Total(Rs. In Lacs) II			18,276.46	308.97
<b>Grand Total I+II</b>	<b>13.87</b>	<b>-</b>	<b>20,277.41</b>	<b>351.97</b>
<b>(Rs. In Lacs)</b>	<b>(64.29)</b>	<b>-</b>	<b>(684.47)</b>	<b>(13.87)</b>

Notes : (i) Figures in brackets are in respect of the previous year.

(ii) Sales includes Excise Duty, Sales Tax and Foreign Exchange Loss

(iii) Loss / Gain of goods and captive consumption during the year is adjusted in sales quantity.

(iv) Installed Capacities are as certified by management.

Analysis of Raw Materials consumed for manufacturing activities :

	Unit	2009 - 10	2008 - 09
I Alcohol	Lac Ltrs.	47.62	118694026
II Glacial Acetic Acid	MT	1649	46868434
		15.44	31318499
		572	16217592

Note: Values are inclusive of incidental expenses like transport, freight etc.

17. Value of Raw Materials, Stores & Packing Materials consumed :

	2009-10	2008-09
	% of Total Consumption	Value Rs.
Imported	Nil	Nil
Indigenous	100	16,64,90,252
<b>Total</b>	<b>100</b>	<b>16,64,90,252</b>

18. Value of Imports

	2009-10	2008-09
Value of Imports on CIF Basis	3,09,85,413	Nil

19. Expenditure in Foreign Currency

	2009-10	2008-09
Technical Know-how	Nil	Nil
- For traveling	Nil	Nil
- Others	28,07,00,548	Nil

20. Remittance in Foreign Currency on account of

	2009-10	2008-09
Dividend of Non-resident Shareholders	Nil	Nil

21. Earning in Foreign Exchange

	2009-10	2008-09
Earning in Foreign Exchange (FOB Value)	13,38,546,050	Nil

22. Previous Years Figures have been regrouped / recast wherever necessary. Figure have been rounded of to the nearest rupee.

## ASHOK ALCO-CHEM LIMITED

23. Additional information pursuant to the provisions of Part IV of Schedule VI to the Companies Act, 1956.  
Balance Sheet Abstract and Company's General Business Profile

**I. Registration Details:**

Registration No.	69615
State Code	11
Balance Sheet	31.03.2010

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

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

**III. Position of mobilisation & deployment of funds (Amount in Rs.Thousand):**

<b>Total Liabilities</b>	<b>2,78,567</b>	<b>Total Assets</b>	<b>2,78,567</b>
Sources of funds :		Application of Funds :	
Paid-up Capital	37,753	Net Fixed Assets	93,582
Reserves & Surplus	1,57,746	Investments	14
Secured Loans	0	Deferred Tax Assets	26,287
Unsecured Loans	83,068	Net Current Assets	(28,497)
		Miscellaneous Expenditure	—
		Profit & Loss A/c.	187,181
	<b>2,78,567</b>		<b>2,78,567</b>

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

Turnover & Other Income	19,90,861
Total Expenditure	19,98,151
Profit/(Loss) before Tax	(7,290)
Profit/(Loss) after Tax	(3,614)
Earning Per Share (in Rs.)	(0.96)
Dividend Rate (%)	—

**V. Generic Names of Three Principal Products/Services of Company (as per Monetary Terms)**

Item Code No.	29152100	Item Code No.	29121990
Product Description	Acetic Acid	Product Description	Acetaldehyde
Item Code No.	29153100		
Product Description	Ethyl Acetate		

As per our report of even date

**For R. A. Kuvadia & Co.**  
Chartered Accountants

**R. A. Kuvadia**  
Proprietor  
Membership No. 40087

Place : Mumbai  
Date : 29<sup>th</sup> May, 2010

For Ashok Alco-Chem Ltd.

**Dr. Anil M. Kadakia**  
Chairman & Managing Director

**Mr. Subramaniam Ayyar**  
Director

# ASHOK ALCO-CHEM LIMITED

## CASH FLOW FOR THE YEAR ENDED 31ST MARCH 2010

RUPEES IN LACS

	March-2010		
		March-2009	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit Before Tax	(57.57)		(360.59)
<b>Adjustments for:</b>			
Depreciation	114.19	108.59	
Foreign Exchange Loss	273.46	-	
Sundry Balance w/off	(3.89)	(13.28)	
Extra Ordinary item	(13.26)	-	
Prior period item	(2.08)	(3.53)	
Interest & Finance Charges	8.74	69.20	
Share Trading Income	(5.93)	-	
Dividend Income	(8.55)	-	160.98
<b>Operating Profit before Working Capital Changes</b>	<b>305.11</b>		<b>(199.61)</b>
<b>Adjustments for:</b>			
Decrease/(Increase) in Receivables	(3,321.79)	(327.91)	
Decrease/(Increase) in Inventories	(381.73)	37.71	
Increase/(Decrease) in Payables	3,657.51	662.80	
Foreign Exchange Loss	(273.46)	-	
Sundry Balance w/off	3.89	(315.58)	13.28
<b>Cash generated from operations</b>	<b>(10.47)</b>		<b>186.27</b>
Income Tax paid	-		(1.58)
<b>Net Cash flow from Operating activities</b>	<b>(10.47)</b>		<b>184.69</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets	(0.73)	(59.98)	
Mutual Fund	-	-	
Sale of Fixed Assets	-	-	
Increase in Advances & others	-	-	
Share Trading Income	5.93	-	
Dividend Income	8.55	-	
<b>Net Cash used in Investing activities</b>	<b>13.75</b>		<b>(59.98)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from Long term Borrowings			
Secured	(462.50)	(155.00)	
Unsecured	712.22	70.66	
Issue of Fresh Share Capital	-	50.00	
Interest paid	(8.74)	(69.20)	
<b>Net Cash used in financing activities</b>	<b>240.98</b>		<b>(103.54)</b>
Net increase in cash & Cash Equivalents	244.26		21.17
Cash and Cash equivalents as at 01.04.09	32.11		10.94
Cash and Cash equivalents as at 31.03.10	276.37		32.11
<b>Cash &amp; Cash Equivalents</b>	<b>As on</b>	<b>As on</b>	
	<b>31/03/2010</b>	<b>31/03/2009</b>	<b>31/03/2009</b>
Cash in Hand	8.69	5.83	5.83
Cash at Bank	267.68	26.28	26.28
<b>Cash &amp; Cash equivalents as stated</b>	<b>276.37</b>	<b>32.11</b>	<b>32.11</b>
			<b>10.94</b>

Note: Previous years' figures have been regrouped or reclassified wherever necessary.

As per our report of even date

For R. A. Kuvadia & Co.  
Chartered Accountants

R. A. Kuvadia  
Proprietor  
Membership No. 40087

Place : Mumbai  
Date : 29<sup>th</sup> May, 2010

For Ashok Alco-Chem Ltd.

Dr. Anil M. Kadakia  
Chairman & Managing Director

Mr. Subramaniam Ayyar  
Director

**ASHOK ALCO-CHEM LIMITED****POSTAL BALLOT FORM**

1. Name(s) of Shareholder(s) :  
Including joint-holders if any.
  
2. Registered Address of the sole/  
First named shareholder: :
  
3. Registered Folio No. / DPID No. / Client ID No.\* :  
(\*Applicable to investors holding shares in demat form)
  
4. No. of shares held :
  
5. I / We hereby exercise my / our vote in respect of the special resolution to be passed through postal ballot for the business stated in the notice of the Company by sending my / our assent / dissent to the said resolution by placing tick (") mark at the appropriate box below.

Sr. No	Description	No. of Shares	I / We <b>assent</b> to the resolution	I / We <b>dissent</b> to the resolution
1.	Approval and adoption of new set of Articles of Association of the Company.			

Date :

Place :

Signature of the Shareholder

**Note : Please read carefully the instructions printed overleaf before exercising your vote.**

## **INSTRUCTIONS :**

1. A Member desiring to exercise vote by postal ballot may complete this postal ballot form and send it to the Company in the attached self-addressed envelope. Postage will be borne and paid by the Company. However, envelopes containing postal ballots, if sent by courier at the expense of the registered shareholder will also be accepted.
2. The pre-paid self-addressed envelope bears the name of the Scrutinizer appointed by the Board of Director of the Company.
3. This form should be completed and signed by the shareholder. In case of joint holding, this form should be completed and signed (as per the specimen signature registered with the Company) by the first name shareholder and in his absence, by next name shareholder.
4. The right of voting by Postal ballot shall not be exercised by a Proxy.
5. Incomplete or unsigned postal ballot forms will be rejected.
6. Duly completed Postal Ballot Forms should reach the Company not later than the close of the working hours on **15<sup>th</sup> October, 2010**. All postal ballot forms received after this date will be strictly treated as if reply from such shareholder has not been received.
7. Votes of the Members from whom no Postal Ballot Forms are received or are received after the aforesaid stipulated period, will not be accepted, taken into account and counted for the purpose of passing of the Special Resolution referred above.
8. In case of shares held by the Companies, trusts, societies etc., the duly completed postal ballot form should be accompanied by a certified true copy of Board Resolution / Authority.
9. There will be only one Postal Ballot Form for every folio irrespective of the number of joint Members.
10. Voting rights shall be reckoned on paid up value of the shares registered in the name of the shareholders on date of dispatch of the notice.
11. Members are requested not to sent any other paper along with the postal ballot form in the enclosed self addressed postage prepaid envelop in as much as all such envelops will be sent to the scrutinizers and any extraneous paper found in such envelop will be destroyed by the scrutinizer.
12. The Scrutinizer's decision on the validity of a Postal ballot Form and the votes cast will be final and binding.

**ASHOK ALCO-CHEM LIMITED**

**Ashok Alco-Chem Limited**

Registered Office : 404, Sharda Chambers, 33 New Marine Lines, Mumbai - 400 020

**ATTENDANCE SLIP**

Please complete this Attendance Slip and hand over at the entrance the Meeting Hall

L.F No.( \_\_\_\_\_ ) No. of Share held \_\_\_\_\_

Name Address of the Member :

I hereby record presence at the 18<sup>th</sup> ANNUAL GENERAL MEETING held on 14<sup>th</sup> September, 2010 at 11.00 a.m. at R.S. Bhatt Seminar Room, 6<sup>th</sup> Floor, Above Patkar Hall, SNDT Women's University, New Marine Lines, Mumbai – 400 020.

**SIGNATURE SHAREHOLDER/PROXY**

NOTES:

- 1. Members/Proxy holder are requested to bring their copies of the Annual Report with the Meeting.
- 2. Please carry with you this Attendance Slip and hand over the same duly signed at the space provided at the entrance of the Meeting Hall.

**Ashok Alco-Chem Limited**

Registered Office : 404, Sharda Chambers, 33 New Marine Lines, Mumbai - 400 020

**PROXY**

L.F No.(s) \_\_\_\_\_ No Share held \_\_\_\_\_

I/WE \_\_\_\_\_

\_\_\_\_\_ being member/member ASHOK ALCO-CHEM LIMITED hereby  
 appoint \_\_\_\_\_ of \_\_\_\_\_ failing him/her  
 \_\_\_\_\_ of \_\_\_\_\_ and failing him/her \_\_\_\_\_  
 \_\_\_\_\_ of \_\_\_\_\_ as my/our Proxy to vote

for me/us and or my/our behalf the 18<sup>th</sup> ANNUAL GENERAL MEETING held on Tuesday, the 14<sup>th</sup> September, 2010 at 11.00 a.m. at R.S. Bhatt Seminar Room, 6<sup>th</sup> Floor, Above Patkar Hall, SNDT Women's University, New Marine Lines, Mumbai – 400 020, and any adjournment thereof.

Signed this \_\_\_\_\_ day of September, 2010

Affix Revenue Stamp Re.1.00
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**BOOK-POST**

**TO,**

*If undelivered, please return to :*

**ASHOK ALCO-CHEM LIMITED**

404, Sharda Chambers,

33, New Marine Lines, Mumbai - 400 020