



# **KUMAKA INDUSTRIES LIMITED**

(Formerly known as Ashok Organic Industries Limited)

**39<sup>th</sup>**  
**Annual Report**  
**2012-2013**

**KUMAKA INDUSTRIES LIMITED**

**(Established on 13/02/1973 )  
39<sup>th</sup> Annual Report  
Year - 2012-13**

**Board of Directors:**

Dr. Niranjana Pandya	-	Chairman & Non Executive Independent Director
Dr. Dhananjay Panchal	-	Non Executive Independent Director
Shri Shyam P Kadakia	-	Managing Director
Dr. Shailesh R Modi	-	Whole Time Director

**Company Secretary :**

Mr. Amish Sheth

**Auditors:**

M/s. Bhatt Thakker & Co.  
Chartered Accountants,  
Vadodara.

**Registered Office:**

209, 2nd Floor, Marine Chambers,  
43, New Marine Lines, Churchgate  
Mumbai-400 020

**Corporate Office:**

502, 5th Floor, Ram Krishna Chambers,  
B.P.C.Road, Vadodara-390005  
Tel. No. : 0265-2330019; Fax No. : 0265-2333884  
Website: kumakaindustries.com  
E-mail : info@kumakaindustries.com

**Registrar and Transfer Agent:**

**Link Intime India Pvt. Ltd.**

(Unit : Kumaka Industries Ltd.)  
B-102 & 103, Shangrilla Complex, First Floor,  
Opp. HDFC Bank, Near Radhakrishna Char Rasta,  
Akota, Vadodara-390020.  
Tel. No. : 0265-2356573/6794; Fax No. : 0265-2356791  
Email: alpesh.gandhi@linkintime.co.in

## KUMAKA INDUSTRIES LIMITED

### NOTICE

Notice is hereby given that the 39<sup>th</sup> Annual General Meeting of the Members of Kumaka Industries Limited will be held on Saturday, 28<sup>th</sup> September, 2013 at 3.00 p.m. at 2<sup>nd</sup> Floor, Kilachand Conference Room, Indian Merchant Chamber, Churchgate, Mumbai-400 020, to transact the following business:

#### Ordinary Business:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended on 31<sup>st</sup> March, 2013 and the Balance Sheet as of that date together with Reports of Directors and Auditors thereon.
2. To appoint Director in place of Dr. Dhananjay Panchal who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

#### Special Business:

4. **To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.**

"RESOLVED THAT Mr. Shyam Kadakia who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT Dr. Shailesh R. Modi who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. **To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.**

"RESOLVED THAT, pursuant to the provisions of Sections 198, 269, 309, 310, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications, or reenactment thereof, for the time being in force), subject to the approval of the Shareholders and such other authorities as may be required, Consent of the Company, be and is hereby accorded for the appointment of Mr. Shyam Pankaj Kadakia as the Managing Director of the Company, for a period of 3 years from 24<sup>th</sup> December, 2012 to 23<sup>rd</sup> December, 2015 on the terms and conditions including remuneration as are set out in the Draft Agreement entered into between the Company and Mr. Shyam Pankaj Kadakia, a copy whereof is placed before the Meeting which is hereby specifically approved 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 limits set out in the said Schedule XIII to the Companies Act, 1956 including any statutory modification or reenactment thereof for the time being in force or as may hereafter be made by the Central Government in this behalf, from time to time or any amendments thereto as may be agreed to by the Board and Mr. Shyam Pankaj Kadakia."

"FURTHER RESOLVED THAT in the event of inadequacy or absence of profits in any financial year, Mr. Shyam Pankaj Kadakia, Managing Director, be paid remuneration as Minimum Remuneration, subject to the ceiling as prescribed in Section II of Part II of Schedule XIII to the Companies Act, 1956."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

7. **To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT, pursuant to the provisions of Sections 198, 269, 309, 310, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications, or reenactment thereof, for the time being in force), subject to the approval of the Shareholders and the Central Government and such other authorities as may be required, Consent of the Company, be and is hereby accorded for the appointment of Dr. Shailesh R. Modi as the Whole Time Director of the Company, for a period of 3 years from 24<sup>th</sup> December, 2012 to 23<sup>rd</sup> December, 2015 on the terms and conditions including remuneration as are set out in the Draft Agreement entered into between the Company and Dr. Shailesh R. Modi, a copy whereof is placed before the Meeting which is hereby specifically approved 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 limits set out in the said Schedule XIII to the Companies Act, 1956 including any statutory modification or reenactment thereof for the time being in force or as may hereafter be made by the Central Government in this behalf, from time to time or any amendments thereto as may be agreed to by the Board and Dr. Shailesh R. Modi."

## KUMAKA INDUSTRIES LIMITED

"FURTHER RESOLVED THAT in the event of inadequacy or absence of profits in any financial year, Dr. Shailesh R. Modi, the Whole Time Director, be paid remuneration as Minimum Remuneration, subject to the ceiling as prescribed in Section II of Part II of Schedule XIII to the Companies Act, 1956."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

**By order of the Board,**

**Date: 10/08/2013**

**Place: Vadodara**

**Amish Sheth**

**Company Secretary**

### **Notes:**

- i. 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/HER. A PROXY NEED NOT BE A MEMBER.
- ii. 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.
- iii. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business enumerated at Item No. 4 to 7 of Notice, is annexed herewith.
- iv. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, 21<sup>st</sup> September, 2013 to Saturday, 28<sup>th</sup> September, 2013 (both days inclusive).
- v. 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.

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

#### **Item Nos. 4 & 5:**

With a view to broad base the Board of Directors with induction of proven professionals with requisite expertise, at their meeting held on 24th December, 2012, the Board of Directors appointed Mr. Shyam Kadakia and Dr. Shailesh R. Modi as Additional Directors of the Company pursuant to Section 260 of the Companies Act, 1956 holding office of the Directors up to the date of ensuing Annual General Meeting of the Company.

The Company has received notices in writing from the members under Section 257 of the Companies Act, 1956, with the requisite deposits signifying their intentions to offer candidatures of Mr. Shyam Kadakia and Dr. Shailesh R. Modi for their appointment as Directors of the Company.

Members are requested to consider their appointment.

None of the Directors except Mr. Shyam Kadakia and Dr. Shailesh R. Modi are deemed to be concerned or interested in the said resolutions.

#### **Item Nos. 6 & 7:**

Subject to the approval of the Shareholders, on the recommendation of the Remuneration Committee, The Board of Directors of the Company, in terms of the provisions of Sections 198, 269, 309, 310, 314 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, appointed and promoted Mr. Shyam Kadakia from President to the Managing Director and appointed Dr. Shailesh Modi as the Whole Time Director for a period of 3 years from 24th December, 2012, upon the terms and condition as enumerated in the respective Agreement.

Mr. Shyam Kadakia is MBA (Finance and Strategy) from Indian School of business, graduated from Cum Laude from Columbia University (New York, USA) in Chemical Engineering. He joined Novantas LLC, a management consulting firm and specialized in the retail banking sector, after Post graduation.

Dr. Shailesh Modi is Ph. D, M.Phil and M.Sc in Organic Chemistry from S.G. University, Surat, worked as R&D and production Manager in Halcyon Labs Pvt. Ltd., possesses rich and varied experience of more than 15 years in the field of synthesis of varied class of organic compounds (Intermediates, Bulk Drugs and Corticosteroids) whose three research papers were published in International Journals.

Considering excellent educational back ground, zealous approach, indepth knowledge, rich experience, incessant work practices and initiatives taken for the development of the Business of the Company, association of Mr. Shyam Kadakia as Managing Director and Dr.

## KUMAKA INDUSTRIES LIMITED

Shailesh R. Modi as Whole Time Director would be immensely benefitted to the Company.

### Main terms of the draft agreement for appointments:

Particulars	Shyam P. Kadakia	Dr. Shailesh Modi
Date of Appointment	24-12- 2012	24-12- 2012
Tenure	3 Years from 24-12- 2012	3 Years from 24-12- 2012
Monthly Consolidated Remuneration(Rs.)	1,00,000	1,25,000

#### Other allowances :

- i Provision of chauffeur driven car for Company's business will not be considered as perquisite. Use of car for private purpose shall be billed by the Company.
- ii Provision of Telephone at residence of the Directors and Mobile Phones for their use, shall not be considered as perquisites.
- iii Personal long distance calls on telephone shall be billed by the Company.
- iv Entitlement to Annul Privilege leave on full salary for 30 days shall be allowed to be accumulated up to 90 days.
- v. Reimbursement of entertainment expenses actually and properly incurred by him in the course of legitimate business of the Company and traveling hotel & other expenses incurred by the Directors in India and abroad exclusively on the business of the Company in accordance with its rules and regulations, from time to time.
- vi No payment of sitting fees shall be made to both these Directors, for attending of Meetings of the Board of Directors or Committee thereof.
- vii. In the event of no profit or inadequacy of profits, the Company shall pay the aforesaid remuneration by way of Salary and Perquisites as minimum remuneration to aforesaid Whole Time Director.
- viii. The Company shall be entitled to forthwith terminate the agreement if the Whole Time Directors become insolvent or make any composition or arrangement with their creditors or he ceases to be a Director of the Company.
- ix. Notwithstanding anything to the contrary contained therein, the Agreement, at anytime, shall be terminated by either party giving 90 days' notice in writing to that effect, to the other party.
- x. The terms and conditions including the remuneration payable to the Director of the said appointment and/or Agreement may be altered and varied from time to time by the Board as it may, in its discretion, deem fit.

None of the Directors except Mr. Shyam Kadakia and Dr. Shailesh R. Modi are deemed to be concerned or interested in the said resolutions. Explanatory Statement together with the accompanying Notice shall be treated as an abstract of the terms of agreement and Memorandum of Concern or Interest under Section 302 of the Companies Act, 1956.

The respective draft agreement to be entered into by the Company with Mr. Shyam Kadakia and Dr. Shailesh R. Modi, are available for inspection by the members of the Company at its Registered Office between 3.00 p.m. and 5.00 p.m. on any working day of the Company. The Board recommends these resolutions for adoption.

**By order of the Board,**

**Date: 10/08/2013**

**Place: Vadodara**

**Amish Sheth  
Company Secretary**

**KUMAKA INDUSTRIES LIMITED****Annexure to the Notice of Annual General Meeting****Information pursuant to Clause 49 of Listing Agreement regarding appointment/reappointment of Directors.**

<b>Name of the Directors</b>	<b>Dr. Dhananjay Panchal</b>	<b>Mr. Shyam Kadakia</b>	<b>Dr. Shailesh R. Modi</b>
Date of Birth	21-08-1942	22-05-1984	28-07-1969
Date of Appointment / Reappointment	20-11-2009	24-12-2012	24-12-2012
Specialized Expertise	Technical Management	Financial & Technical Management	Technical Management
Qualifications	Ph.D, M.sc	MBA, Chemical Engineering	Ph.D, M.phill and M.Sc in Organic Chemistry
Directorships of other Public Limited Companies as on 31 <sup>st</sup> March, 2013.	None	None	None
Chairman / Member of Committees of other Companies as on 31 <sup>st</sup> March, 2013.	None	None	None

# KUMAKA INDUSTRIES LIMITED

## DIRECTORS' REPORT

To,  
The Members,  
Your Directors submit their 39<sup>th</sup> Report together with the Statement of Account for the year ended on 31<sup>st</sup> March 2013.  
Following figures summarizes the financial performance of the Company during the year under review.

**Financial Results :** (Rs. in Lacs)

Particulars	2012-13	2011-12
Gross Income	611.12	113.37
Profit/(Loss) before Interest & Depreciation	341.79	(2,498.26)
Less : Interest	-	-
Depreciation	6.91	6.80
Profit/(Loss) before Tax	334.88	(2,505.06)
Provision for Taxation	-	-
Profit/(Loss) for the year	334.88	(2,505.06)
Balance Brought forward of earlier years	(23,035.27)	(20,530.21)
Balance carried to Balance Sheet	(22,700.39)	(23,035.27)

**Dividend:**

In view of carried forward loss, the Board regrets its inability to recommend payment of Dividend for the year under review.

**Operations:**

As the members are aware, Operations of the Company has been suspended since year 1999 due to non viability and disposed unutilized surplus assets to meet the Statutory Liabilities of the Company. The Company met with its past financial obligations towards banks and financial institutions and now embarking upon recommencement of its Operations.

The Company has started revamping of Ankleshwar Unit to manufacture High Potent Active Pharmaceutical Ingredients (HPAPI). Necessary equipment needed to start production has been purchased and the Company expects production to begin after receiving all necessary licenses. The Company has decided to setup a sterilization plant in Ahmedabad district. The Company has been allocated land at Sanand GIDC-II for the project. The Company is currently in talks with various banks to line up funding for the project.

**Directors' Responsibility Statement:**

Pursuant to Section 217 (2AA) of the Companies Act, 1946, your Directors confirm based on the confirmation received from the operating management that;

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed.
- (ii) the Directors have selected such accounting policies as mentioned in Schedule 18 to the accounts and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31<sup>st</sup> March, 2013 and of the profit of the Company for

that period.

- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) the Directors have prepared the annual accounts on a going concern basis.

**Subsidiary Company:**

The audited statement of account along with the Directors' Report for the year ended 31<sup>st</sup> March, 2013 of Kadakia Alkalies and Chemicals Limited are annexed to this report. Your Directors have reviewed the affairs of the Subsidiary Company also.

**Directors :**

During the year under review, Mr. Shyam Pankaj Kadakia and Dr. Shailesh Ramanlal Modi have been appointed as Additional Directors on the Board of Directors of the Company with effect from 24<sup>th</sup> December, 2012 and they hold offices as directors till the date of ensuing Annual General Meeting. They have consented to act as Directors of the Company, if appointed at the ensuing Annual General Meeting.

Subject to the approval of the Shareholders, on the recommendation of the Remuneration Committee, in terms of the provisions of Sections 198, 269, 309, 310, 314 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, the Board of Directors, at their meeting held on 24<sup>th</sup> December, 2012, have appointed Mr. Shyam Pankaj Kadakia and Dr. Shailesh Ramanlal Modi as the Managing Director and Whole Time Director respectively, for period of 3 years, upon the terms and conditions enumerated in the draft Agreements, considering their rich experiences, valuable contributions provided to the Company and future utility of their services to the Company.

Dr. Dhananjay Panchal, retires by rotation and being eligible, offers himself for reappointment. He has consented to act as a Director of the Company, if reappointed at the ensuing Annual General Meeting.

The Board of Directors reluctantly accepted resignations of Mr. Pankaj Kadakia as the Chairman and Managing Director and Mr. K.S.Tandon as a Director who resigned due to their personal reasons. The Board places on record its sincere appreciation for the contributions received by the Company, from both of them, during their tenure of association.

Members are requested to consider their appointments.

**Audit Committee :**

The Audit Committee as constituted with Independent Directors, in terms of Clause 41 of the Listing Agreement and Section 292A of the Companies Act, 1956, performed inter alia the work assigned to it as laid down there under, during the year under review.

**Corporate Governance:**

Your Company has always been striving to incorporate appropriate

## KUMAKA INDUSTRIES LIMITED

standards and Code of Conduct for good Corporate Governance and has therefore complied with all the mandatory provisions of Corporate Governance as prescribed under the amended Listing Agreements of the BSE Limited with which the Company's shares are listed.

A separate report on Management discussion and Analysis and on Corporate Governance is annexed as part of the Annual Report along with Certificate of Practicing Company Secretary on the compliance, are enclosed as Annexure 'A' and Annexure 'B' respectively.

### **Report on Corporate Social Responsibility :**

The Company embraces responsibility for impact of its operations and actions on all stakeholders including society and community at large. Management's commitment, work ethics and business processes at the Company encourages all its employees and other participants to ensure a positive impact and its commitment towards corporate social responsibility. The Company's commitment to excellence in education is embedded in the Company's core values. The Company is aware of the environmental impact of its operations and it continually strives to reduce such impact. The Company intends to initiate to support social and community welfare activities touching the lives of people around the project locations and ensuring the highest standards of safety and environment protection in our operations in coming future.

### **Accounts & Finance:**

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

### **Auditors:**

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

### **Statutory Disclosures :**

During the year under review, Operations were suspended hence information under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, is not furnished. There was no foreign Exchange inflow or outflow during the year under review.

There were no employees covered as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 as amended hence such details are not furnished.

### **Listing of Equity Shares:**

The Company's equity shares are listed with BSE Limited. The Company has paid Annual Listing Fees for the financial year 2013-14 to the BSE Limited. The Company is making required efforts for revocation suspension in trading of its Equity Shares at BSE Limited and is hopeful for recommencement of trading in its shares at BSE Limited, with their active support, in time to come.

### **Fixed Deposit:**

Your Company has not accepted fixed deposits from the public.

### **Acknowledgement:**

Your Directors wish to place on record their appreciation of the contributions and co-operation received from all the concerned. Your Directors are also grateful to the Shareholders for their continued trust and confidence.

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

**Date: 10/08/2013**

**Place: Vadodara.**

**Shyam Kadakia**

**Managing Director**



**MANAGEMENT DISCUSSION AND ANALYSIS**

**i. Industry Structure and Development & Outlook:**

**1. Pharmaceutical Project:**

Global multinational drug companies' need to outsource manufacturing to low-cost destinations like India has turned out to be a boon for leading drug Companies in India. With the patent of various drugs expiring in the next 5 years Indian API manufacturer are poised to see steady growth in the near future.

In the changing global drug manufacturing landscape, profitability in multinational drug Companies is under pressure from patent expirations, pricing challenges and falling research and development productivity. As a result, Multinational Companies are closing their manufacturing units in the developed world and moving production to low-cost destinations.

**Outlook:**

The Indian Pharmaceutical Industry is currently valued at \$22 billion and stands 3rd largest in terms of volume and 13th in terms of value. The sector is growing at a rate of 14% per annum. The growth of the sector has been driven by high quality and competitively priced medicines for domestic and global markets covering both developing and highly regulated markets of US and EU.

Access to medicines is critical to the provision of equitable, affordable and quality healthcare. Indian Pharma Industry has made significant progress in access to medicines both at national & international levels during the past decades. In the recent past, The Indian Pharma Industry needs to explore the use of such innovative methods to improve accessibility and fast delivery of medicines in the country and in the world.

**2. Sterilization Project:**

Your Company has planned to go for Sterilization Unit to sterilize fresh fruits & vegetables, Medical disposables, cereals & pulses, pet food, spices and ayurvedic herbs and chilled meat, poultry products and sea food by latest technology.

Plant is going to be set up in Sanand GIDC-II, Gujarat. The strategic location of plant makes it advantageous to use Ahmedabad International airport for exports.

Saurashtra is the major hub for fisheries and North Gujarat is hub for Medical Disposables, cereals & pulses, spices & Ayurvedic Herbs, chilled Meat, Poultry Products and Sea food.

**Outlook**

According to New Food Rules, 2012, there are many products added to the list hence making it compulsory for producers to get their produce sterilized. Also sterilization is the only way they can increase the shelf life of the product without deteriorating the taste of the produce. Certain produce that are being sterilized are marine products, meat, species, onion powder etc.

**ii. Segment-Wise Performance :**

The company is currently in the organic chemical segments. However during the year the company was out of activity.

**iii. Opportunities, Threats, Risks and Concerns:**

With the outdated technology of the alcohol and alcohol base products of the company the management believes that it is the right time to change the product. The global scale of operations in the commodity business has also increased making the current plants of company unviable.

On the other hand the management of the company is extremely optimistic of entering pharmaceutical manufacturing segments and believes that the company's asset base provides an ideal infrastructure for the proposed therapeutic segment.

**iv. Financial Performance :**

The core manufacturing activity was inoperative. A summary of the financial performance is disclosed in the Director's Report.

**v. Internal Control Systems and Adequacy:**

As stated above, during the year the plant of the company remained out of operations. However, whatever transactions took place were closely monitored with proper checks and controls.

**vi. Human Relations:**

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

**vii. Cautionary Statement:**

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations 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 financial position of the company, economic conditions affecting demand / supply, price conditions in the domestic and overseas market in which the company operates, changes in the government regulations, tax laws and other statutes.

**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 Agreement.

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 as at 31-3-2013 comprised of Six Directors with the Chairman and Managing Director, Two Executive Directors and Three Independent Non-Executive Directors. During the year, Six Board Meetings were held on 20-04-2012, 14-05-2012, 06-08-2012, 02-11-2012, 24-12-2012 and 13-02-2013.

The Composition of the Board of Directors and their attendance at the Board meetings during the year and the last Annual General Meeting are as follows:

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
Mr. Pankaj Kadakia*	Chairman & Managing Director	6	Yes	4	–
Dr. Niranjana Pandya	Non-Executive Independent Director	6	Yes	–	–
Dr. Dhananjay Panchal	Non-Executive Independent Director	4	Yes	–	–
Mr. Kamleshwar Tandon*	Non-Executive Independent Director	4	No	–	–
Mr. Shyam Kadakia**	Managing Director	2	No	1	–
Dr. Shailesh Modi**	Executive Director	2	No	–	–

\* Ceased to be the Directors from 10-08-2013

\*\* Appointed with effect from 24-12-2012.

None of the Directors on the Board holds the office of Director in more than 15 Companies nor are they members in Committees of the Board in more than 10 Committees or Chairman of more than 5 Committees.

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:**

Name of Directors	No. of Shares held	% to the Capital
Shri Pankaj M. Kadakia	28, 29,450	23.41
Shri Shyam P Kadakia	29, 23,250	24.19

**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 BSE Limited 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 Committee consisted with three Independent Directors viz. Dr. Dhananjay I. Panchal, Dr. Niranjana M. Pandya and Mr. Kamleshwar S. Tandon with Dr. Dhananjay Panchal, as the Chairman. The Committee met on 14-05-2012, 06-08-2012, 02-11-2012 and 13-02-2013. 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
Dr. Dhananjay Panchal	Chairman	4	4
Dr. Niranjana M. Pandya	Member	4	4
Mr. Kamleshwar S. Tandon	Member	4	2

The Company has not denied any personnel to access the Audit Committee of the Company and the situation has not arisen to provide

## KUMAKA INDUSTRIES LIMITED

protection to “whistle blowers” from unfair termination and other unfair or prejudicial employment practices.

#### 4. Remuneration Committee:

The Committee consisted with three Independent Directors viz. Dr. Niranjana M. Pandya, Dr. Dhananjay Panchal and Mr. Kamleshwar S. Tandon with Dr. Niranjana M. Pandya, as the Chairman. One meeting of remuneration committee was held on 24-12-2012, to consider appointment, payment and remuneration of Mr. Shyam Kadakia as Managing Director and Dr. Shailesh Modi as Whole Time Director.

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

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

The remuneration of Managing Director is approved by the Board within the overall limit fixed under the law. During the year under review, Mr. Pankaj Kadakia the Managing Director of the Company was paid aggregate remuneration of Rs. 12 lacs with no perquisites.

As of now, the Company does not have any Employee Stock Option Plan (ESOP).

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

#### 5. Shareholders’ / Investors’ Grievance Committee:

The Committee consisted with Three Independent Directors viz. with Dr. Niranjana M. Pandya, Dr. Dhananjay Panchal and Mr. Kamleshwar S. Tandon with Dr. Niranjana M. Pandya, as the Chairman. During the year under review, the Committee met on 6-8-2012 and 13-2-2013.

Name of Members	Status	No. of Meetings Held	No. of Meetings Attended
Dr. Niranjana M. Pandya	Chairman	2	2
Dr. Dhananjay Panchal	Member	2	2
Mr. Kamleshwar S. Tandon	Member	2	1

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 the Secretarial Department and recommends measures for overall improvement in the quality of investor services.

As on 31.03.2013, there were no Investor Grievances remaining unattended / pending for more than 30 days.

#### 6. General Body Meetings:

Particulars of the last three Annual General Meeting held and Special Resolutions passed thereat are as under.

Date	Time	Place	Special Resolution
29-09-2012	3.00 p.m.	2 <sup>nd</sup> Floor, Kilachand Conference Room, Indian Merchant Chamber, Church Gate, Mumbai-400 020.	Appointment of Mr. Shyam P Kadakia as President of Company.
27-08-2011	2.00 p.m.	3rd Floor, Walchand Centre, Training Room, Indian Chamber of Commerce, Church Gate, Mumbai-400 020	None
05-08-2010	2.00 p.m.	R.S. Bhatt Seminar Room, Above Patker Hall, S N D T Women University, New Marine Lines, Mumbai-400 020	Re-appointment of Mr. Pankaj M Kadakia as Managing Director for a Period of 3 years.

During the year No Special Resolutions were passed through postal ballot.

Presently the Company does not have any proposal that requires postal ballot.

#### 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.

## KUMAKA INDUSTRIES LIMITED

### 8.1 Compliance of Mandatory Requirements:

The Company has complied with the mandatory requirements as stipulated in Clause 49 of the Listing Agreements with the BSE Ltd.

### 8.2 Compliance of Non Mandatory Requirements:

The Company has adopted the non-mandatory requirements as regards to the provisions relating to the Remuneration Committee. The Quarterly Financial Results are supplied to shareholders on demand. 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 Code of Conduct:

The Board of Directors of the Company have adopted Code of Conduct for all Board Members of the Company. The Company has no distinct level of senior management from the Board since operations of all plants are very skeletal. The Board members have affirmed compliance to the Code of Conduct.

### 9. Means of Communication:

The quarterly, half-yearly and yearly financial results of the Company are sent to the BSE 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 Bombay Stock Exchange Ltd., in accordance with the Listing Agreement and are supplied through e-mail & posts to the Shareholders on demand.

### 10. General Shareholder Information:

#### (a) 39<sup>th</sup> Annual General Meeting

Date and Time : 28<sup>th</sup> September, 2013 at 3.00 p.m.

Venue : 2<sup>nd</sup> Floor, Kilachand Conference Room, Indian Merchant Chamber, Churchgate, Mumbai-400 020

#### (b) Financial Calendar

Board Meeting to approve

##### Unaudited Financial results for the Period

Quarter ending September 31<sup>st</sup>, 2013 : By 14<sup>th</sup> of November, 2013

Quarter ending December, 31<sup>st</sup>, 2013 : By 14<sup>th</sup> of February, 2014

Quarter ending March, 31<sup>st</sup>, 2014 : By 30<sup>th</sup> May, 2014

Quarter ending June 30<sup>th</sup>, 2014 : By 14<sup>th</sup> of August, 2014.

Annual General Meeting for the : By end of September, 2014

Year ending on 31<sup>st</sup> March, 2014.

(c) Dates of Book Closure : From 21<sup>st</sup> September, 2013 To 28<sup>th</sup> September, 2013 (both days inclusive)

(d) Dividend payment Date : Not Applicable

(e) Listing on Stock Exchange : BSE Ltd.

(f) Company Code : 526923

(g) Market Price Data: Trading in Equity Shares had been suspended by the BSE Limited (BSE) and therefore details of Market Price of shares are not presented.

#### (h) Registrar and Share Transfer Agent:

Link Intime India Pvt. Ltd

B-102 & 103, Shangrilla Complex,

First floor, Opp. HDFC Bank,

Near Radhakrishna Char Rasta, Akota,

Vadodara-390020.

Email: [alpesh.gandhi@linkintime.co.in](mailto:alpesh.gandhi@linkintime.co.in)

## KUMAKA INDUSTRIES LIMITED

(j) **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 15 days time.

(k) **Distribution of Shareholding :**

(i) The Distribution of Shareholding as on 31<sup>st</sup> March, 2013.

No of Shares	No. of Share holders	% of Share-holders	No. of Shares Held	% Value of Shareholders
Upto 500	9,631	97.64	10,33,250	8.55
501 to 1000	136	1.38	1,04,875	0.87
1001 to 2000	46	0.47	66,675	0.55
2001 to 3000	19	0.19	48,725	0.41
3001 to 4000	5	0.05	18,700	0.15
4001 to 5000	7	0.07	31,900	0.26
5001 to 10000	6	0.06	53,500	0.44
10001 & above	14	0.14	1,07,28,000	88.77
<b>Total</b>	<b>9864</b>	<b>100.00</b>	<b>1,20,85,625</b>	<b>100.00</b>

(ii) **Share holding Pattern as on 31<sup>st</sup> March, 2013 :**

Associates	No. of Shares held	% of shareholding
1. Directors & Relatives (Promoters)	1,05,82,150	87.56
2. Mutual Funds	10,200	0.08
3. Banks Financial Institutions	200	0.001
4. Other Corporate Bodies	67,150	0.56
5. Indian Public	14,25,925	11.80
<b>TOTAL</b>	<b>1,20,85,625</b>	<b>100.00</b>

- (l) Outstanding GDRs / ADRs Warranty : Not Applicable
- (m) Plants Location : (i) 318/319, G. I. D. C. Industrial Estate, Ankleshwar, Dist. Bharuch.  
: (ii) E-261, Sanand Industrial Area, GIDC, Sanand.
- (n) Address for Correspondence : 5<sup>th</sup> Floor, Ram Krishna Chambers, BPC Road, Vadodara, 390007.

### Certificate on Corporate Governance

To,  
The Members,  
Kumaka Industries Limited.  
Mumbai.

We have examined the compliance of conditions of Corporate Governance by M/s. Kumaka Industries Limited for the year ended 31<sup>st</sup> March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the BSE Ltd.

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

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management of the Company, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

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  
Practicing Company Secretary**

**Jayesh Vyas  
Proprietor**

**FCS No. 5072; C.P. No. 1790**

**Date: 10/08/2013  
Place: Vadodara**

## KUMAKA INDUSTRIES LIMITED

### CEO Certification

To,  
The Board of Directors,  
Kumaka Industries Limited.  
Mumbai

This is to certify that;

We have reviewed financial statements and the Cash Flow statement for the year ended 31<sup>st</sup> March, 2013 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.

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.

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

We have indicated to the auditors and the Audit Committee,

- Significant changes in Internal Control during the year, if any.
- 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 role in the Company's internal control system over financial reporting.

**Date: 10/08/2013**

**Shyam. Kadakia**

**Place: Vadodara.**

**CEO & Managing Director**

### **DECLARATION REGARDING COMPLIANCE BY THE 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 Directors.

I, Shyam Kadakia, Managing Director of the Company, confirm that the Company has, in respect of the financial year ended 31<sup>st</sup> March, 2013 received from the Members of the Board, declaration of compliance with the code of conduct as applicable to them.

**Date: 10/08/2013**

**Shyam Kadakia**

**Place: Vadodara**

**Managing Director**

## KUMAKA INDUSTRIES LIMITED

### AUDITORS' REPORT

TO:  
THE MEMBERS  
KUMAKA INDUSTRIES LIMITED  
(Formerly known as Ashok Organic Industries Limited)  
VADODARA

We have audited the attached Balance Sheet of KUMAKA INDUSTRIES LIMITED (FORMERLY KNOWN AS ASHOK ORGANIC INDUSTRIES LIMITED), as at 31<sup>st</sup> March, 2013 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

The information required by Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, are given in the annexure forming part of this report, as 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 account;

- 4) In our opinion, the Balance Sheet and Profit and loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act 1956 & Subject to Notes Forming Part of the Accounts;
- 5) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2013, and taken on record by the Board of Directors, we report that None of the Directors are *Not Disqualified* as on 31<sup>st</sup> March, 2013 from being appointed as a director in terms of clause (g) of sub-section (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 Additional Note 1(iv) payment of liability under protest and amount unascertainable and note regarding non provision of impairment loss which is not quantifiable 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. Also Refer Notes to Accounts on the Basis of same Accounts Prepared and True and Fair View is Ascertained.
  - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013; and
  - ii. In the case of Profit and Loss Account, of the loss for the year ended on that date, and
  - iii. In case of Cash Flow Statement, cash flow for the period ended on that date.

for BHATT THAKKER & CO.  
CHARTERED ACCOUNTANTS

M.L. THAKKER  
PARTNER  
(MN 044517)

PLACE : VADODARA  
DATE : 28/05/2013

Firm Reg. No. 124010W

### Annexure referred to in the Audit Report

- (i) (a) The Fixed Assets Register was not available for our verification during the Year under Audit & Hence we are unable to verify whether the Company has updated or not updated the records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) These fixed assets are not physically verified by the management at reasonable intervals;
  - (c) The Company has disposed of a substantial part of fixed assets during the year.
- (ii) There is No stock of Finished Goods, Raw Materials, Stores and consumables and Trading material during the Year. Hence there is No Verification.
- (iii) (a) The Company has granted loans, secured or unsecured to companies or parties except to the wholly owned subsidiary of the company. The subsidiary is incurring continuous losses. Company has made necessary provision, as the loan has become doubtful of recovery. The amount involved is Rs. 2966.80 lacs. However, deposits given for use of the assets by the companies to parties listed under section 301, as per the legal advice received by the company, amounting to Rs.624.48 Lacs are in the ordinary course of business of the company. The Company has granted Loan/Deposit to Director of Rs.10 Lacs During the Year.

## KUMAKA INDUSTRIES LIMITED

- (b) The Company has accepted loan or advances in nature of loan from companies or parties listed in the register maintained under section 301 of Companies Act, 1956.
- (iv) In our Opinion and according to the information & explanation given to us, there is inadequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase/sale Raw Materials, Stores and consumables and Trading Material and Fixed Assets;
- (v) (a) According to the information & explanation provided by the management, we are of the opinion that the particulars of contract or arrangements referred to in Section 301 of the Act that need to be entered into the Register maintained Under Section 301 have been so entered.
- (b) In our Opinion and according to the information & explanation given to us, the transaction 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.
- (vi) In respect of Deposits accepted, In our Opinion and according to the information & explanation given to us, the company has not accepted deposits from the public and provisions of section 58A and 58AA of the Act and the rules framed there under are not applicable, We are informed by the Management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal ;
- (vii) The company does not have an internal audit system commensurate with its size and nature of its business;
- (viii) Maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act in respect of the Past Production Items, However the Company is Non Operational at Present and thereby No Cost Records are required to be maintained as per the provisions of section 209(1)(d);
- (ix) According to the records of the company and subject to method of accounts consistently followed by it, no undisputed amount except as listed below were outstanding as on 31.03.2013 for the period of six months from the date they become payable.
- continued to be Shown in Provisions as Company is Registered with GBIFR For Waiver in State Government Dues in Interest & Penalty. However, no legal compliance/no due was Not obtained from respective authorities.
- (x) The Company is not a Sick Industrial Company.
- (xi) According to the information & Explanation given to us & as per the Books and Records examined by us, as on the Balance Sheet Date No Amount is Outstanding to the Bank or Financial Institution.
- (xii) According to the Information & Explanation given to us, the Company has not granted Loans and Advances on the basis of security by way of pledge of Shares, Debentures And other Securities.
- (xiii) According to the Information & Explanation given to us, the Company is not a Chit Fund or a nidhi / Mutual benefits Fund / Society. Therefore the Provisions of Clause 4 (xiii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- (xiv) According to the Information & Explanation given to us, the Company is not dealing or Trading in Shares, Securities, Debentures & other investments. Accordingly, the Provisions of Clause 4 (xiv) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company. All the Investments are held by the Company in its own Name.
- (xv) According to the Information & Explanation given to us, The Company has not given any guarantee for loans taken by others from Bank or Financial Institutions.
- (xvi) According to the Information & Explanation given to us by the management, The Company has not taken any term loans during the year and as such the information required by this para is not applicable. Except Advance Received from Parties to Whom the Fixed Assets are Sold.
- (xvii) According to the Information & Explanation given to us, The Company has not taken any term loans on short term basis during the year.
- (xviii) 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;
- (xix) The Company has not issued any Debentures during the Year under Audit.
- (xx) The Company has not raised any Monies by way of Public Issue during the Year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanation given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our Audit.

PARTICULARS	AMOUNT
Employees State Insurance Cont Sept 99 to July 2002	6,14,961
Sales Tax Payable	12,63,968
Sales Tax – 2010-11(CST) AOIL-CAD	16,20,000
GIDC Dues For NAA, Notified Area, Water Chgs. Etc.	77,36,749
Ukai Water Charges	7,00,000

During the Current Financial Year Provident Fund Demand is Paid as per the Notice Dated 20/02/2013. As regards Sales Tax Liability, GIDC Dues, Ukai Water Charges-Principle Liability is

**for BHATT THAKKER & CO.  
CHARTERED ACCOUNTANTS**

**M.L. THAKKER  
PARTNER  
(MN 044517)**

**PLACE : VADODARA  
DATE : 28/05/2013**

**Firm Reg. No. 124010W**



**KUMAKA INDUSTRIES LIMITED**

**BALANCE SHEET AS AT 31ST MARCH, 2013**

Amount (in Rs.)

PARTICULARS	Note No.	31.03.2013	31.03.2012
<b>* (A) EQUITY AND LIABILITIES:</b>			
<b>1) SHAREHOLDERS' FUNDS :</b>			
a) Share Capital	3	120856250.00	120856250
b) Reserve & Surplus	4	237086602.83	203597938
<b>2) SHARE APPLICATION MONEY PENDING ALLOTMENT</b>		NIL	NIL
<b>3) NON-CURRENT LIABILITIES :</b>			
(a) Long-term borrowings		NIL	NIL
(b) Deferred tax liabilities (net)		NIL	NIL
(c) Other long-term liabilities	5	40768676.00	33800000
(d) Long-term provisions		NIL	NIL
<b>4) CURRENT LIABILITIES :</b>			
(a) Short-term borrowings	6	1633030.00	18141508
(b) Trade payables	7	1198798.60	292821
(c) Other current liabilities	8	35366812.60	52383346
(d) Short-term provisions		NIL	NIL
<b>TOTAL Rs.</b>		<b>436910170.03</b>	<b>429071863</b>
<b>* (B) ASSETS :</b>			
<b>1) NON-CURRENT ASSETS</b>			
(a) Fixed assets (Net Block)			
(i) Tangible assets	9	28419909.53	43825983
(ii) Intangible assets		NIL	NIL
(iii) Capital work-in-progress		NIL	NIL
(b) Non-current investments	10	23603778.57	4500
(c) Deferred tax assets (net)		NIL	NIL
(d) Long-term loans and advances	11	383247148.09	385231184
(e) Other non-current assets		NIL	NIL
<b>2) CURRENT ASSETS :</b>			
(a) Current investments		NIL	NIL
(b) Inventories	12	NIL	NIL
(c) Trade receivables		NIL	NIL
(d) Cash and cash equivalents	13	1310243.84	10196
(e) Short-term loans and advances	14	329090.00	NIL
(f) Other current assets		NIL	NIL
<b>TOTAL Rs.</b>		<b>436910170.03</b>	<b>429071863</b>
<b>* SIGNIFICANT ACCOUNTING POLICIES</b>	2		

\* The Notes referred to above form an integral part of the Financial Statements.

\* This is the Balance Sheet referred to in our Audit Report of even date.

For **BHATT THAKKER & CO.**  
**CHARTERED ACCOUNTANTS**

**M. L. Thakker**  
PARTNER  
(M.N. 044517)  
Firm Reg. No. 124010W

Vadodara : 28th May, 2013

For and on Behalf of the Board,

**Mr. Pankaj M Kadakia** Chairman & Managing Director  
**Mr. K. S. Tandon** Director  
**Dr. Dhananjay Panchal** Director  
**Miss Prachi Saraiya** Company Secretary

Vadodara : 28th May, 2013

**KUMAKA INDUSTRIES LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

Amount (in Rs.)

PARTICULARS	Note No.	2012-13	2011-12
<b>* INCOME :</b>			
<b>I. REVENUE FROM OPERATIONS</b>			
Revenue from Operations (Gross)		NIL	NIL
Less : Excise Duty		NIL	NIL
Revenue from Operations (Net)		NIL	NIL
<b>II. OTHER INCOME</b>	<b>15</b>	<b>61199944.01</b>	11337490
<b>III. TOTAL REVENUE (I+II) Rs.</b>		<b>61199944.01</b>	<b>11337490</b>
<b>* EXPENSES :</b>			
(a) Cost of materials consumed	<b>16</b>	NIL	250000
(b) Purchases of stock-in-trade		NIL	NIL
(c) Changes in Inventories	<b>17</b>	NIL	1594000
(d) Employee benefits expense	<b>18</b>	<b>5423425.00</b>	878957
(e) Finance costs	<b>19</b>	<b>1635.80</b>	2306
(f) Depreciation and amortisation expense	<b>9</b>	<b>691449.00</b>	680141
(g) <u>Other expenses:</u>			
- Administration, Selling & Other Expenses	<b>20</b>	<b>21594769.00</b>	1403939
- Loss on Sale of Fixed Assets	<b>21</b>	NIL	257034420
<b>IV. TOTAL EXPENSES Rs.</b>		<b>27711278.80</b>	<b>261843763</b>
<b>V. PROFIT BEFORE EXCEPTIONAL/EXTRAORDINARY ITEMS AND TAX</b>		<b>33488665.21</b>	<b>(250506273)</b>
<b>VI. EXCEPTIONAL &amp; EXTRA-ORDINARY ITEMS</b>		NIL	NIL
<b>VII. PROFIT BEFORE TAX</b>		<b>33488665.21</b>	<b>(250506273)</b>
<b>VIII. TAX EXPENSE:</b>			
(a) Current Tax		NIL	NIL
(b) Tax Expense - Prior Period		NIL	NIL
		NIL	NIL
<b>IX. NET PROFIT (LOSS) AFTER TAX FOR THE PERIOD</b>		<b>33488665.21</b>	<b>(250506273)</b>
<b>X. EARNING PER SHARE (Equity Share of Face Value of Rs.10/- each)</b>			
<b>Basic &amp; Diluted Earning Per Equity Share (in Rs.)</b>		<b>2.77</b>	<b>(20.73)</b>
<b>* SIGNIFICANT ACCOUNTING POLICIES</b>	<b>2</b>		

\* The Notes referred to above form an integral part of the Financial Statements.  
\* This is the Balance Sheet referred to in our Audit Report of even date.

For **BHATT THAKKER & CO.**  
**CHARTERED ACCOUNTANTS**

**M. L. Thakker**  
PARTNER  
(M.N. 044517)  
Firm Reg. No. 124010W

Vadodara : 28th May, 2013

For and on Behalf of the Board,

**Mr. Pankaj M Kadakia** Chairman & Managing Director  
**Mr. K. S. Tandon** Director  
**Dr. Dhananjay Panchal** Director  
**Miss Prachi Saraiya** Company Secretary

Vadodara : 28th May, 2013

## KUMAKA INDUSTRIES LIMITED

### NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013.

#### **NOTE NO.1:**

##### **CORPORATE INFORMATION :**

Name of the Company : **KUMAKA INDUSTRIES LIMITED.**  
Registered Office : 209, 2nd Floor, Marine Chambers, 43, New Marine Lines, Churchgate, Mumbai-400 020  
Factory/ Workshop : 318/319, GIDC Estate, Ankleshwar, Dist.Bharuch (Gujarat)  
Nature of Business : Manufacturing of Chemicals

#### **NOTE NO.2 :**

##### **SIGNIFICANT ACCOUNTING POLICIES :**

##### **2.1. General :**

The accounting policies not specifically referred to otherwise, are consistent and in consonance with the generally accepted accounting principles.

##### **2.2. Basis of Accounting :**

The financial statements are prepared under the historical cost convention on accrual basis and in conformity with all material aspects with the Accounting Standards issued by the Institute of Chartered Accountants of India and the requirements of the Companies Act,1956.

##### **2.3. Use of estimates :**

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the Financial Statements and reported amount of revenues and expense during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

##### **2.4. Inventories :**

- (i) Raw materials, stores and spares and packaging material are valued at landed cost on FIFO basis.
- (ii) Semi-finished goods are valued at cost / transfer price of raw materials consumed in process and cost of conversion incurred to bring the inventory to its present location , however in the current year it is accounted on Net Realisable Value.
- (iii) Finished goods are valued at Net Realisable Value.
- (iv) Residual and by products generated during the process of production are valued at Net Realisable Value except in cases where there is no certainty of Realisation.
- (v) Trading goods are valued at Realisable value
- (vi) All items of closing stock were obsolete and as per the new provisions of revised Schedule – VI. All stock was written off and accounted in P&L.

##### **2.5. Cash and cash equivalents (for purposes of Cash Flow Statement) :**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amount.

##### **2.6. Cash flow statement :**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

##### **2.7. Depreciation and Amortisation :**

The Depreciation is provided on straight line method by applying rates prescribed under schedule XIV of the companies Act 1956 to the W.D.V. as on 31st March, 1990 and on actual cost of acquisition after that date. Depreciation on addition / deletion to the assets during the year is provided on pro-rata basis.

##### **Impairment of Assets**

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

##### **Intangible Assets**

It is the Policy of the Company to state the Intangible Assets at cost of acquisition Less accumulated amortisation. Technical know how is amortised over useful life of the underlying plant. However there are no Intangible Assets accounted till year end in the Company's Accounts.

##### **2.8. Revenue Recognition :**

Revenue in respect of insurance claims, interest and other claims is recognised when it is reasonably certain that the ultimate collection will be made. The company values its secret formula know-how Designs & Proprietary items in the books of accounts based on the valuation of the same by approved valuer and when it is reasonably certain that the ultimate collection will be made.

Revenue from the sale of goods are recognized by the passage of title of the goods to the customers - which generally coincides with the despatch / supply / delivery of the goods.

##### **2.9. Other Income :**

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

##### **2.10. Fixed Assets :**

Fixed Assets are stated at cost of acquisition including cost which are incidental and attributable for bringing the assets to its working condition for its intended use, less accumulated depreciation.

Fixed assets are stated at cost of acquisition / construction net of Cenvat credit on capital goods but inclusive of inward freight, duties and taxes, incidental expenses related to acquisition and, interest incurred up to the date of commercial production. The figures of land and building , which have been revalued during the accounting year 1994-95, are on the basis of the valuation report of an approved valuer. Fixed Assets sold during the year were accounted and reduced from gross block, accumulated depreciation and depreciation revaluation reserve. Reserve were reversed on pro-rata basis.

##### **Capital work-in-progress:**

There is No Capital Work In Progress at year end.

However there are no Intangible Assets accounted till year end in the Company's Accounts.

##### **2.11. Foreign currency transactions and translations :**

Treatment of exchange differences

## KUMAKA INDUSTRIES LIMITED

Transactions in foreign exchange are recognised at exchange rates prevailing at the time of transaction. The gain / loss arising on settlement during the year is recognised in the profit and loss account on remittance / realisation of the amount.

Duty free imports of Raw Materials under Advance Licence for imports as per the import and export policy are matched with the exports made against the said licence and the net benefit / obligation is accounted by making suitable adjustments in the raw material consumption.

The benefits accrued under the duty entitlement pass book scheme as per the import and export policy in respect of exports made under the said scheme have been included under the head "export incentives".

However there is no Export during the year.

### **2.12. Investments :**

The Long Term Investments in the nature of Trade Investments made by the Company have been valued at cost. There is diminution in the value of investments; but the Company has made necessary provision for the diminution in the value of investments as per the requirements of Accounting Standard 13 on Investment as notified by ICAI.

Long term Investments are stated at cost, except where there is diminution in value other than temporary, in which case the carrying value is reduced to recognise the decline. Current investments are stated at lower of cost and fair value computed category-wise. Investment in the shares of Ashok Alco-Chem Ltd. were sold to one of the Director at Loss and the value per share at which Investment was sold is Rs.11.95 Per Share , in the last Year.

### **2.13. Employee benefits :**

#### Short-term employee benefits

Short Term Employee Benefits are charged off at the undiscounted amount in the year in which the related services is rendered.

#### Long-term employee benefits

Long Term Employee Benefits and Post Employment Benefits are charged off in the year in which the employee has rendered services. The Amount charged off is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gain & loss in respect of post employment and other long term benefits are charged to profit & loss Account. The Provident Fund & Pensions contributions are made to a government administered Provident Fund towards which the company has no further obligations beyond its monthly contributions.

#### Retirement Benefits

The Company's contribution to Provident Fund is charged against revenue every year. In respect of gratuity, the Company has created approved gratuity trust and Company every year provides towards differential liability on the basis of Estimation Provision for leave encashment is not made. Management does not anticipate any further liability in the future on this account.

### **2.14. Borrowing Costs :**

Borrowing cost that are directly or indirectly attributable to the acquisition, construction or production of an asset is capitalised upto the date these assets are put to intended use. Borrowing cost after the assets are put to intended use and incurred for the operations of the company is recognised as an expense in the period in which they are incurred.

### **2.15. Segment Reporting :**

The Company is engaged in manufacture of chemicals, which as per Accounting Standard - As 17 is considered the only reportable business segment. The geographical segmentation is not relevant, as exports are in significant.

### **2.16. Accounting for Taxes on Income:**

Taxes on Income are accounted for in accordance with Accounting Standard 22 on "Accounting for Taxes on Income" (AS 22) issued by the Institute of Chartered Accountants of India.

Income tax expenses comprises of current tax and deferred tax charge or credit. Provision for current tax is to be made on the basis of estimated tax payable for the year as per the applicable provisions of the IncomeTax Act.

The deferred tax charge or credit is recognized using current tax rate. Deferred tax asset is recognized only if there is sufficient evidence that future taxable income will be available. Deferred Tax is recognized subject to consideration of prudence, on timing differences that originate in one period and are capable of reversal in one or more subsequent period between taxable income and accounting income. Deferred Tax adjustments in terms of accounting standard 22 resulting from timing differences is not considered in the books of accounts as operations of the company are severely curtailed and no immediate benefit or claim is expected to arise in near future.

### **2.17. Research and Development Expenses :**

Research and development costs (other than costs of fixed assets acquired) are charged as an expense in the year in which they are incurred and are reflected under the appropriate heads of accounts.

However there is no such Expenditure during the year.

### **2.18. Provisions and Contingencies :**

Provisions are recognized when the company has a present legal or constructive as a result of past events and it is probable that an obligation of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

Contingent Liabilities are stated by way of notes to the Balance Sheet. Provision is made in the accounts in respect of those liabilities which are likely to materialise after the year end, till the finalisation of accounts and have material effect on the position stated in the balance sheet

The Central Government vide its letter dated 8th February 2007, has permitted the Company with effect from 1st December, 2006 to pay remuneration to its Managing Director in excess of the limits prescribed under section 309 (3) and 198 (1) of the Companies Act 1956. Accordingly the Company has to provided remuneration to the Managing Director as per the permission granted by the Central Government.

### **2.19. Pre-Operative Expenditure :**

Pre-operative Expenditure is carried forward to be capitalised and apportioned to various assets on commissioning of the project.

### **2.20. Service tax/ Excise & Cenvat :**

#### **Excise :**

Excise duty payable on company's products is accounted on production thereof.

#### **Cenvat :**

Cenvat credit available on raw material / inputs is accounted on accrual basis on consumption of materials and appropriated against payment of Excise Duty payable on clearance of finished goods. Consumption of Raw Material / Inputs is accordingly net of such cenvat credit. Cenvat Credit available on capital goods are appropriated after commissioning of the item / project as payment of excise duty payable on clearance of finished goods from factory premises,

The Capital goods are stated net of Cenvat Credit.

### **2.21. Deferred Revenue Expenditure & Preliminary Expenditure. :**

Deferred Revenue Expenses is written off over 3 / 5 years and balance is carried forward under the head Miscellaneous Expenditure in the Balance Sheet.

## KUMAKA INDUSTRIES LIMITED

### 2.22. Related Party Transaction :

As required by Accounting Standard AS - 18 " Related Parties Disclosure " Disclosure is made  
Only of the Related Parties with Whom Transactions were entered the details of the same are as follows:  
List of Related Parties with whom Transactions are entered are as under  
(more than 20% control led by the Directors and Relatives.)

- A. Associated companies**  
Kadokia Alkalies and Chemicals Limited  
USM Enterprise
- B. Key Management Personnel and Relatives**  
Mr. Pankaj M Kadokia and Mr. Shyam P Kadokia
- C. Relatives of Key Management Personnel**  
Mrs.Madhavi Pankaj Kadokia (Wife of Mr. Pankaj M Kadokia)
- D. Details of transaction upto the Previous Year with related parties are as follows:**

	Rs. in Lacs		
Particulars	Associates	Key Mgt.	Relative
Purchase of goods & services	Nil	0.5	Nil
Sale of goods & services	Nil	Nil	Nil
Remuneration and sitting fees	Nil	Nil	Nil
Finance(including loans and equity contributions in cash or in kind)	2250.00	Nil	Nil
Rent and Lease payments in Provisions	Nil	Nil	Nil
Debts due to the company(Loans & Advances)	6600.84	10.00	3.15
Debts due to the company(Sundry Debtors)	Nil	Nil	Nil
Debts payable by the Company	Nil	16.33	Nil

### 2.23. Transaction Took Place During the Current Financial Year :

- 1 During the Year Direct Payment made by Panoli Intermediates to the Nandesari Industrial Association Towards Water Charges , Notified Area Taxes (Charges) And Nandesari Industrial Association Charges were accounted as Prior Period Expenses and short Provision in respect of the same compare to Actuals were accounted in Outstanding Liability.
- 2 During the Year the Companies Application to GBIFR is Registered for Relief in the State Government Statutory Dues in Interest and Penalty and thereby the Liabilities as provided in the Books of Accounts were written Off Treating the Provision already made Over & above the Principle Liability in respect of the State Government Dues as Excess Provision and only Principle Liability is Continued to be Accounted in O/s. Liability/Provisions.  
This is mainly in respect of Sales Tax/VAT Liability,GIDC Liability in respect of NAA Charges,Notified AreaTaxes (Charges),Water Charges, Land Revenue, Drainage Cess & Contribution And Ukai Water Charges.
- 3 Excise Duty Payable is written off Fully as it is No More Payable , As Per Management Certificate.
- 4 Management decided to Write off Old Outstanding Liabilities in respect of Various Expenses which were already Provided and Paid.
- 5 During the Year Old Outstanding Credit Balance of Abhigam Consultants P.Ltd. & Transpeak Finance Ltd. is written off to the extent it is not Payable to them as OTS was made with them.
- 6 During the Year Old Outstanding Debit Balance of Fincab India Pvt. Ltd. is written off to the extent it is Not Recoverable from them.
- 7 Staff Loan & Other Loans & Advances to Staff were Adjusted against the Salary Payable at the Year end.
- 8 During the Year Settlement with 65 Workers/Staff was Accounted. One Compensation Claim is also settled during the current Year.
- 9 During the Current Year Providend Fund Payable/Liability is Paid off for Ankleshear GIDC PF Dues and as regards other Two PF Numbers i.e.Towards Nandesari and Pungam it was informed to us that there is No Outstanding Liability towards the same.
- 10 During the Year One of the Director of the Company has given his Car on Rent to the Company and for the said Transaction Company has given Deposit of Rs.10 Lacs to Director.The same is Authorised by the Resolution of Board Meeting.
- 11 As per information & Explanantion given to us there are 45 Labour Cases &18 Gratuity Cases are yet to be Settled at the Year End. Contingent Liability for the same is considered of Rs.60 Lacs in Excise & Other Matters.
- 12 Cash & Bank Balance as on 31/03/2013 is Certified by the Management.

\* Cenvat credit not recouped in payment of excise duty on the dispatches of products, to the extent usable, is treated as Cenvat credit receivable and show under "Loans & Advances".

For **BHATT THAKKER & CO.**  
**CHARTERED ACCOUNTANTS**

**M. L. Thakker**  
PARTNER  
(M.N. 044517)  
Firm Reg. No. 124010W

Vadodara : 28th May, 2013

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

**Mr. Pankaj M Kadokia** Chairman & Managing Director  
**Mr. K. S. Tandon** Director  
**Dr. Dhananjay Panchal** Director  
**Miss Prachi Saraiya** Company Secretary

Vadodara : 28th May, 2013

**KUMAKA INDUSTRIES LIMITED**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

	31.03.2013 Amount (Rs.)	31.03.2012 Amount (Rs.)
<b>NOTE NO.3</b>		
<b>SHARE CAPITAL :</b>		
(i) <b>Authorised Share Capital :</b> [1,50,00,000 Equity Share @ Rs.10/- each. ]	150,000,000.00	150,000,000
(ii) <b>Issued, Subscribed &amp; Paid-up Capital :</b> [120,85,625 Equity Share @ Rs.10/- each fully paid-up. ]	120,856,250.00	120,856,250
	<b>120856250.00</b>	<b>120856250</b>
<b>3.1 Details of Shares issued for consideration other than Cash, Bonus Shares issued and Shares Bought Back by the Company during the period of preceeding 5 years i.e. 1.04.2007 to 31.03.2012</b>	NIL	NIL
<b>3.2 Reconciliation of number of shares and amount outstanding at the beginning and end of the year:</b>		
Equity shares of Rs.10/- each with voting rights fully paid-up:	<b>31.03.2013</b>	<b>31.03.2012</b>
	No. of Shares	Amount (Rs.)
	No. of Shares	Amount (Rs.)
Equity shares outstanding at the beginning of the year	12085625	120856250.00
Fresh Issue/ESOP/ Bonus Issue of Shares	NIL	NIL
Redemption/ Buy Back of Shares	NIL	NIL
Equity shares outstanding at the end of the year	12085625	120856250.00
	12085625	120856250
<b>3.3 All the equity shares issued by the Company rank pari passu in terms of rights as to dividend, repayment of capital and voting rights attached to such shares.</b>		
<b>3.4 Details of Shareholders holding more than 5% Equity shares in the Company:</b>		
	<b>31.03.2013</b>	<b>31.03.2012</b>
Name of the Shareholder	No. of Shares	% of Holding
	No. of Shares	% of Holding
1. Mr. Pankaj Kadakia, Director	2829450	23.41%
2. Mrs.Madhavi P. Kadakia	3907850	32.33%
3. Mr.Shyam Kadakia	2923250	24.19%
4. Ms.Niyati Kadakia	911600	7.54%
	911600	7.54%
<b>3.5 The Shares of the Company at present are Suspended by the Bombay Stock Exchange.</b>		
	<b>31.03.2013</b>	<b>31.03.2012</b>
	Amount (Rs.)	Amount (Rs.)
<b>NOTE NO.4</b>		
<b>RESERVES &amp; SURPLUS:</b>		
<b>a) Revaluation Reserve:</b>		
Opening balance	24742952.00	42270051
Add: Transferred from Statement of Profit and Loss	NIL	NIL
Less: Utilised / transferred during the year	NIL	17527099
Closing balance (a)	<b>24742952.00</b>	<b>24742952</b>
<b>b) General Reserve * :</b>		
Opening balance	NIL	410958580
Add: Additions/Transfer during the year	2190178015.00	1779219435
Less: Utilised / transferred during the year	NIL	NIL
Closing balance (b)	<b>2190178015.00</b>	<b>2190178015</b>
<b>c) Share Premium Account:</b>		
Opening balance	292203750.00	292203750
Add: Additions/Transfer during the year	NIL	NIL
Less: Utilised / transferred during the year	NIL	NIL
Closing balance (c)	<b>292203750.00</b>	<b>292203750</b>

## KUMAKA INDUSTRIES LIMITED

	31.03.2013 Amount (Rs.)	31.03.2012 Amount (Rs.)
<b>d) Surplus (Deficit) in Profit and Loss Statement:</b>		
Opening balance	(2303526779.38)	(2053020506)
Add: Profit / (Loss) for the year	33488665.21	(250506273)
Amounts transferred from General Reserve	NIL	NIL
	(2270038114.17)	(2303526779)
Less : Proposed Dividend & Tax thereon	NIL	NIL
Amounts transferred to General Reserve	NIL	NIL
Closing balance of Profit and Loss Statement (d)	<b>(2270038114.17)</b>	<b>(2303526779)</b>
<b>Total (a)+(b)+(c)+(d) Rs.</b>	<b>237086602.83</b>	<b>203597938</b>

During the Previous Year Bank Balances including Margin Money FD were Written Off by transferring the Same into Capital Reserve Account.  
\*The Previous year's figures have been regrouped / rearranged wherever found necessary. During the Current Year Board has Resolved that Capital Reserve as shown in the Previous Year were part of Free Reserve and Hence Transfer to General Reserve.

<b>NOTE NO.5:</b>		
<b>LONG TERM BORROWINGS:</b>		
<b>(a) Advance From Parties</b>		
Panoli Intermediate Pvt. Ltd.	38268676.00	31300000.00
Other Advances	2500000.00	2500000.00
<b>Rs.</b>	<b>40768676.00</b>	<b>33800000.00</b>

<b>NOTE NO.6:</b>		
<b>SHORT TERM BORROWINGS:</b>		
<b>(a) Loans repayable on Demand:</b>	NIL	NIL
<b>(b) Loans and Advances from Related Parties:</b>		
Loans from Directors - P.M.Kadokia	1633030.00	14024508
(Interest free Unsecured Loans - for which no repayment schedule has been fixed and hence considered as repayable on demand.)		
Loans from Other Related Parties	NIL	2617000
(Interest free Unsecured Loans - for which no repayment schedule has been fixed and hence considered as repayable on demand.)		
<b>(c) Deposits:</b>		
Trade Deposits (Annexure 1)	NIL	1500000
(Deposits are in the nature of trade deposits/ advance received from the parties for which no repayment period has been specified.)		
<b>(d) Other Loans and Advances:</b>		
Sales Tax Department Deferred Payment Loan	0.00	0
	<b>1633030.00</b>	<b>18141508</b>

In the opinion of the Board of Directors, Short Term Borrowings are approximately of the value stated in the Balance Sheet, if realised in the ordinary course of business. The Balances are Subject to Confirmation from the Parties.

During the Year under Audit the Company has W/OFF and W/BACK Outstanding Balance in Loan and Advances Account and S.Drs., S.Crs., Investment, Unsecured Loan, Other Liability. The Balance Confirmation Certificate at the Year End were Not Obtained by the Company in case of all the Debtors, Creditors, Sister Concern, Associate Concern, Directors, Director Relative Account.

## KUMAKA INDUSTRIES LIMITED

	31.03.2013 Amount (Rs.)	31.03.2012 Amount (Rs.)
<b>NOTE NO.7:</b>		
<b>TRADE PAYABLES:</b> (Annexure 2)		
Sundry Creditors for Goods	NIL	NIL
Micro Small & Medium Enterprises (MSME)	NIL	117821
Parties other than MSME Units (Other than Long Term Trade Payables)	1198798.60	175000
Sundry Creditors for Operating Exp/Services (Other than Long Term Trade Payables)	<b>1198798.60</b>	<b>292821</b>

The balances are subject to confirmation from the parties. However, the Some of Creditors were written off during the Year. The Balance Confirmation Certificate at the Year End were Not Obtained by the Company in case of all the Creditors, Sister Concern, Associate Concern, Directors, Director Relative Account. 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 based on the information available with the Company in respect of the status the suppliers, being Small Scale Industrial Undertaking, the information carried for by the company has been received and as such liability for amount owed in excess of Rs. 100000/= for such supplier has been given.

<b>NOTE NO.8:</b>		
<b>OTHER CURRENT LIABILITIES:</b>		
(a) Current maturities of long-term debt:	NIL	NIL
(b) Loans and Advances from Related Parties:	NIL	NIL
(c) Other Current Liabilities: (Refer Annexure 3)		
(i) Employee Remuneration & Benefit Payable	5940338.76	9269029
(ii) Statutory Liabilities	3112222.00	8661381
(iii) Other Liabilities	26314251.84	34452936
	<b>35366812.60</b>	<b>52383346</b>

In the opinion of the Board of Directors, the Other Current Liabilities are approximately of the value stated in the Balance Sheet, if realised in the ordinary course of business. The balances are subject to confirmation from the parties.

Unclaimed Dividend amounting to Rs. 1,08,069 is unclaimed for more than Seven Years and is deposited in Ministry of Corporate Affairs, Delhi on 15/04/2013. However DD Drwan before 31/03/2013.

During the Year under Audit the Company has W/OFF and W/BACK Outstanding Balance in Unsecured Loan, Other Liability.

The Balance Confirmation Certificate at the Year End were Not Obtained by the Company in case of all the Creditors, Sister Concern, Associate Concern, Directors, Director Relative Account.

Provision for taxation is not required to be made as there is no taxable income as per the provisions of the Income Tax Act, 1961.

Since Financial Year:2010-11 the Company has entered into agreement for Sale of Nadesari Unit, CAD Unit, Pungam Unit and Ankleswar-GIDC Unit and also received advance against such Sale, the same is shown as Advance From Prties. Also Refer Point No. 2.23 of Notes on the Financial Statements, as regards Various Liabilities Written Off. The Company is Registered with GBIFR Vide their Letter No.:IC/IM/SUR/24545-2011/T-16/749780.Dated:21-09-2012. Registration Number is 12 Dated : 21/09/2012.

**Wherein the Company is expecting to get the Waiver of Interest, Penalties etc. On Sales Tax, GIDC Dues, Electricity Duty based on the Directions of Govt. Of Gujarat & Pending Settlement Dues Payable to GOG of Rs. 14.96 Lacs. (PY. Rs.102.78 Lacs.) have been shown in Statutory Dues. The GOG has introduced New Scheme in Place of Its earlier Scheme, for Relief to the Sick Industrial Units Registered with the BIFR Vide GR BFR/HPC/102009/435690/P Dated : 15/07/2010.**

**NOTE NO.9:**

**FIXED ASSETS:**

**TANGIBLE ASSETS:**

Name of Asset	GROSS BLOCK (AT COST )					DEPRECIATION BLOCK				NET BLOCK	
	Rate of Depn.	As at 01.04.2012	Additions	Disposal/ Adjustment	As at 31.03.2013	Upto 31.03.2012	For 2012-13	Depn. W. Back	Upto 31.03.2013	As at 31.03.2012	As at 31.03.2013
Land		25243055	NIL	16200000	9043055.23	NIL	NIL	NIL	NIL	25243055	9043055
Factory Building	3.34%	31578572	378150	NIL	31956721.50	18933201	681235	NIL	19614436	12645371	12342286
Office Bldg.	1.63%	75000	NIL	NIL	75000	43244	807	NIL	44051	31756	30949
Plant & Machinery	4.75%	70633921	1059225	NIL	71693146	64858520	9407	NIL	64867927	5775401	6825219
Furniture Fixtures	13.91%	2416326	48001	NIL	2464327	2285926	NIL	NIL	2285926	130400	178401
Total Rs.		129946874	1485376	16200000	115232250	86120891	691449	0	86812340	43825983	28419910
Previous Year		964824256	NIL	834877382	129946874	582956613	680141	497515863	86120891	381867643	43825983

The Company has not accounted for the impairment losses on account of diminution in the value of fixed assets including capital work in progress in respect of incomplete project as the management is not in position to estimate the exact nature and quantum of loss on this account. Management feels that upon revival of operations the company would be in position to work out loss on this account. The Fixed Assets Register is required to be Produced before us for our verification.



## KUMAKA INDUSTRIES LIMITED

	31.03.2013 Amount (Rs.)	31.03.2012 Amount (Rs.)
<b>NOTE NO.10:</b>		
<b>NON-CURRENT INVESTMENTS:</b>		
<b>(A) Trade Investments:</b>		
(a) Investment Properties	N I L	N I L
<b>(b) Investment in Equity instruments:</b>		
<i>(i) Investment in Subsidiary Company:</i>		
95,00,000 fully paid Equity shares of Rs.10/- each of Kadakia Alkalies & Chemicals Ltd. (Considered Bad & Doubtful)	225000000.00	225000000
Less : Provision for Diminution in Value of Investment	225000000.00	225000000
	N I L	N I L
(c) Other non-current investments:	N I L	N I L
<b>Total (A)</b>	<b>N I L</b>	<b>N I L</b>
<b>(B) Other Investments: (Non-Trade)</b>		
<b>(a) Investment in Equity instruments:</b>		
<i>(i) Investment in Other Companies:(Good)</i>		
300 fully paid Equity shares of Rs.10/- each of Bhagawati Aqua Technos Pvt.Ltd.	3000.00	3000
300 Equity shares of Rs.10/- each(Rs.5/- paid up) of Bhagawati Aqua Technos Pvt.Ltd.	1500.00	1500
6000 fully paid Equity shares of Rs.10/- each of Southern Organo Chemicals Ltd.	N I L	N I L
<b>(b) Investment in Mutual Fund Units: (Good)</b>		
Investment in Units of IDFC Mutual Fund	23599278.57	N I L
(c) Other non-current investments: (Good)		
Govt. of India Bonds/Securities	N I L	N I L
National Savings Certificates	N I L	N I L
<b>Total (B)</b>	<b>23603778.57</b>	<b>4500</b>
<b>Grand Total (A + B)</b>		
Less : Provision for diminution in the value of Investments	N I L	N I L
<b>Total</b>	<b>23603778.57</b>	<b>4500</b>
<b>Other Disclosures relating to Investments:</b>		
1. Aggregate amount of quoted investments	N I L	N I L
2. Aggregate amount of unquoted investments	248603778.57	225004500
3. <u>Details of Trade Investment :</u>		
The Company had made Trade Investment of Rs.226,000,000/- in the equity of Subsidiary Company "Kadakia Alkalies & Chemicals Ltd. The investment is stated at cost, but in view of the accumulated losses of the subsidiary company, the realization thereof is considered to be doubtful and hence, necessary provision for the diminution in the value of investments has been made in the accounts.		
<b>NOTE NO.11:</b>		
<b>LONG TERM LOANS &amp; ADVANCES*:</b>		
a. Capital Advances	N I L	N I L
b. Security Deposits:		
- Deposit with GEB & Sales Tax Dept.	14004227.66	14491394
c. Loans and advances to related parties:		
- Interest-free Loan/Advance to Subsidiary Co. Kadakia Alkalies & Chemicals Ltd.	597614973.00	597614973
- Interest-free Loan/Advance to Other Related Parties	63783578.08	63227708

## KUMAKA INDUSTRIES LIMITED

	31.03.2013 Amount (Rs.)	31.03.2012 Amount (Rs.)
<b>NOTE NO.11:</b>		
<b>LONG TERM LOANS &amp; ADVANCES: (Conti...)</b>		
d. Other loans and advances (specify nature)		
Advances recoverable in Cash/Kind	4524696.35	6577436
	679927475.09	681911511
Less: Provision for doubtful loans and advances	296680327.00	296680327
<b>Total Amount Rs.</b>	<b>383247148.09</b>	<b>385231184</b>
<b><u>Other Disclosures relating to Long Term Loans &amp; Advances:</u></b>		
<b><u>Loans granted to:</u></b>		
Directors *	NIL	NIL
Other officers of the Company *	NIL	NIL
Company which is a subsidiary of the Company	597614973.00	597614973
Firm in which director is a partner *	NIL	NIL
Private Company in which director is a member	NIL	NIL
Other Related Parties	63783578.08	63227708.08
<p>In the opinion of the Board of Directors, 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 balance of Sundry debtors includes overdue balance from various parties and also efforts are being made for recovery from such parties. The balances are subject to confirmation from the parties.</p> <p>During the Year under Audit the Company has W/OFF and W/BACK Outstanding Balance in Loan and Advances Account The Balance Confirmation Certificate at the Year End were Not Obtained by the Company in case of all the Sister Concern, Associate Concern, Directors , Director Relative Account. Please Refer Notes on Accounting Policies wherein as per requirements of AS-18 for Related Parties Transaction were mentioned in Details on Point No.2.22.</p>		
<b>NOTE NO.12:</b>		
<b>INVENTORIES:</b>		
a. Raw Materials and components		
In Stock -	NIL	NIL
b. Work-in-progress	NIL	NIL
c. Finished goods	NIL	NIL
d. Stores, Spares, Fuel & Packing Mats.	NIL	NIL
	<b>NIL</b>	<b>NIL</b>
<b>NOTE NO.13:</b>		
<b>CASH AND CASH EQUIVALENTS:</b>		
<b>A. <u>BALANCE WITH BANKS:</u></b>		
Earmarked Balances	NIL	NIL
<b><u>Margin Money Deposits as Security against Borrowings:</u></b>		
FDR with Bhailalbai Contractor Smark Co.Op. Bank	735000	NIL
<b>Balance in Current Accounts with Banks:</b>	226959.84	6632
<b>B. CHEQUES, DRAFTS ON HAND:</b>	NIL	NIL
<b>C. CASH BALANCE ON HAND:</b>	348284.00	3564
	<b>1310243.84</b>	<b>10196</b>

The Company has to obtained closing Bank Balance Certificate of all the Banks at the year end i.e. as of 31-03-2013.

During the Year under Audit Bank Balances including Margin Money FD were Written Off by transferring the Same into Capital Reserve Account.

## KUMAKA INDUSTRIES LIMITED

	31.03.2013 Amount (Rs.)	31.03.2012 Amount (Rs.)
<b>NOTE NO.14:</b>		
<b>SHORT TERM LOANS &amp; ADVANCES :</b>		
Advance to Suppliers	329090.00	N I L
	<b>329090.00</b>	<b>0</b>
<b><u>Additional Notes Forming Part of Balance -Sheet And Profit &amp; Loss Account.</u></b>		
01. In Respect of Contingent Liability :	31.03.13	31.03.12
1 Contingent Liabilities in respect of -		
a. Income tax and Sales tax matters	67,33,054	154,255,956*
b. Excise & Other matters	3,42,42,985	150,594,653*
c. GEB (DGVCL)	40,245*	151,659,386*
*Interest between @1 to 2%P.M. is added to The Principle Outstanding Amount. Till 31-08-2008.		
* In a Above Includes KACL Contingent Liability of Rs.10,25,21,860/-		
* In b Above Includes KACL Contingent Liability of Rs. 2,43,54,288/-		
* In c Above Includes KACL Contingent Liability of Rs.15,16,59,386/-L.Y. & IN C.Y. of Rs.40,245/-		

**NOTE:**

- (i) The Company has preferred appeals against demand under c above.
- (ii) The Company had disputed the electricity charges raised by Gujarat Electricity Board in arbitration proceedings.  
The award is in the favour of the company. However Board has Passed the Resolution on the Basis of letter of DGVCL to Industry Commissioner for outstanding Dues of the Company & hence Liability for GEB Dues is considered at Rs.40,245/-
- (iii) The Sum of Rs. 22.90 Lacs being Payment under Protest has been written off and Rs.1.09 Lacs being paid to Daurala Sugar towards Sales Tax deposit. The exact outcome of the notices issued by the appropriate authority could not be ascertained in absence of requisite information. This is as per information & explanation given to us.
- (iv) In terms of consent term reached in response to the legal proceedings between the company and Unsecured Creditors, The Company agreed to pay dues towards Creditors in installments. The company has stopped the payment of these installments. The liability, is stated at the amount as per the consent Term Unsecured Creditor has separately approached the Hon'ble Bombay High Court.

02. In Respect of TDS/TCS Provisions under Income Tax Act :

The Company has not Complied with the Provisions of Income Tax for TDS.

03. In Respect of Reference made to GBIFR :

The accounts have been prepared on "Going Concern" assumption despite continuous losses, erratic operation, complete erosion of the net worth of the company. Company is referred to GBIFR for rehabilitation and revival.

04. In Respect of Previous Years Figures :

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. The Revised Schedule VI does not require presentation of a reconciliation explaining the impact of the reclassification of the previous year figures in the financial statements. The Previous year's figures have been regrouped / rearranged wherever found necessary.

\* The Notes referred to above form an integral part of the Financial Statements.

For **BHATT THAKKER & CO.**  
**CHARTERED ACCOUNTANTS**

**M. L. Thakker**  
PARTNER  
(M.N. 044517)  
Firm Reg. No. 124010W

Vadodara : 28th May, 2013

For and on Behalf of the Board,

**Mr. Pankaj M Kadakia** Chairman & Managing Director  
**Mr. K. S. Tandon** Director  
**Dr. Dhananjay Panchal** Director  
**Miss Prachi Saraiya** Company Secretary

Vadodara : 28th May, 2013

**KUMAKA INDUSTRIES LIMITED**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013.**

	31.03.2013 Amount (Rs.)	31.03.2012 Amount (Rs.)
<b>NOTE NO.15</b>		
<b>OTHER INCOME:</b>		
Dividend Income	84727.57	136029
Interest Earned on Investments	222154.00	10816
Profit on Sale of Fixed Asset	46537584.00	NIL
Sundry Accounts W/off-Write Back	13715252.53	11141245
Other non-operating income (net of expenses)	640225.91	49400
<b>Total Rs.</b>	<b>61199944.01</b>	<b>11337490</b>
<p>During the Year under Audit the Company has W/OFF and W/BACK Outstanding Balance in Loan and Advances A/c and Investment, Unsecured Loan, Other Liability. The Balance Confirmation Certificate at the Year End were not Obtained by the Company in case of all the Creditors, Sister Concern, Associate Concern, Directors, Director Relative Account. The Same is Acc]ounted as Sundry Accounts Write Off, Write Back Under Other Income.</p>		
<b>NOTE NO.16</b>		
<b>COST OF MATERIALS CONSUMED:</b>		
Opening Stock of Raw Materials	NIL	250000
Add : Purchases:	NIL	NIL
Less: Closing Stock of Raw Materials	NIL	NIL
<b>TOTAL COST OF MATERIALS CONSUMED Rs.</b>	<b>0.00</b>	<b>250000</b>
<p>During the Previous Financial Year Closing Stock written off is obsolete and non-moving old stock as per the new provisions of Revised Schedule – VI</p>		
<b>NOTE NO.17</b>		
<b>CHANGES IN INVENTORIES:</b>		
Opening Stock of Stores, Spares & Fuel	NIL	1555000
Less : Closing Stock of Semi Finished Goods	NIL	NIL
	0.00	1555000
Opening Stock of Finished Goods	NIL	39000
Less : Opening Stock of Finished Goods	NIL	NIL
	0.00	39000
<b>Increase / (Decrease) in Stock Total Rs.</b>	<b>0.00</b>	<b>1594000</b>
<p>During the Previous Financial Year Closing Stock written off is obsolete and non-moving old stock as per the new provisions of revised Schedule – VI</p>		
<b>NOTE NO.18</b>		
<b>EMPLOYEE BENEFIT COSTS:</b>		
(a) Salaries & Wages/Service Charges	4223425.00	158957.00
(b) Directors' Remuneration	1200000.00	720000.00
<b>Total Rs.</b>	<b>5423425.00</b>	<b>878957</b>
<b>NOTE NO.19</b>		
<b>FINANCE COSTS:</b>		
Bank Charges & Commission	1635.80	2306
<u>Interest expense:</u>		
- Other Interest & Finance Charges	NIL	NIL
<b>Total Rs.</b>	<b>1635.80</b>	<b>2306</b>

## KUMAKA INDUSTRIES LIMITED

	31.03.2013 Amount (Rs.)	31.03.2012 Amount (Rs.)
<b>NOTE NO.20</b>		
<b>OTHER EXPENSES - ADMINISTRATION, SELLING &amp; OTHER EXPENSES :</b>		
Advertisement Expenses	4954.00	8573
<u>Payment to Auditors:</u>		
- For Statutory Audit Fees	125000.00	125000
- For Taxation matters	25000.00	25000
- For Other Services	25000.00	25000
Electricity Charges	111840.00	58643
Legal & Professional Fees	1062446.00	194265
Licence, Subscription & Other Fees	136148.00	81264
Miscellaneous Expenses	163524.00	930
Labour Compensation/Settlement	725000.00	0
Taxes	250190.00	100000
Insurance Charges	6640.00	7206
Office Expenses and Secretarial Dept. Expenses	198586.00	263060
Prior Period Expenses	16313290.00	0
Printing & Stationery Exp.	66118.00	55691
Postage, Telephone & Other Expenses	140049.00	130350
Repairs & Maintenance	1074274.00	21450
Brokerage & Commission Exp.	700000.00	0
Security Charges	50000.00	25000
Travelling & Conveyance Expenses	416710.00	282507
<b>Total Rs.</b>	<b>21594769.00</b>	<b>1403939</b>
<b>NOTE NO.21</b>		
<b>LOSS ON SALE OF ASSETS:</b>		
Loss on Sale of Building	0.00	30446736
Loss on Sale of Machinery & Other Assets	0.00	226587684
<b>Total Rs.</b>	<b>0.00</b>	<b>257034420</b>

During the Financial Year 2010-11 the Company has entered into agreement for Sale of Nadesari Unit , CAD Unit and Ankleswar – GIDC Unit as a Whole and also received advance against such Sale. The Necessary Procedure as prescribed U/s. 293 of the Companies Act, is to be Complied with. Details of the same are as under :

01. In CAD Unit :

During the FY : 2011-12 All P & M were sold to Kohinoor Enterprise for Rs.400 Lacs at a Loss of Rs. 2456.85 Lacs And Wole of the Bulding Scrape was Sold along with Building Scrape of Pungam to Suffian Steels for Total Amount of Rs.18 Lacs. No Advance Balance Amount Except Rs.25 Lacs Towards Security Deposit of Kohinoor Enterprise was Laying at the Year end.

02. In Pungam Unit During the FY : 2011-12 All P & M Except L & Bldg. Were Sold to Kohinoor Enterprise For Rs.210 Lacs at a Loss of Rs. 113.49 Lacs.Sold Amount is Adjusted from the total Amount Received of Rs.210 Lacs, And No Advance Balance Amount as on 31-03-2013.

Bulding scrape was Sold along with Building Scrape of CAD to Suffian Steels for Total Amount of Rs.18 Lacs. No Advance Balance Amount was Laying at the Year end.

During the Year Land was Sold at Rs.6.27 Crores to Shree Anu Enterprise, Ankleshwar.The Payment was received in Full.

There are Pending Dues against the Companies by the Sales Tax department.

However, During the Year Company is Registered with the GBIFR.

\* The Notes referred to above form an integral part of the Financial Statements.

As Per Our Report Of Even Date

For **BHATT THAKKER & CO.**  
**CHARTERED ACCOUNTANTS**

**M. L. Thakker**  
PARTNER  
(M.N. 044517)  
Firm Reg. No. 124010W

Vadodara : 28th May, 2013

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

**Mr. Pankaj M Kadakia** Chairman & Managing Director

**Mr. K. S. Tandon** Director

**Dr. Dhananjay Panchal** Director

**Miss Prachi Saraiya** Company Secretary

Vadodara : 28th May, 2013

**KUMAKA INDUSTRIES LIMITED**

**ANNEXURES FORMING PART OF THE ANNUAL ACCOUNTS FOR THE YEAR 2012-2013**

**ANNEXURE : 1  
SHORT TERM DEPOSITS/UNSECURED LOANS :**

<b>FROM DIRECTORS :</b>	
Pankaj M. Kadakia	1633030.00
	<b>1633030.00</b>
<b>Total</b>	<b>1633030.00</b>

**ANNEXURE : 2  
TRADE PAYABLES (SUNDRY CREDITORS) :**

<b>i) Creditors for Expenses:</b> Creditors Below Rs.1,00,000/- Silicaware Pvt Ltd Singhi & Co. Bachubhai bhopathbhai Jograna Bhatt Thakker & Co.	542793.60 150005.00 101000.00 230000.00 175000.00
<b>(i)</b>	<b>1198798.60</b>
<b>ii) Sundry Creditors for Goods :</b>	0.00
<b>Sub-Total (ii)</b>	<b>0.00</b>
<b>Total (i+ii)</b>	<b>1198798.60</b>

**ANNEXURE : 3  
OTHER CURRENT LIABILITIES:**

<b>(A) Employee Remuneration &amp; Benefits Payable:</b> Salaries / Wages Payable ESIC Payable Bonus Payable Gratuity Fund Payable	2847845.00 614960.76 854004.00 1623529.00
	<b>5940338.76</b>
<b>(B) Statutory Liabilities Payable:</b> CST Payable TDS PAYABLE Gujarat Industrial Development Co.(GIDC) Ltd. Sales Tax Payable	1620000.00 228254.00 232241.80 1263968.00
	<b>3344463.80</b>
<b>(C) Other Liabilities:</b> Other Outstanding Liabilities	26082010.04
	<b>26082010.04</b>
	<b>35366812.60</b>

**ANNEXURE : 4  
LONG TERM LOANS, ADVANCES & DEPOSITS :**

<b>(A) To Firms / Companies in which Directors are interested :</b>	
<b>i) Loan to Subsidiary Companies :</b> Kadakia Alkalies & Chemicals Ltd.	597614973.00
<b>(i)</b>	<b>597614973.00</b>
<b>ii) Loans &amp; Advances to Related Parties:</b> USM Enterprise P.M.Kadakia - Deposit Against Car Rent Narmada Bio Fuel Pinnacle Therapeutics P. Ltd.	62448278.08 1000000.00 315000.00 20300.00
<b>(ii)</b>	<b>63783578.08</b>
<b>(A) = (i) + (ii)</b>	<b>661398551.08</b>

## KUMAKA INDUSTRIES LIMITED

**(B) Other Loans & Advances :**

**i) Advances recoverable in cash or kind or for value to be received:**

Ashok V. Panchal	243840.00
ADVANCE INPUT VAT PAID	21916.50
Sharda Chambers Premises Co.Op. Soc. Ltd.	25000.00
Advance Income Tax - TDS	8352.10
Kohinoor Enterprise- VAT Recoverable	1620000.00
Other Loans & Advances to Staff	2605587.75

**(i)** **4524696.35**

**ii) Deposits:**

Electric Deposit	3693195.66
Deposit with GEB	10311032.00

**(ii)** **14004227.66**

**B = (i) + (ii)** **18528924.01**

**(A) + (B)** **679927475.09**

**ANNEXURE : 5  
SHORT TERM LOANS & ADVANCES :**

**(A) Advance Given to Suppliers**

Advances Below Rs.1,00,000/-	59090.00
TRIVENI MANAGEMENT CONSULTANCY SERVICES LTD	270000.00

**Rs.** **329090.00**

Signatures to Notes and Annexures forming part of the Annual Accounts.

As Per Our Report Of Even Date

For **BHATT THAKKER & CO.**  
**CHARTERED ACCOUNTANTS**

**M. L. Thakker**  
PARTNER  
(M.N. 044517)  
Firm Reg. No. 124010W

Vadodara : 28th May, 2013

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

<b>Mr. Pankaj M Kadakia</b>	Chairman & Managing Director
<b>Mr. K. S. Tandon</b>	Director
<b>Dr. Dhananjay Panchal</b>	Director
<b>Miss Prachi Saraiya</b>	Company Secretary

Vadodara : 28th May, 2013

**KUMAKA INDUSTRIES LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

Rupees in Lacs

Particulars	For the year ended 31 March, 2013		For the year ended 31 March, 2012	
	Amount(Rs.)	Amount(Rs.)	Amount(Rs.)	Amount(Rs.)
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before extraordinary items and tax	33488665.21		6528146.82	
<u>Adjustments for:</u>				
Depreciation and amortisation				
Provision for impairment of fixed assets and intangibles				
Amortisation of share issue expenses and discount on shares				
(Profit) / loss on sale / write off of assets	0.00		-257034420.20	
Expense on employee stock option scheme				
Finance costs	-1635.80		-2306.00	
Interest income	222154.00		10816.00	
Dividend income	84727.57		136029.00	
Net (gain) / loss on sale of investments				
		<u>33793910.98</u>		-250361734.38
Operating profit / (loss) before working capital changes	33793910.98	<u>33793910.98</u>	-250361734.38	-250361734.38
<u>Changes in working capital:</u>				
<u>Adjustments for (increase) / decrease in operating assets:</u>				
Inventories	0.00			1844000.00
Trade receivables	0.00			0.00
Short-term loans and advances	-329090.00			0.00
Long-term loans and advances	1,984,035.75			331623.16
Other current assets	-			-
Other non-current assets	-			785,677.00
<u>Adjustments for increase / (decrease) in operating liabilities:</u>				
Trade payables	905,977.60			-3963597
Other current liabilities	(47,438,547.29)			-68515254.11
Other long-term liabilities	40,768,676.00			-11907979.00
Short-term provisions	-			
Long-term provisions	-			
		<u>-4108947.94</u>		-81425529.95
		<u>29684963.04</u>		-331787264.33
Cash flow from extraordinary items		-		0
Cash generated from operations		<u>29684963.04</u>		-331787264.33
Net income tax (paid) / refunds				
		<u>29684963.04</u>		-331787264.33
<b>Net cash flow from / (used in) operating activities (A)</b>		<b><u>29684963.04</u></b>		<b><u>-331787264.33</u></b>
<b>B. Cash flow from investing activities</b>	15,406,073.50		338041659.97	
Capital expenditure on fixed assets, including capital advances				
Proceeds from sale of fixed assets	0.00		0.00	
Proceeds from sale of long-term investments				
- Subsidiaries				
- Associates				
- Joint ventures				
- Business units				
- Others	(23,599,278.57)		7058838.00	
Interest received				
- Subsidiaries				
- Associates				
- Joint ventures				
- Others	-222154.00		-10816	
Dividend received				
- Subsidiaries				
- Associates				
- Joint ventures				
- Others	-84727.57		-136029	



## KUMAKA INDUSTRIES LIMITED

Rental income from investment properties				
Rental income from operating leases				
Amounts received from partnership firms				
Amounts received from AOPs				
Amounts received from LLPs	(8,500,086.64)		344,953,652.97	
Cash flow from extraordinary items		-		
		(8,500,086.64)		344,953,652.97
		(8,500,086.64)		344,953,652.97
Net income tax (paid) / refunds		-		
Net cash flow from / (used in) investing activities (B)		(8,500,086.64)		344,953,652.97
<b>C. Cash flow from financing activities</b>				
Share application money received / (refunded)	(0.00)		1761692336.00	
Proceeds from long-term borrowings	-		-1800094650.00	
Repayment of long-term borrowings				
Net increase / (decrease) in working capital borrowings	(1,98,86,464.37)		21519494.37	
Proceeds from other short-term borrowings				
Repayment of other short-term borrowings				
Finance cost	1635.80		2306.00	
Dividends paid				
Tax on dividend				
Cash flow from extraordinary items	(1,98,84,828.57)	-	(16,880,513.63)	(16,880,513.63)
Net cash flow from / (used in) financing activities (C)		(1,98,84,828.57)		(16,880,513.63)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		13,00,047.83		(3,714,123.99)
Cash and cash equivalents at the beginning of the year		10196.01		3724320.00
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents				
Cash and cash equivalents at the end of the year		1310243.84		10196.01
Reconciliation of Cash and cash equivalents with the Balance Sheet :				
Cash and cash equivalents as per Balance Sheet (Refer Note 19)		1310243.84		10196
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (give details)		961959.84		6632
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 19		348284.00		3564
Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) (Refer Note (ii) to Note 16 Current investments)		-		
Cash and cash equivalents at the end of the year *		1310243.84		10196
* Comprises:				
(a) Cash on hand		348284.00		3564
(b) Cheques, drafts on hand				
(c) Balances with banks		961959.84		6632
(i) In current accounts				
(ii) In EEFC accounts				
(iii) In deposit accounts with original maturity of less than 3 months				
(iv) In earmarked accounts (give details) (Refer Note (ii) below)				
(d) Others (specify nature)				
(e) Current investments considered as part of Cash and cash equivalents (Refer Note (ii) to Note 16 Current investments)				

**Notes:**

- (i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations.  
(ii) These earmarked account balances with banks can be utilised only for the specific identified purposes.

See accompanying notes forming part of the financial statements

In terms of our report attached.  
For **BHATT THAKKER & CO.**  
**CHARTERED ACCOUNTANTS**

**M. L. Thakker**  
PARTNER  
(M.N. 044517)  
Firm Reg. No. 124010W

Vadodara : 28th May, 2013

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

**Mr. Pankaj M Kadakia** Chairman & Managing Director

**Mr. K. S. Tandon** Director

**Dr. Dhananjay Panchal** Director

**Miss Prachi Saraiya** Company Secretary

Vadodara : 28th May, 2013

**KUMAKA INDUSTRIES LIMITED**

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY**

<b>1</b>	<b>Name of Subsidiary</b>	<b>:</b>	<b>Kadakia Alkalies and Chemicals Ltd.</b>
<b>2</b>	Financial year / period ended on	:	March 31, 2013
<b>3</b>	No. of equity shares held by M/s. Kumaka Industries Limited	:	95,00,000 Equity Shares of Rs. 10/- each.
<b>4</b>	Extent of interest of M/s. Kumaka Industries Limited in the capital of the subsidiary	:	100 %
<b>5</b>	Net aggregate amount of loss of the subsidiary so far as it concerns the members of the M/s. Kumaka Industries Limited and is not dealt with in the Company's accounts:		
	(a) Profit/(Loss) for the financial year ended March 31, 2013 of the subsidiary's	:	0.00
	(b) Profit/(Loss) for the previous financial years of the subsidiary since it became a subsidiary of Kumaka Industries Limited	:	Rs. 82,29,82,274
<b>6</b>	Net aggregate amount of loss of the subsidiary so far as dealt with or provision is made for those profit/(loss) in the accounts of M/s. Kumaka Industries Limited		
	(a) For the subsidiary's financial year ended March 31, 2013	:	Not Applicable
	(b) For its previous financial years since it became a subsidiary of Kumaka Industries Limited	:	Not Applicable

**Information pertaining to Subsidiary Company.**

Sr. No.	Particulars	Kadakia Alkalies and Chemicals Limited.
1	Share capital	9,50,00,000
2	Reserves and surplus	(69,29,82,274)
3	Total assets (investment)	1,03,841
4	Total liabilities	1,03,841
5	Turnover	0
6	Profit/(Loss) before taxation	0
7	Provision for taxation	0
8	Proposed dividend	0

For **BHATT THAKKER & CO.**  
**CHARTERED ACCOUNTANTS**

**M. L. Thakker**  
PARTNER  
(M.N. 044517)  
Firm Reg. No. 124010W

Vadodara : 28th May, 2013

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

<b>Mr. Pankaj M Kadakia</b>	Chairman & Managing Director
<b>Mr. K. S. Tandon</b>	Director
<b>Dr. Dhananjay Panchal</b>	Director
<b>Miss Prachi Saraiya</b>	Company Secretary

Vadodara : 28th May, 2013

**KADAKIA ALKALIES & CHEMICALS LIMITED****DIRECTORS' REPORT**

To,

The Members,

Your Directors present herewith their 26<sup>th</sup> Annual Report and Audited Statement of Account for the period ended 31<sup>st</sup> March, 2013.

**Financial Results:**

(In Rupees)

	2012-13	2011-12
Sales and Other Income	Nil	10,30,745
Profit/(Loss) before Interest & Depreciation	Nil	10,30,745
Add / Less : Interest		
Depreciation	Nil	48,449
Profit / (Loss) before Tax	Nil	10,30,745
Provision for Taxation	Nil	Nil
Net profit/(Loss) for the year	Nil	10,30,745

**Dividend:**

In view of no income, your Directors do not recommend payment of dividend to the members for the year under review.

**Operations:**

During the year there were no operations.

**Directors' Responsibility Statement :**

In terms of Section 217(2AA) of the Companies Act, 1956, the Directors would like to state that:-

- in the preparation of the annual accounts, the applicable accounting standards have been followed.
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year.
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- the Directors have prepared the Annual Accounts on a going concern basis.

**Directors :**

Mr. Bharat Parikh, the Director retires by rotation, however, being eligible offers himself for reappointment.

**Shifting of Registered Office :**

In terms of the approval of the Shareholders and consequent upon the receipt of Regional Director, Western Region, Mumbai, received on 28-2-2013, the Company has shifted its Registered Office from Vadodara, in the State of Gujarat to the city of Mumbai in the State of Maharashtra so as to run business economically, efficiently and advantageously, also to add lots of administrative convenience with no additional operational cost.

**Energy, Technology & Foreign Exchange :**

Information under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 is not annexed as the Company has not undertaken any activity during the year under review.

**Particulars of Employees :**

During the year, there were no employees whose information are required to be given as per Section 217(2A) read with Companies (Particulars of Employees) Rules 1975 as amended.

**Auditors:**

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

**Fixed Deposit:**

The Company has not accepted deposits from the public, during the year under review.

**Acknowledgements:**

Your Directors wish to place on record their appreciation of the co-operation received by the Company from the Government Authorities and all other concerned for furtherance of interest of the Company.

**For and on behalf of the Board**

**Date: 10<sup>th</sup> August, 2013**

**Pankaj M. Kadakia**

**Place: Vadodara**

**Chairman**

## KADAKIA ALKALIES & CHEMICALS LIMITED

### AUDITORS' REPORT

**TO,  
THE MEMBERS,  
KADAKIA ALKALIES AND CHEMICALS LTD,  
MUMBAI**

We have audited the attached Balance Sheet of KADAKIA ALKALIES AND CHEMICALS LIMITED as at 31<sup>st</sup> March, 2013 and also the profit and Loss account for the period ended on that date annexed thereto. These financial statements are the responsibility of the company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 and according to the information and explanations given to us during the course of audit and on the basis of such checks as were considered appropriate we give in the said information in the annexure forming part of this report, as specified in Paragraphs 4 & 5 of the said Order.

Further to our comments as above, we report that :

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- iii) The Balance sheet and profit and loss Account dealt with by this report are in agreement with the books accounts.
- iv) In our opinion, the Balance sheet and profit and loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the companies Act 1956.
- v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2013, and taken on record by the Board of Directors, we report that None of the directors are Not disqualified as on 31<sup>st</sup> March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to note 5 of schedule 19 regarding the preparation of accounts on going concern assumption 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.
- vii) In the case of the Balance Sheet, of the state of affairs, of the company as at 31<sup>st</sup> March, 2013; and
  - i) In the case of the Balance sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2013; and
  - ii) In the case of Profit and Loss Account, of the loss for the period ended on that date.

**for BHATT THAKKER & CO.  
CHARTERED ACCOUNTANTS**

**M.L. THAKKER  
PARTNER  
(MN 044517)**

**Firm Reg. No. 124010W**

**PLACE : VADODARA.**

**DATE : 28/05/2013.**

## KADAKIA ALKALIES & CHEMICALS LIMITED

### Annexure referred to in the Auditors' Report.

- (i) (a) The Fixed Assets Register was not available for our verification during the Year Under Audit & Hence we are unable to verify whether the Company has updated or not updated the records showing full particulars including quantitative details and situation of fixed assets.
- (b) These fixed assets are not physically verified by the management at reasonable intervals;
- (c) The Company has disposed of a substantial part of fixed asset during the year.
- (ii) The stock of Finished Goods, Stores and consumables was NIL and therefore information required by this clause is not given.
- (iii) (a) The Company has not taken any loans, secured or unsecured from companies or parties except from the holding company, This loan is free of interest. The amount of loan outstanding as on 31-03-2013 is Rs.5976.15 lacs.
- (b) The Company has granted any loans or advances in nature of loan to the companies parties listed in the register maintained under section 301 of companies Act 1956.
- (iv) There is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of stock of Finished Goods, Raw materials, stores and consumables and Trading Material and fixed assets and for the sale of goods :
- (v) As per information available and produced for the verification during the course of audit and to the best of our knowledge the transactions that need to be entered into a register in pursuance of section 301 of the Act have been so entered. Each of these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted deposits from the public and provisions of sections 58A and 58AA of the Act and the rules framed there under are not applicable.
- (vii) The company does not have an internal audit system:
- (viii) Maintenance of cost records has been prescribed by the Central Government under clause (d) of Sub-section (1) of section 209 of the Act in respect of Caustic Soda Manufactured by the company. the records are not maintained as required by the provisions of section 209 (1) (d).
- (ix) (a) According to the records of the company and subject to method of accounts consistently follow by it, no undisputed amount except amount payable to the appropriate authorities in respect of provident Fund and Income-tax were outstanding as on 31-03-2013 for the period of six months from the date they become payable, all were Transferred to Holding Company.
- (ix) (b) In case of dues of Sales tax & Income Tax dues also the same were transferred to holding Company. Also Refer Notes on Contingent Liability for further details.
- (x) (a) The Company has the accumulated losses at the end of the financial year in excess of its Net worth and hence it is a Sick Industrial Company.
- (xi) (a) The Company has transferred the Chlor – Alkali division to Holding company M/s. Kumaka Industries Limited along with all assets and liabilities. Company.
- (xii) According to the Information & Explanation given to us, the Company has not granted Loans and Advances on the basis of security by way of pledge of Shares, Debentures And other Securities.
- (xiii) According to the Information & Explanation given to us, the Company is not a Chit Fund or a nidhi / Mutual benefits Fund / Society. Therefore the Provisions of Clause 4 (xiii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- (xiv) According to the Information & Explanation given to us, the Company is not dealing or Trading in Shares, Securities, Debentures & other investments. Accordingly, the Provisions of Clause 4 (xiv) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- (xv) According to the Information & Explanation given to us, The Company has not given any guarantee for loans taken by others from Bank or Financial Institutions.
- (xvi) According to the Information & Explanation given to us by the management, The Company has not taken any term loans during the year and as such the information required by this para is not applicable.
- (xvii) The Company has not taken any term loans on short- term basis during the year.
- (xviii) 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,
- (xix) The Company has not issued any Debentures during the Year under Audit.
- (xx) The Company has not raised any Monies by way of Public Issue during the Year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanation given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our Audit.

for **BHATT THAKKER & CO.**  
**CHARTERED ACCOUNTANTS**

**M.L. THAKKER**  
**PARTNER**  
**(MN 044517)**  
**Firm Reg. No. 124010W**

**PLACE : VADODARA.**  
**DATE : 28/05/2013.**

**KADAKIA ALKALIES & CHEMICALS LIMITED**

**BALANCE SHEET AS AT 31ST MARCH, 2013**

Amount (in Rs.)

PARTICULARS	Note No.	31.03.2013	31.03.2012
<b>(A) EQUITY AND LIABILITIES:</b>			
<b>1) SHAREHOLDERS' FUNDS :</b>			
a) Share Capital	3	95000000.00	95000000
b) Reserve & Surplus	4	(692982274.35)	(692982274)
<b>2) SHARE APPLICATION MONEY PENDING ALLOTMENT</b>			
		NIL	NIL
<b>3) NON-CURRENT LIABILITIES :</b>			
(a) Long-term borrowings		NIL	NIL
(b) Deferred tax liabilities (net)		NIL	NIL
(c) Other long-term liabilities		NIL	NIL
(d) Long-term provisions		NIL	NIL
<b>4) CURRENT LIABILITIES :</b>			
(a) Short-term borrowings	5	597614973.00	597614973
(b) Trade payables	6	471142.35	471142
(c) Other current liabilities	7	NIL	1834034
(d) Short-term provisions		NIL	NIL
<b>TOTAL Rs.</b>		<b>103841.00</b>	<b>103841</b>
<b>(B) ASSETS :</b>			
<b>1) NON-CURRENT ASSETS</b>			
(a) Fixed assets (Net Block)			
(i) Tangible assets	8	NIL	NIL
(ii) Intangible assets		NIL	NIL
(iii) Capital work-in-progress		NIL	NIL
(b) Non-current investments	9	5000.00	5000
(c) Deferred tax assets (net)		NIL	NIL
(d) Long-term loans and advances	10	93945.00	93945
(e) Other non-current assets		NIL	NIL
<b>2) CURRENT ASSETS :</b>			
(a) Current investments		NIL	NIL
(b) Inventories		NIL	NIL
(c) Trade receivables		NIL	NIL
(d) Cash and cash equivalents	11	4896.00	4896
(e) Short-term loans and advances		NIL	NIL
(f) Other current assets		NIL	NIL
<b>TOTAL Rs.</b>		<b>103841.00</b>	<b>103841</b>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	2		
The Notes referred to above form an integral part of the Financial Statements.			
This is the Balance Sheet referred to in our Audit Report of even date.			

AS PER OUR REPORT OF EVEN DATE

For **BHATT THAKKER & CO.**  
**CHARTERED ACCOUNTANT**

**M. L. Thakker**  
PARTNER  
(M.N. 044517)  
Firm Reg. No. 124010W

Vadodara : 28th May , 2013

For and on Behalf of the Board,

**Pankaj M Kadakia**  
Director

**Mr. Bharat A. Parikh**  
Director

Vadodara : 28th May , 2013

**KADAKIA ALKALIES & CHEMICALS LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

Amount (in Rs.)

PARTICULARS	Note No.	31.03.2013	31.03.2012
<b>INCOME :</b>			
<b>I. REVENUE FROM OPERATIONS</b>			
Revenue from Operations (Gross)		NIL	NIL
Less : Excise Duty		NIL	NIL
Revenue from Operations (Net)		NIL	NIL
<b>II. OTHER INCOME</b>	<b>12</b>	0.00	1030745
<b>III. TOTAL REVENUE (I+II) Rs.</b>		<b>0.00</b>	<b>1030745</b>
<b>EXPENSES :</b>			
(a) Cost of materials consumed		NIL	NIL
(b) Purchases of stock-in-trade		NIL	NIL
(c) Changes in Inventories		NIL	NIL
(d) Employee benefits expense		NIL	NIL
(e) Finance costs		NIL	NIL
(f) Depreciation and amortisation expense		NIL	NIL
(g) Other expenses:			
- Administration, Selling & Other Expenses		NIL	NIL
- Loss on Sale of Fixed Assets		NIL	NIL
<b>IV. TOTAL EXPENSES Rs.</b>		<b>NIL</b>	<b>0</b>
<b>V. PROFIT BEFORE EXCEPTIONAL/EXTRAORDINARY ITEMS AND TAX</b>		NIL	1030745
<b>VI. EXCEPTIONAL &amp; EXTRA-ORDINARY ITEMS</b>		NIL	NIL
<b>VII. PROFIT BEFORE TAX</b>		<b>0.00</b>	<b>1030745</b>
<b>VIII. TAX EXPENSE:</b>			
(a) Current Tax		NIL	NIL
(b) Tax Expense - Prior Period		NIL	NIL
		NIL	NIL
<b>IX. NET PROFIT (LOSS) AFTER TAX FOR THE PERIOD</b>		<b>0.00</b>	<b>1030745</b>
<b>X. EARNING PER SHARE (Equity Share of Face Value of Rs.10/- each)</b>			
<b>Basic &amp; Diluted Earning Per Equity Share (in Rs.)</b>		<b>0.00</b>	<b>0.11</b>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	<b>2</b>		
The Notes referred to above form an integral part of the Financial Statements			
This is the Profit and Loss Account referred to in our Audit Report of even date.			

AS PER OUR REPORT OF EVEN DATE

For **BHATT THAKKER & CO.**  
**CHARTERED ACCOUNTANT**

**M. L. Thakker**  
PARTNER  
(M.N. 044517)  
Firm Reg. No. 124010W

Vadodara : 28th May , 2013

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

**Pankaj M Kadakia**  
Director

**Mr. Bharat A. Parikh**  
Director

Vadodara : 28th May , 2013

## KADAKIA ALKALIES & CHEMICALS LIMITED

### **NOTE NO.1:**

#### **CORPORATE INFORMATION :**

Name of the Company : **KADAKIA ALKALIES & CHEMICALS LIMITED.**  
Registered Office : 209, 2nd Floor, Marine Chambers, 43, New Marine Lines, Churchgate, Mumbai-400 020  
Nature of Business : Manufacturing of Chemicals

### **NOTE NO.2 :**

#### **SIGNIFICANT ACCOUNTING POLICIES :**

##### **2.1. General :**

The accounting policies not specifically referred to otherwise, are consistent and in consonance with the generally accepted accounting principles.

##### **2.2. Basis of Accounting :**

The financial statements are prepared under the historical cost convention on accrual basis and in conformity with all material aspects with the Accounting Standards issued by the Institute of Chartered Accountants of India and the requirements of the Companies Act, 1956.

##### **2.3. Use of estimates :**

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the Financial Statements and reported amount of revenues and expense during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

##### **2.4. Inventories :**

(i) Raw materials, stores and spares and packaging material are valued at landed cost on FIFO basis. (ii) Semi-finished goods are valued at cost / transfer price of raw materials consumed in process and cost of conversion incurred to bring the inventory to its present location, however in the current year it is accounted on Net Realisable Value. (iii) Finished goods are valued at Net Realisable Value. (iv) Residual and by products generated during the process of production are valued at Net Realisable Value except in cases where there is no certainty of Realisation. (v) Trading goods are valued at Realisable value

##### **2.5. Cash and cash equivalents (for purposes of Cash Flow Statement) :**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amount.

##### **2.6. Cash flow statement :**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

##### **2.7. Depreciation and Amortisation :**

The Depreciation is provided on straight line method by applying rates prescribed under schedule XIV of the companies Act 1956 to the W.D.V. as on 31st March, 1990 and on actual cost of acquisition after that date. Depreciation on addition / deletion to the assets during the year is provided on pro-rata basis. **No Depreciation on Fixed Assets has been Provided as the Assets are not in Usable Condition and they have not been used for the business of the Company.**

##### **Impairment of Assets**

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

##### **Intangible Assets**

It is the Policy of the Company to state the Intangible Assets at cost of acquisition Less accumulated amortisation. Technical know how is amortised over useful life of the underlying plant. However there are no Intangible Assets accounted till year end in the Company's Accounts.

##### **2.8. Revenue Recognition :**

Revenue in respect of insurance claims, interest and other claims is recognised when it is reasonably certain that the ultimate collection will be made. The company values its secret formula know-how Designs & Proprietary items in the books of accounts based on the valuation of the same by approved valuer and when it is reasonably certain that the ultimate collection will be made.

Revenue from the sale of goods are recognized by the passage of title of the goods to the customers - which generally coincides with the despatch / supply / delivery of the goods.

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

##### **2.9. Other Income :**

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

##### **2.10. Fixed Assets :**

Fixed Assets are stated at cost of acquisition including cost which are incidental and attributable for bringing the assets to its working condition for its intended use, less accumulated depreciation.

Fixed assets are stated at cost of acquisition / construction net of Cenvat credit on capital goods but inclusive of inward freight, duties and taxes, incidental expenses related to acquisition and, interest incurred up to the date of commercial production. The figures of land and building, which have been revalued during the accounting year 1994-95, are on the basis of the valuation report of an approved valuer. Fixed Assets sold during the year were accounted and reduced from gross block, accumulated depreciation and depreciation revaluation reserve. Reserve were reversed on pro-rata basis.



Capital work-in-progress:

There is No Capital Work In Progress at year end.

However there are no Intangible Assets accounted till year end in the Company's Accounts.

**2.11. Foreign currency transactions and translations :**

Treatment of exchange differences

Transactions in foreign exchange are recognised at exchange rates prevailing at the time of transaction. The gain / loss arising on settlement during the year is recognised in the profit and loss account on remittance / realisation of the amount.

Duty free imports of Raw Materials under Advance Licence for imports as per the import and export policy are matched with the exports made against the said licence and the net benefit / obligation is accounted by making suitable adjustments in the raw material consumption.

The benefits accrued under the duty entitlement pass book scheme as per the import and export policy in respect of exports made under the said scheme have been included under the head "export incentives".

However there is no Export during the year.

**2.12. Investments :**

The Long Term Investments in the nature of Trade Investments made by the Company have been valued at cost. There is diminution in the value of investments; but the Company has made necessary provision for the diminution in the value of investments as per the requirements of Accounting Standard 13 on Investment as notified by ICAI..

Long term Investments are stated at cost, except where there is diminution in value other than temporary, in which case the carrying value is reduced to recognise the decline. Current investments are stated at lower of cost and fair value computed category-wise.

**2.13. Employee benefits :**

Short-term employee benefits

Short Term Employee Benefits are charged off at the undiscounted amount in the year in which the related services is rendered.

Long-term employee benefits

Long Term Employee Benefits and Post Employment Benefits are charged off in the year in which the employee has rendered services. The Amount charged off is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gain & loss in respect of post employment and other long term benefits are charged to profit & loss Account. The Provident Fund & Pensions contributions are made to a government administered Provident Fund towards which the company has no further obligations beyond its monthly contributions.

Retirement Benefits

The Company's contribution to Provident Fund is charged against revenue every year. In respect of gratuity, the Company has created approved gratuity trust and Company every year provides towards differential liability on the basis of Estimation Provision for leave encashment is not made. Management does not anticipate any further liability in the future on this account.

**2.14. Borrowing Costs :**

Borrowing cost that are directly or indirectly attributable to the acquisition, construction or production of an asset is capitalised upto the date these assets are put to intended use. Borrowing cost after the assets are put to intended use and incurred for the operations of the company is recognised as an expense in the period in which they are incurred.

**2.15. Segment Reporting :**

The Company is engaged in manufacture of chemicals, which as per Accounting Standard - As 17 is considered the only reportable business segment. The geographical segmentation is not relevant, as exports are in significant.

**2.16. Accounting for Taxes on Income:**

Taxes on Income are accounted for in accordance with Accounting Standard 22 on "Accounting for Taxes on Income" (AS 22) issued by the Institute of Chartered Accountants of India.

Income tax expenses comprises of current tax and deferred tax charge or credit. Provision for current tax is to be made on the basis of estimated tax payable for the year as per the applicable provisions of the IncomeTax Act.

The deferred tax charge or credit is recognized using current tax rate. Deferred tax asset is recognized only if there is sufficient evidence that future taxable income will be available. Deferred Tax is recognized subject to consideration of prudence, on timing differences that originate in one period and are capable of reversal in one or more subsequent period between taxable income and accounting income. Deferred Tax adjustments in terms of accounting standard 22 resulting from timing differences is not considered in the books of accounts as operations of the company are severely curtailed and no immediate benefit or claim is expected to arise in near future. However the Company doesn't have profit after considering the previous Losses & hence No Tax Liability including Deferred Tax is worked out.

**2.17. Research and Development Expenses :**

Research and development costs (other than costs of fixed assets acquired) are charged as an expense in the year in which they are incurred and are reflected under the appropriate heads of accounts.

However, there is no such Expenditure during the year.

**2.18. Provisions and Contingencies :**

Provisions are recognized when the company has a present legal or constructive as a result of past events and it is probable that an obligation of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

Contingent Liabilities are stated by way of notes to the Balance Sheet. Provision is made in the accounts in respect of those liabilities which are likely to materialise after the year end, till the finalisation of accounts and have material effect on the position stated in the balance sheet

The Central Government vide its letter dated 8th February 2007, has permitted the Company with effect from 1st December 2006 to pay remuneration to its Managing Director in excess of the limits prescribed under section 309 (3) and 198 (1) of the Companies Act 1956. Accordingly the Company has to provided remuneration to the Managing Director as per the permission granted by the Central Government. However, no provision made

## KADAKIA ALKALIES & CHEMICALS LIMITED

because of insufficient Profit.

### 2.19. Pre-Operative Expenditure :

Pre-operative Expenditure is carried forward to be capitalised and apportioned to various assets on commissioning of the project.

### 2.20. Service tax/ Excise & Cenvat :

#### Excise :

Excise duty payable on company's products is accounted on production thereof.

#### Cenvat :

Cenvat credit available on raw material / inputs is accounted on accrual basis on consumption of materials and appropriated against payment of Excise Duty payable on clearance of finished goods. Consumption of Raw Material / Inputs is accordingly net of such cenvat credit. Cenvat Credit available on capital goods are appropriated after commissioning of the item / project as payment of excise duty payable on clearance of finished goods from factory premises,

The Capital goods are stated net of Cenvat Credit.

### 2.21. Deferred Revenue Expenditure & Preliminary Expenditure. :

Deferred Revenue Expenses is written off over 3 / 5 years and balance is carried forward under the head Miscellaneous Expenditure in the Balance Sheet.

### 2.22. Related Party Transaction :

As required by Accounting Standard AS - 18 "Related Parties Disclosure" Disclosure is made

Only of the Related Parties with whom Transactions are entered During the Current

Financial Year & the details of the same are as follows:

List of Related Parties with whom Transactions are entered during the Current

Financial Year are as under (more than 20% control led by the Directors and Relatives.)

#### A. Associated companies

Kumaka Industries Limited  
Aqua Alco- Biotech Pvt.Ltd  
Ashok Cellulose Limited  
Ashok Brothers  
USM Enterprise

#### B. Key Management Personnel and Relatives

Mr. Pankaj M Kadakia

#### C. Relatives of Key Management Personnel

Mrs.Madhavi Pankaj Kadakia (Wife of Mr. Pankaj M Kadakia)  
Mr. Shyam Pankaj Kadakia (Son of Mr. Pankaj M Kadakia)

#### D. Details of transaction upto the Previous Year with related parties are as follows:

Rs. in Lacs

Particulars	Associates	Key Mgt.	Relative
Purchase of goods & services	4.71	Nil	Nil
Sale of goods & services	Nil	Nil	Nil
Remuneration and sitting fees	Nil	Nil	Nil
Finance(including loans and equity contributions in cash or in kind)	2250.00	Nil	Nil
Rent and Lease payments in Provisions	Nil	Nil	Nil
Debts due to the company(Loans & Advances)	0.94	Nil	Nil
Debts due to the company(Sundry Debtors)	Nil	Nil	Nil
Debts payable by the Company	5976.15	Nil	Nil

Cenvat credit not recouped in payment of excise duty on the dispatches of products, to the extent usable, is treated as Cenvat credit receivable and shown under " Loans & Advances".

As Per Our Report Of Even Date

For **BHATT THAKKER & CO.**  
**CHARTERED ACCOUNTANT**

**M. L. Thakker**  
PARTNER  
(M.N. 044517)  
Firm Reg. No. 124010W

Vadodara : 28th May , 2013

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

**Pankaj M Kadakia**  
Director

**Mr. Bharat A. Parikh**  
Director

Vadodara : 28th May , 2013

**KADAKIA ALKALIES & CHEMICALS LIMITED**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

	31.03.2013 Amount (Rs.)	31.03.2012 Amount (Rs.)
<b>NOTE NO.3</b>		
<b>SHARE CAPITAL :</b>		
(i) <b>Authorised Share Capital :</b>	100,000,000.00	100,000,000
<b>NOTE NO.3</b>		
<b>SHARE CAPITAL :</b>		
(i) <b>Authorised Share Capital :</b> [1,00,00,000 Equity Share @ Rs.10/- each. ]	100,000,000.00	100,000,000
(ii) <b>Issued, Subscribed &amp; Paid-up Capital :</b> [95,00,000 Equity Share @ Rs.10/- each fully paid-up. ]	95,000,000.00	95,000,000
	<b>95000000.00</b>	<b>95000000</b>
<b>3.1 Details of Shares issued for consideration other than Cash, Bonus Shares issued and Shares Bought Back by the Company during the period of preceeding 5 years i.e. 1.04.2007 to 31.03.2012</b>	NIL	NIL
<b>3.2 Reconciliation of number of shares and amount outstanding at the beginning and end of the year:</b> Equity shares of Rs.10/- each with voting rights fully paid-up:		
	<b>31.03.2013</b>	<b>31.03.2012</b>
	No. of Shares	Amount (Rs.)
	No. of Shares	Amount (Rs.)
Equity shares outstanding at the beginning of the year	9500000	95000000.00
Fresh Issue/ESOP/ Bonus Issue of Shares	NIL	NIL
Redemption/ Buy Back of Shares	NIL	NIL
Equity shares outstanding at the end of the year	9500000	95000000.00
<b>3.3 All the equity shares issued by the Company rank pari passu in terms of rights as to dividend, repayment of capital and voting rights attached to such shares.</b>		
<b>3.4 Details of Shareholders holding more than 5% Equity shares in the Company:</b>		
	<b>31.03.2013</b>	<b>31.03.2012</b>
	No. of Shares	% of Holding
	No. of Shares	% of Holding
1. Kumaka Industries Ltd.	9500000	100.00%
	9500000	100.00%
<b>NOTE NO.4</b>		
<b>RESERVES &amp; SURPLUS:</b>		
<b>a) Depreciation Reserve :</b>		
Opening balance	NIL	NIL
Add: Additions/Transfer during the year	NIL	NIL
Less: Utilised / transferred during the year	NIL	NIL
Closing balance (a)	<b>NIL</b>	<b>NIL</b>
<b>b) Share Premium Account:</b>		
Opening balance	130000000.00	130000000
Add: Additions/Transfer during the year	NIL	NIL
Less: Utilised / transferred during the year	NIL	NIL
Closing balance (b)	<b>130000000.00</b>	<b>130000000</b>
<b>c) Surplus (Deficit) in Profit and Loss Statement:</b>		
Opening balance	(822982274.35)	(824013019)
Add: Profit / (Loss) for the year	0.00	1030745
Amounts transferred from General Reserve	NIL	NIL
	(822982274.35)	(822982274)
Less : Proposed Dividend & Tax thereon	NIL	NIL
Amounts transferred to General Reserve	NIL	NIL
Closing balance of Profit and Loss Statement (c)	<b>(822982274.35)</b>	<b>(822982274)</b>
<b>Total (a) + (b) + (c) Rs.</b>	<b>(692982274)</b>	<b>(692982274)</b>

**KADAKIA ALKALIES & CHEMICALS LIMITED**

	31.03.2013 Amount (Rs.)	31.03.2012 Amount (Rs.)
<b>NOTE NO.5:</b>		
<b>SHORT TERM BORROWINGS:</b>		
(a) <b>Loans repayable on Demand:</b>	NIL	NIL
(b) <b>Loans and Advances from Related Parties:</b>		
Loans from Holding Company - Kumaka Industries Ltd.	597614973.00	597614973
<i>(Interest free Unsecured Loans - for which no repayment schedule has been fixed and hence considered as repayable on demand.)</i>		
(c) <b>Deposits:</b>	NIL	NIL
(d) <b>Other Loans and Advances:</b>	NIL	NIL
	<b>597614973.00</b>	<b>597614973</b>
<p>In the opinion of the Board of Directors, 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 balances are subject to confirmation from the parties.</p>		
<b>NOTE NO.6:</b>		
* <b>TRADE PAYABLES:</b> (Annexure 2)		
Sundry Creditors for Goods		
Micro Small & Medium Enterprises (MSME)	NIL	NIL
Parties other than MSME Units	471142.35	471142
(Other than Long Term Trade Payables)		
	<b>471142.35</b>	<b>471142</b>
<p>The balances are subject to confirmation from the parties.</p> <p>The Balance Confirmation Certificate at the Year End were Not Obtained by the Company in case of all the Creditors, Sister Concern, Associate Concern, Directors , Director Relative Account. 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 based on the information available with the Company in respect of the status the suppliers, being Small Scale Industrial Undertaking, the information carried for by the company has not been received and as such liability for amount owed including interest in excess of Rs. 100000/- for such supplier has not been given.</p>		
<b>NOTE NO.7:</b>		
<b>OTHER CURRENT LIABILITIES:</b>		
(a) <b>Current maturities of long-term debt:</b>	NIL	NIL
(b) <b>Loans and Advances from Related Parties:</b>	NIL	NIL
(c) <b>Other Current Liabilities: (Refer Annexure 3)</b>		
(i) Advances from Parties	NIL	NIL
(ii) Other Liabilities	NIL	NIL
	<b>NIL</b>	<b>NIL</b>
<p>In the opinion of the Board of Directors, the Other Current Liabilities are approximately of the value stated in the Balance Sheet, if realised in the ordinary course of business. The balances are subject to confirmation from the parties. During the Year under Audit the Company has W/OFF and W/BACK Outstanding Balance in Unsecured Loan,Other Liability. The Balance Confirmation Certificate at the Year End were Not Obtained by the Company in case of all the Creditors, Sister Concern, Associate Concern, Directors , Director Relative Account. Provision for taxation is not required to be made as there is no taxable income as per the provisions of the Income Tax Act,1961.</p>		

**KADAKIA ALKALIES & CHEMICALS LIMITED**

	31.03.2013 Amount (Rs.)	31.03.2012 Amount (Rs.)
<b>NOTE NO.9 :</b>		
<b>NON-CURRENT INVESTMENTS:</b>		
<b>(A) Trade Investments:</b>		
(a) Investment Properties	NIL	NIL
(b) Investment in Equity instruments:	NIL	NIL
(c) Other non-current investments:	NIL	NIL
<b>Total (A)</b>	<b>NIL</b>	<b>NIL</b>
<b>(B) Other Investments: (Non-Trade)</b>		
(a) Investment in Equity instruments:	NIL	NIL
(b) Investment in Govt. Securities : (Good) National Savings Certificates	5000.00	5000
(c) Other non-current investments: (Good)	NIL	NIL
<b>Total (B)</b>	<b>5000.00</b>	<b>5000</b>
<b>Grand Total (A + B)</b>		
Less : Provision for diminution in the value of Investments	NIL	NIL
<b>Total</b>	<b>5000.00</b>	<b>5000</b>
<b>Other Disclosures relating to Investments:</b>		
1. Aggregate amount of quoted investments	NIL	NIL
2. Aggregate amount of unquoted investments	5000.00	5000
3. Details of Trade Investment :		
There is No trade Investment by the Company. Hence No Comments.		

**NOTE NO.8:**

**FIXED ASSETS:**

**TANGIBLE ASSETS:**

Name of Asset	GROSS BLOCK (AT COST )					DEPRECIATION BLOCK				NET BLOCK	
	Rate of Depn.	As at 01.04.2012	Additions	Disposal/ Adjustment	As at 31.03.2013	Upto 31.03.2012	For 2012-13	Depn. W. Back	Upto 31.03.2013	As at 31.03.2012	As at 31.03.2013
Building	3.34%	0	NIL	NIL	0	0	NIL	NIL	0	0	0
Plant & Machinery	1.63%	0	NIL	NIL	0	0	NIL	NIL	0	0	0
Furniture Fixtures	4.75%	0	NIL	NIL	0	0	NIL	NIL	0	0	0
Vehicles	13.91%	0	NIL	NIL	0	0	NIL	NIL	0	0	0
Total Rs.		0	NIL	0	0	0	0	0	0	0	0
Previous Year		7456634	NIL	7456634	0	6776906	0	6776905	0	679729	0

During the Year under Audit the Company has Accounted for Advance from K.PACQUA PRODUCTS PVT. LTD. Towards Sale of All Fixed Assets and Profit on Sale is Accounted as Other Income.

The Fixed Assets Register is required to be Produced before us for our verification.

**KADAKIA ALKALIES & CHEMICALS LIMITED**

	31.03.2013 Amount (Rs.)	31.03.2012 Amount (Rs.)
<b>NOTE NO.10:</b>		
* <b>LONG TERM LOANS &amp; ADVANCES:</b>		
a. Capital Advances	NIL	NIL
b. Security Deposits:		
- Deposit with Suppliers & Others	NIL	93311
c. Loans and advances to related parties:		
- Interest-free Loan/Advance to Subsidiary Co.	NIL	NIL
- Interest-free Loan/Advance to Other Related Parties	93945.00	93945
d. Other loans and advances (specify nature)		
Advances recoverable in Cash/Kind	NIL	NIL
	93945	NIL
Less: Provision for doubtful loans and advances	NIL	NIL
<b>Total Amount Rs.</b>	<b>93945</b>	<b>93945</b>
<b>Other Disclosures relating to Long Term Loans &amp; Advances:</b>		
<b>Loans granted to:</b>		
Directors	NIL	NIL
Other officers of the Company	NIL	NIL
Company which is a subsidiary of the Company	NIL	NIL
Firm in which director is a partner	NIL	NIL
Private Company in which director is a member	NIL	NIL
Other Related Parties	93945.00	93945.00
<p>In the opinion of the Board of Directors, 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 balance of Sundry debtors includes overdue balance from various parties and also efforts are being made for recovery from such parties. The balances are subject to confirmation from the parties.</p> <p>During the Year under Audit the Company has W/OFF and W/BACK Outstanding Balance in Loan and Advances Account The Balance Confirmation Certificate at the Year End were Not Obtained by the Company in case of all the Sister Concern, Associate Concern, Directors , Director Relative Account.</p> <p>Please Refer Notes on Accounting Policies wherein as per requirements of AS-18 for Related Parties Transaction were mentioned in Details on Point No.2.22.</p>		
<b>NOTE NO.11:</b>		
<b>CASH AND CASH EQUIVALENTS:</b>		
A. BALANCE WITH BANKS:		
Earmarked Balances	NIL	NIL
Margin Money Deposits as Security against Borrowings:		
TDR with Dena Bank	NIL	NIL
Balance in Current Accounts with Banks:	NIL	NIL
B. CHEQUES, DRAFTS ON HAND:	NIL	NIL
C. CASH BALANCE ON HAND:	4896.00	4896
	<b>4896.00</b>	<b>4896</b>
<p>The Company has to obtained closing Bank Balance Certificate of the Bank at the year end i.e. as of 31-03-2013. During the Year under Audit Bank Balances including Margin Money FD were Written Off by transferring the Same into Profit &amp; Loss Account.</p> <p><b>Additional Notes Forming Part of Balance -Sheet And Profit &amp; Loss Account.</b></p> <p>01. The Company has transferred the Chlor-alkali Unit, with all its assets and liabilities on going concern basis at cost, including Contingent Liability to Kumaka Industries Limited, Holding Company effective from 1st June 2005.</p> <p>02. Provision for taxation is not required to be made as there is no taxable income as per the provision of Income Tax Act, 1961.</p> <p>03. In Respect of Previous Years Figures : The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. The Revised Schedule VI does not require presentation of a reconciliation explaining the impact of the reclassification of the previous year figures in the financial statements. The Previous year's figures have been regrouped / rearranged wherever found necessary.</p>		

**KADAKIA ALKALIES & CHEMICALS LIMITED**

	31.03.2013 Amount (Rs.)	31.03.2012 Amount (Rs.)
<b>NOTE NO.12</b>		
<b>OTHER INCOME:</b>		
Dividend Income	NIL	NIL
Interest Earned on Investments	NIL	NIL
Profit on Sale of Fixed Asset	NIL	768659
Sundry Accounts W/off-Write Back	NIL	262086
Other non-operating income (net of expenses)	NIL	NIL
<b>Total Rs.</b>	<b>NIL</b>	<b>1030745</b>

During the Previous Year the Company has W/OFF and W/BACK Outstanding Balance in Loan and Advances Account and S.Drs.,S.Crs., Investment, Unsecured Loan, Other Liability. The Balance Confirmation Certificate at the Year End were Not Obtained by the Company in case of all the Debtors, Creditors, Sister Concern, Associate Concern, Directors, Director Relative Account.

During the Previous Year the Company has Accounted for Advance from K.P.ACQUA PRODUCTS PVT. LTD. Towards Sale of All Fixed Assets and Profit on Sale is Accounted as Other Income.

AS PER OUR REPORT OF EVEN DATE

For **BHATT THAKKER & CO.**  
**CHARTERED ACCOUNTANT**

**M. L. Thakker**  
PARTNER  
(M.N. 044517)  
Firm Reg. No. 124010W

Vadodara : 28th May , 2013

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

**Pankaj M Kadakia**  
Director

**Mr. Bharat A. Parikh**  
Director

Vadodara : 28th May , 2013

**KADAKIA ALKALIES & CHEMICALS LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

Rupees in Lacs

Particulars	For the year ended 31 March, 2013		For the year ended 31 March, 2012	
	Amount(Rs.)	Amount(Rs.)	Amount(Rs.)	Amount(Rs.)
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before extraordinary items and tax	-		1030745	
Adjustments for:				
Depreciation and amortisation	0.00		0	
Provision for impairment of fixed assets and intangibles				
Amortisation of share issue expenses and discount on shares				
(Profit) / loss on sale / write off of assets	-		-1030745	
Expense on employee stock option scheme				
Finance costs				
Interest income				
Dividend income				
Net (gain) / loss on sale of investments		-		0.00
Operating profit / (loss) before working capital changes	-	-	0.00	0.00
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories				
Trade receivables				
Short-term loans and advances				
Long-term loans and advances	-		408,303.00	
Other current assets				
Other non-current assets			-	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables				
Other current liabilities		-	(1,834,034.00)	
Other long-term liabilities		-		
Short-term provisions		-		
Long-term provisions		-		-1,425,731.00
		-		-1,425,731.00
Cash flow from extraordinary items				
Cash generated from operations		-		-1,425,731.00
Net income				-1,425,731.00
Net cash flow from / (used in) operating activities (A)		-		-1,425,731.00
<b>B. Cash flow from investing activities</b>				
Capital expenditure on fixed assets, including capital advances				
Proceeds from sale of fixed assets	-		679,729.00	
Proceeds from sale of long-term investments				
- Subsidiaries				
- Associates				
- Joint ventures				
- Business units				
- Others				
Interest received				
- Subsidiaries				
- Associates				
- Joint ventures				
- Others				
Dividend received				
- Subsidiaries				
- Associates				
- Joint ventures				
- Others				
Rental income from investment properties				
Rental income from operating leases				
Amounts received from partnership firms				
Amounts received from AOPs				



**KADAKIA ALKALIES & CHEMICALS LIMITED**

Amounts received from LLPs			679,729.00	
Cash flow from extraordinary items		-		679,729.00
		-		679,729.00
Net income tax (paid) / refunds		-		
Net cash flow from / (used in) investing activities (B)		-		679,729.00
<b>C. Cash flow from financing activities</b>				
Share application money received / (refunded)	-		695,423.00	
Proceeds from long-term borrowings				
Repayment of long-term borrowings				
Net increase / (decrease) in working capital borrowings				
Proceeds from other short-term borrowings				
Repayment of other short-term borrowings				
Finance cost				
Dividends paid				
Tax on dividend				
Cash flow from extraordinary items	-	-	695,423.00	695,423.00
<b>Net cash flow from / (used in) financing activities (C)</b>		-		695,423.00
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		-		(50,579.00)
Cash and cash equivalents at the beginning of the year		4,896.00		55,475.00
Effect of exchange differences on restatement of foreign currency				
Cash and cash equivalents		-		50,579.00
<b>Cash and cash equivalents at the end of the year</b>		<b>4,896.00</b>		<b>4,896.00</b>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>				
Cash and cash equivalents as per Balance Sheet (Refer Note 19)		4,896.00		4,896.00
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (give details)				
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 19		4,896.00		4,896.00
Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) (Refer Note (ii) to Note 16 Current investments)		-		
Cash and cash equivalents at the end of the year *		4,896.00		4,896.00
* Comprises:				
(a) Cash on hand		4,896.00		4,896.00
(b) Cheques, drafts on hand				
(c) Balances with banks		-		-
(i) In current accounts				
(ii) In EEFC accounts				
(iii) In deposit accounts with original maturity of less than 3 months				
(iv) In earmarked accounts (give details) (Refer Note (ii) below)				
(d) Others (specify nature)				
(e) Current investments considered as part of Cash and cash equivalents (Refer Note (ii) to Note 16 Current investments)				
Notes:				
(i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations.				
(ii) These earmarked account balances with banks can be utilised only for the specific identified purposes.				
See accompanying notes forming part of the financial statements9				

In terms of our report attached.  
For **BHATT THAKKER & CO.**  
**CHARTERED ACCOUNTANT**

**M. L. Thakker**  
PARTNER  
(M.N. 044517)  
Firm Reg. No. 124010W

Vadodara : 28th May , 2013

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

**Pankaj M Kadakia**  
Director

**Mr. Bharat A. Parikh**  
Director

Vadodara : 28th May , 2013

## KUMAKA INDUSTRIES LIMITED

### Consolidated Auditors' Report

To  
The Board of Directors of  
KUMAKA INDUSTRIES LIMITED

1. We have audited the attached Consolidated Balance Sheet of KUMAKA INDUSTRIES LIMITED ("the Company") and its subsidiary (the Company and its subsidiary constitute "the Group") as at March 31, 2013 the Consolidated Statement of Balance Sheet and Profit and Loss Account of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have audited the financial statements of a subsidiary, whose financial statements reflect total assets of Rs.1,03,841 as at March 31, 2013, total revenues of Rs. NIL and net cash outflows amounting to Rs. NIL for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by us whose reports have been furnished and our opinion is expressed.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006. However, during the Current Financial Year the Company doesn't have any Operational Activity. There is One Subsidiary and it doesn't have any Operational Activity, considering this fact, we have enclosed Only Consolidated Balance Sheet And Statement of Profit & Loss without giving Separate Notes forming Part of the Same. However for Detail Please refer the Notes forming Part of Financial Statements with the Separate Financial Statements of Holding & Subsidiary Prepared Individually.
5. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company and its aforesaid subsidiary and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
  - (ii) in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date.

**For Bhatt Thakkar & Co.**  
**Chartered Accountants**

**(M. L. Thakkar)**  
**Partner**  
**M. No. 44517**  
**FRN: 124010W**

Vadodara : 28<sup>TH</sup> May, 2013

**KUMAKA INDUSTRIES LIMITED**

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013**

Amount (in Rs.)

PARTICULARS	Note No.	31.03.2013	31.03.2012
<b>* (A) EQUITY AND LIABILITIES:</b>			
<b>1) SHAREHOLDERS' FUNDS :</b>			
a) Share Capital		215856250.00	215856250
b) Reserve & Surplus		(454768342.52)	(489384337)
<b>2) SHARE APPLICATION MONEY PENDING ALLOTMENT</b>		NIL	NIL
<b>3) NON-CURRENT LIABILITIES :</b>			
(a) Long-term borrowings		NIL	NIL
(b) Deferred tax liabilities (net)		NIL	NIL
(c) Other long-term liabilities		NIL	NIL
(d) Long-term provisions		40768676.00	NIL
<b>4) CURRENT LIABILITIES :</b>			
(a) Short-term borrowings		599248003.00	619134467
(b) Trade payables		1669940.95	763963
(c) Other current liabilities		35366812.60	82805360
(d) Short-term provisions		NIL	NIL
<b>TOTAL</b>		<b>437014011.03</b>	<b>429175704</b>
<b>* (B) ASSETS :</b>			
<b>1) NON-CURRENT ASSETS</b>			
(a) Fixed assets (Net Block)			
(i) Tangible assets		28419909.53	43825983
(ii) Intangible assets		NIL	NIL
(iii) Capital work-in-progress		NIL	NIL
(b) Non-current investments		23608778.57	9500
(c) Deferred tax assets (net)		NIL	NIL
(d) Long-term loans and advances		383864616.09	385325129
(e) Other non-current assets		NIL	NIL
<b>2) CURRENT ASSETS :</b>			
(a) Current investments		NIL	NIL
(b) Inventories		NIL	NIL
(c) Trade receivables		NIL	NIL
(d) Cash and cash equivalents		1315139.84	15092
(e) Short-term loans and advances		329090.00	NIL
(f) Other current assets		NIL	NIL
<b>TOTAL</b>		<b>437014011.03</b>	<b>429175704</b>

\* This is the Consolidated Balance Sheet referred to in our Audit Report of even date.

AS PER OUR REPORT OF EVEN DATE

For **BHATT THAKKER & CO.**  
**CHARTERED ACCOUNTANTS**

**M. L. Thakker**  
PARTNER  
(M.N. 044517)  
Firm Reg. No. 124010W

Vadodara : 28th May, 2013

For and on Behalf of the Board,

**Mr. Pankaj M Kadakia** Chairman & Managing Director

**Mr. K. S. Tandon** Director

**Dr. Dhananjay Panchal** Director

**Miss Prachi Saraiya** Company Secretary

Vadodara : 28th May, 2013

**KUMAKA INDUSTRIES LIMITED**

**CONSOLIDATED STATEMENT OF PROFITANDLOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

Amount (in Rs.)

PARTICULARS	Note No.	2012-13	2011-12
<b>* INCOME :</b>			
<b>I. REVENUE FROM OPERATIONS</b>			
Revenue from Operations (Gross)		NIL	NIL
Less : Excise Duty		NIL	NIL
Revenue from Operations (Net)		NIL	NIL
<b>II. OTHER INCOME</b>			
		61199944.01	12368235
<b>III. TOTAL REVENUE (I+II)</b>			
		<b>61199944.01</b>	<b>12368235</b>
<b>*EXPENSES :</b>			
(a) Cost of materials consumed		NIL	250000
(b) Purchases of stock-in-trade		NIL	NIL
(c) Changes in Inventories		NIL	1594000
(d) Employee benefits expense		5600238.00	878957
(e) Finance costs		1635.80	2306
(f) Depreciation and amortisation expense		691449.00	680141
(g) <u>Other expenses:</u>			
- Administration, Selling & Other Expenses		21594769.00	1403939
- Loss on Sale of Fixed Assets		NIL	257034420
<b>IV. TOTAL EXPENSES</b>			
		<b>2788809.80</b>	<b>261843763</b>
<b>V. PROFIT BEFORE EXCEPTIONAL/EXTRAORDINARY ITEMS AND TAX</b>			
		<b>33311852.21</b>	<b>(249475528)</b>
<b>VI. EXCEPTIONAL &amp; EXTRA-ORDINARY ITEMS</b>			
		NIL	NIL
<b>VII. PROFIT BEFORE TAX</b>			
		<b>33311852.21</b>	<b>(249475528)</b>
<b>VIII. TAX EXPENSE:</b>			
(a) Current Tax		NIL	NIL
(b) Tax Expense - Prior Period		NIL	NIL
		NIL	NIL
<b>IX. NET PROFIT (LOSS) AFTER TAX FOR THE PERIOD</b>			
		<b>33311852.21</b>	<b>(249475528)</b>
<b>X. EARNING PER SHARE (Equity Share of Face Value of Rs.10/- each)</b>			
<b>Basic &amp; Diluted Earning Per Equity Share (in Rs.)</b>		<b>2.76</b>	<b>(20.64)</b>

AS PER OUR REPORT OF EVEN DATE

For **BHATT THAKKER & CO.**  
**CHARTERED ACCOUNTANTS**

**M. L. Thakker**  
PARTNER  
(M.N. 044517)  
Firm Reg. No. 124010W

Vadodara : 28th May, 2013

For and on Behalf of the Board,

**Mr. Pankaj M Kadakia** Chairman & Managing Director  
**Mr. K. S. Tandon** Director  
**Dr. Dhananjay Panchal** Director  
**Miss Prachi Saraiya** Company Secretary

Vadodara : 28th May, 2013

**KUMAKA INDUSTRIES LIMITED**

**KUMAKA INDUSTRIES LTD.**

**(Formerly known as Ashok Organic Industries Limited)**

**Regd. Office :** 209, 2nd Floor, Marine Chambers, 43, New Marine Lines, Churchgate, Mumbai-400 020

**ATTENDANCE SLIP**

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

L.F No. \_\_\_\_\_ No. of Shares held \_\_\_\_\_

**Name and Address of the Member :**

I hereby record presence at the 39<sup>th</sup> Annual General Meeting held on Saturday, 28<sup>th</sup> September, 2013 at 3.00 p.m. at 2<sup>nd</sup> Floor, Kilachand Conference Room, Indian Chamber of Commerce, Church Gate, Mumbai-400 020.

**Signature of Shareholder/Proxy**

**NOTES:**

1. Members / Proxy holder are requested to bring their copies of the Annual Report with them for 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.

**KUMAKA INDUSTRIES LTD.**

**(Formerly known as Ashok Organic Industries Limited )**

**Regd.Office :** 209, 2nd Floor, Marine Chambers, 43, New Marine Lines, Churchgate, Mumbai-400 020

**PROXY**

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

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

being member/member of KUMAKA INDUSTRIES LTD. (Formerly known as Ashok Organic Industries Limited)

hereby appoint \_\_\_\_\_ of \_\_\_\_\_ failing him/

her \_\_\_\_\_ of \_\_\_\_\_ and failing him/her

\_\_\_\_\_ of \_\_\_\_\_ as my / our Proxy to vote for me/us and on my/

our behalf at 39<sup>th</sup> Annual General Meeting to be held on 28<sup>th</sup> September, 2013 at 3.00 p.m. at 2<sup>nd</sup> Floor, Kilachand

Conference Room, Indian Merchant Chamber , Church Gate, Mumbai-400 020, and any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013

Affix  
Revenue  
Stamp  
Re.1.00

BOOK - POST

TO,

*If undelivered, please return to :*

**KUMAKA INDUSTRIES LTD.**

**(Formerly known as Ashok Organic Industries Limited)**

5B, Ramkrishna Chamber, BPC Road, Alkapuri, Vadodara - 390007