



ASHOK ORGANIC INDUSTRIES LIMITED

36th
Annual Report
2009-2010

ASHOK ORGANIC INDUSTRIES LIMITED

**36th ANNUAL REPORT
2009-10**

Board of Directors : Mr.. Pankaj M. Kadakia - Chairman & Managing Director
Mr.. Ashok M. Kadakia - Director
Dr. Anil M. Kadakia - Director
Dr. Nirajan Pandya - Director
Dr. Dhananjay Panchal - Director
Mr. Bharat Parikh - Director (up to 25-05-2010)

Auditors : Bhatt Thakker & Co.
Chartered Accountants,
Vadodara.

Registered Office : 404, Sharda Chambers,
33, New Marine Lines
Mumbai-400 020
Tel. No. : 22000024
Fax No. : 22009456
Internet : <http://www.kadakiagroup.com>

**Registrar & Share
Transfer Agents** : Cameo Corporate Services Ltd.,
202, Pawan Flats, 7, Anand Nagar Society
Productivity Road,
Vadodara-390007
Phone No. 0265-2341105
Fax No. 0265-2341105

ASHOK ORGANIC INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the 36th Annual General Meeting of the Members of ASHOK ORGANIC INDUSTRIES LTD. will be held at R.S. Bhatt Seminar Room, above Patker Hall, S N D T Women University, New Marine Lines, Mumbai-400 020, on Thursday, 5th August, 2010 at 2:00 p.m. to transact the following business :

Ordinary Business:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended on 31st March 2010 and the Balance Sheet as of that date together with Reports of Directors and Auditors thereon,
2. To appoint Auditors and to fix their remuneration.

Special Business :

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

"RESOLVED THAT Dr. Niranjana Pandya 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.

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

"RESOLVED THAT Mr. Dhananjay Panchal, 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(s), the following as a Special Resolution :**

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 314 read with Schedule XIII an other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications, or reenactment thereof, for the time being in force), the Consent of the Company, be and is hereby accorded for the re-appointment of Mr. Pankaj M. Kadakia as the Managing Director of the Company, for a period of 3 years from 01.05.2010 to 30.04.2013 on the terms and conditions including remuneration as are set out in the Agreement entered into between the Company and Mr. Pankaj M. 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 draft of the 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 the behalf, from time to time or any amendments thereto as may be agreed to by the Board and Mr. Pankaj M. Kadakia."

"FURTHER RESOLVED THAT in the event of inadequacy or absence of profits in any financial year, Mr. Pankaj M. Kadakia, the 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."

For and on behalf of the Board of Directors

Date: 25-05-2010.

Place: Mumbai

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

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL VOTE INSTEAD OF HIM/HER. A PROXY NEED NOT BE A MEMBER.
2. Proxies in order to be effective must be received by the Company at its Registered Office not later than 48 hours before the commencement of the Meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from **2nd August, 2010 to 5th August, 2010** (both days inclusive)
4. 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.

ASHOK ORGANIC INDUSTRIES LIMITED

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

Item Nos. 3 & 4

Dr. Niranjana Pandya & Dr. Dhananjay Panchal were appointed as Additional Directors of the Company by the Board of the Director pursuant to Section 260 of the Companies Act, 1956 with effect from 20-11-2009. They hold offices upto the date of ensuing Annual General Meeting of the Company.

The Company has received notices in writing with the requisite deposits from members under Section 257 of the Companies Act, 1956, signifying their intention to them for appointment as Director of the Company.

Dr Niranjana Pandya aged 71 Years, is a M.A. Ph.D., Economist having sound business experience in business and Industry . Considering his business acumen and experience he will be of immense benefit to the Company. The Board recommends his appointment as a Director of the Company.

Mr. Dhananjay Panchal, aged 68 Years, is a B.Sc; M.Sc., Ph.D. in Pharmacology, possesses rich experience in Pharmaceuticals and Chemical Companies of repute. Considering his qualification and rich experience , he will be of immense benefit to the Company. The Board recommends his appointment as a Director of the Company.

None of the Directors, except Dr Niranjana Pandya and Mr. Dhananjay Panchal are concerned or interested in the passing of resolutions proposed at Item Nos. 3 & 4.

Item No.5 :

Mr. Pankaj M. Kadakia is B.S. from Bombay University and M.S. in Chemical Engineering, possesses 35 Years of rich, wide and varied experience in the Chemical Industry. He has been associated with the Company in the capacity of the Director since 26-06-1974 and serving as Managing Director with effect from 15-09-2005. He resigned as Managing Director due to economic reasons Considering his rich experience of the Company Considering valuable contributions provided and future utility of his service to the Company, the Board of Directors, at their meeting held on 25th May, 2010, on the recommendation of Remuneration Committee, have re-appointed Mr. Pankaj M. Kadakia as the Managing Director for a period of 3 years, upon the terms and condition enumerated in the Agreement, in terms of Section 269, 314 and other applicable provisions of the Companies Act, 1956, subject to the approval of the Shareholders.

Agreement entered into between Mr. Pankaj M. Kadakia and the Company, inter alia, provides following main term and conditions:

- 1) **Tenure** : 3 years from 01.05.2010
- 2) **Remuneration** : Consolidated Salary Rs 1,00,000 per month.

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 Managing Director and a Mobile Phone for his use not to be considered as perquisites. Personal long distance calls on telephone shall be billed by the Company.
- iii. Entitlement of to Annul Privilege leave on full salary for 30 days allowed to be accumulated upto 90 days.
- iv. 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 Managing Director in India and abroad exclusively on the business of the Company in accordance with its rules and regulations, from time to time.
- v. No payment of sitting fees to the Managing Director, for attending of Meetings of the Board of Directors or Committee thereof.
- vi. 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.

3. Other Terms and Conditions:

- i. The Company shall be entitled to forthwith terminate the agreements if the Managing Director becomes insolvent or makes any composition or arrangement with his creditors or he ceases to be a Director of the Company.

Notwithstanding anything to the contrary contained therein, the Agreement, at anytime, shall be terminated by either party giving 30 days' notice in writing to that effect, to the other party.

- iii. The terms and conditions including the remuneration payable to the Managing 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.

Considering his rich, wide and varied experiences and business acumen posses, the Board hopes that his association as Managing Director, will immensely benefit, the Company, in future time to come.

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 agreement between the Company and Mr. Pankaj M. Kadakia is 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.

None of the Directors except Mr. Pankaj M. Kadakia himself and Mr. Ashok Kadakia and Mr. (Dr.) Anil Kadakia, being relatives, are concerned or interested in the said resolutions.

The Board recommends the resolution for adoption.

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

Name of the Directors	Dr. Niranjana Pandya	Dr.DhananjayPanchal
Date of Birth	01-06-1939	21-08-1942
Date of Appointment	20-11-2009	20-11-2009
Specialized Expertise	Business Management	Technical Management
Educational Qualification	M.A.; Ph.D.	M.Sc.Ph.D
Directorships of other Companies as on 31 st March, 2010	Nil	Nil
Chairman / Member of Committees of other Companies as on 31 st March, 2010	Nil	Nil

ASHOK ORGANIC INDUSTRIES LIMITED

DIRECTORS' REPORT

To,
The Members

Your Directors submit their 36th Report together with the Statement of Account for the year ended on 31st March 2010. The following figures summaries the financial performance of the Company during the year under review.

1. Financial Results : (Rs. in Lacs)

	2009-10	2008-09
Sales and Other Income	1537.36	5.56
Profit / (Loss) before Interest & Depreciation	1091.42	(8.32)
Less : Interest	0.05	8.29
Depreciation	562.89	59.00
Profit/ (Loss) before Tax	528.52	(598.42)
Provision for Taxation	—	—
Profit/ (Loss) for the year	528.52	(598.42)
Brought forward balances	(20069.34)	(1947.09)
Balance carried to Balance Sheet	(19540.81)	(20,06.93)

2. Dividend :

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

3. Operations :

During the year under review, all the Units of the Company remained out of operation because of non-availability of funds required for refurbishing of plants and the working capital. The Company sold off some of its Immoveable assets, to pay off its long over due debts and also written off unsecured Creditors which generated revenue and profit for the Company.

Company's Assets which were earlier taken over by Asset and Reconstruction Company (India) Ltd (Arcil) under the provisions of SARFAESI Act were released and given possession to the Company, upon making due payment in phased manner to them. The Company is hopeful to recommence its business in future time to come.

Scheme of Amalgamation of the Company's wholly owned subsidiary Kadakia Alkalies & Chemicals Limited (KACL) with the Company has already been approved by Shareholders of both the Companies as per directions of the High Courts of Bombay and Gujarat and the same is pending before both the High Courts for final approval.

4. Reference under Section 15 of the Sick Industrial Companies (Special Provisions) Act, 1985 :

In terms of Section 15 of the Sick Industrial Companies (Special Provisions) Act, 1985, reference is being made by the Company to the Board for Industrial and Financial reconstruction (BIFR), upon becoming sick Industrial Companies, on erosion of its Net worth of the Company and having cash losses for last more than 10 Years.

5. Directors' Responsibility Statement:

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors confirm based on the confirmation received from the operating management that ;

- in the preparation of the annual accounts, the applicable accounting standards have been followed.
- 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 31st March 2010 and of the Profit of the Company for that period.
- 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:
- the Directors have prepared the annual accounts on a going concern basis.

6. Subsidiary Company :

The audited statement of accounts along with the Directors' Report for the year ended 31st March 2010 of M/s. Kadakia Alkalies & Chemicals Ltd. are annexed to this report. Your Directors have reviewed the affairs of the Subsidiary Company also.

7. Directors :

During the year under review, M/s. D.C.Gami, Subramaniam Ayyar and Dr. Niranjana Pandya resigned as Directors of the Company from 9th April, 2009, due to their preoccupation. Whereas Dr. Dhananjay Panchal, Dr. Niranjana Pandya and Mr. Bharat Parikh, were appointed as Additional Directors with effect from 20th November, 2009 on the Board of Directors of the Company. However, Mr. Bharat Parikh resigned as Director with effect from 25-05-2010, in view of his pre-occupation. The Board places its sincere appreciations for the contributions received from the outgoing Directors.

Dr. Dhananjay Panchal and Dr. Niranjana Pandya have consented to act as Directors of the Company, if reappointed at the ensuing Annual General Meeting. Brief resume of Dr. Niranjana Pandya and Mr. Dhananjay Panchal, are given hereunder. In terms of Section 269 of the Companies Act, 1956, Mr.Pankaj Kadakia has been appointed as a Managing Director of the Company for a period of 3 years from 1st May, 2010. Members are requested to consider their appointments.

8. 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 thereunder, during the year under review.

9. Corporate Governance:

Your Company has always been striving to incorporate appropriate standards and Code of Conduct for good Corporate Governance and has therefore complied with all the mandatory provisions of

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Corporate Governance as prescribed under the amended Listing Agreements of the Bombay Stock Exchange 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 Practicing Company Secretary's Certificate on the compliance, are enclosed as **Annexure 'A' and Annexure B** respectively.

10. 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.

11. Auditors :

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

12. 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 as There was no foreign Exchange inflow or outflow during the year under review.

Further, 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 no details are furnished hereunder.

13. Listing of Equity Shares :

The Company's equity shares are listed with Bombay Stock Exchange Limited. However, the scrip has been under temporarily suspension for trading for want of compliance of listing agreement. The Company has been putting its best possible efforts to recommence the trading at the earliest.

14. Fixed Deposit :

Your Company has not accepted deposits from the public.

15. Acknowledgement

Your Directors wish to place on record their appreciation of the co-operation received from all the concerned.

Your Directors are also grateful to the Shareholders for their trust and confidence.

For and on behalf of the Board of Directors,

Date: 25th May, 2010
Place : Mumbai

Pankaj M. Kadakia
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

ANNEXURE—A

(a) Industry Structure and Development :

The overall growth of the Indian Economy and higher industrial growth augur well for the future. The industrial climate is also positive for an enhanced role in the global economy. In this scenario, market for the Company's products have improved substantially and this development is expected to continue in the future. The Company's Operation remained suspended due to absence of any working Capital facility and possession of Assets taken over by ARCIL.

(b) Outlook :

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

(c) Segment-wise Performance :

The Company has one segment of Organic Chemicals. During the year the Company was out of activity. The Company faced myriads of problems including paucity of Working Capital, which had cumulative effects making it more difficult for the Company to restart activities in any of its plants.

(d) Opportunities, Threats, Risks and concerns :

The Organic Chemical Industry in India look forward with optimism on account of tremendous potential of using Alcohol in automobile fuel/ petrol. When implemented fully, this will give tremendous boost to the overall demand in this sector. The uncertainties faced by the Indian economy through movements in crude prices in international market as well as changes in government policies with respect to controls on molasses prices

& movements represent threats and risks to be reckoned in the Industry. The Company being a part of the Industry is affected by these threats, risks and uncertainties.

(e) Financial Performance :

During the year, the plants of the Company remained out of operations for the reason narrated above. As a result, the Company continued to suffer heavy losses. Since year 2000- 2001. Financial performance has been disclosed in brief in the Directors' report.

(f) Internal Control Systems and Adequacy :

As stated above, during most part of the years the plants of the Company remained out of operations The Internal Control Systems, which were very effective earlier when the plants were working, were no longer essential. However, whatever transactions that took place were closely monitored with proper checks and controls.

(g) Human Relations :

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

(h) Cautionary Statement :

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectation may be 'forward - looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied.

Important factors that could make a difference to the Company's operations include financial position of the company, economic conditions affecting demand / supply, price conditions in the domestic and overseas markets in which the Company operates, changes in Government regulations, tax laws and other statutes.

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy

The Company believes in good Corporate Governance in tune with the guidelines recommended by SEBI and in terms of the Listing Agreements. Given below is the report of the Board of Directors of the Company on Corporate Governance practices being followed by the Company.

2. Board of Directors

As at 31st March, 2010, the Board of Directors comprises of Six Directors, including one Chairman & Managing Director, Two non-promoter non-executive Professional Directors with three Independent non-executive Directors. During the year, Eleven Board Meetings were held on 09-04-2009, 30-04-2009, 30-06-2009, 31-07-2009, 27-08-2009, 31-10-2009, 20-11-2009, 31-01-2010, 26-02-2010, 26-03-2010 and 25-05-2010.

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
Pankaj M. Kadakia	Promoter Executive	11	Yes	3	3
Ashok M. Kadakia	Non Promoter Non executive Professional Director	11	Yes	6	—
Dr. Anil M. Kadakia	Non Promoter Non executive Professional Director	11	Yes	3	1
Dr. Nirajan Pandya*	Non-Executive Independent Director	4	No	4	6
Dr. Dhananjay Panchal*	Non-Executive Independent Director	4	No	-	-
Bharat Parikh*	Non-Executive Independent Director	4	No	-	-

* Appointed with effect from 20-11-2009.

M/s D.C. Gami, Mr.Subramaniam Ayyar ceased to be the Director w.e.f. 9-4-2009 and hence did not attend any meetings of Board or Committees thereof. 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 :

Names of Director	No. of Shares held	% to the Capital
Mr. Pankaj M. Kadakia	1,05,84,850	87.58

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. In view of the BIFR nature of the Company and severe financial crunch, the Company has not been able to have its website to post the Code of Conduct on it.

3. Audit Committee :

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

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

The Committee consisted with Three Independent Directors viz. with Dr. Niranjana M. Pandya, Dr. Dhananjay Panchal with Mr. Bharat Parikh as the Chairman as at 31st March, 2010.

In absence of any Independent Directors on the Board till 20th November, 2009, Non-executive promoter Directors discharged function of members of the Audit Committee. The Committee met on 30-04-2009, 31-07-2009, 31-10-2009 and 31-01-2010. During the year, the attendance of the members at the meetings was as follows :

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Ashok M. Kadakia	4	3
Mr. Anil M. Kadakia	4	3
Dr. Niranjana M. Pandya	1	1
Dr. Dhananjay Panchal	1	1
Mr. Bharat Parikh	1	1

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

4. Remunerations Committee :

The Company has Remuneration Committee of Directors with Dr. Dhanjay Panchal_ as the Chairman with Dr. Niranjn M. Pandya and Mr. Bharat Parikh as the Members, however, during the year under review. no meeting of Remuneration Committee was held.

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

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

The remuneration of Executive Chairman & Managing Director is approved by the Board within the overall limit fixed under the law. No other Directors is being paid remuneration.

Mr. Pankaj Kadakia, the Managing Director was not paid any Salary during the year.

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

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

5. Shareholders'/ Investors' Committee :

The Committee consisted with Three Independent Directors viz. with Dr. Niranjn M. Pandya, Dr. Dhananjay Panchal with Mr. Bharat Parikh as the Chairman as at 31st March, 2010. The Board has appointed Mr. Pankaj Kadakia as the Compliance Officer.

In absence of any Independent Directors on the Board till 20th November, 2009, Non-executive promoter Directors discharged function of members of the Shareholders' Committee. The Committee met on 30-04-2009, 31-07-2009, 31-10-2009 and 31-01-2010. During the year, the attendance of the members at the meetings was as follows :

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Ashok M. Kadakia	4	3
Mr. Anil M. Kadakia	4	3
Dr. Niranjn M. Pandya	1	1
Dr. Dhananjay Panchal	1	1
Mr. Bharat Parikh	1	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 31.03.2010, there were no Investor Grievances remaining unattended/pending to more than 30 days.

6. General Body Meetings

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

Annual General Meeting	Day & Date and Time	Locations
35 th AGM	Thursday, 25 th September, 2009 at 11.30 a.m	404, 4 th Floor, Sharda Chambers 33, New Marine Lines, Mumbai-400 020.
34 th AGM	Tuesday, 30 th September, 2008 at 11.30 a.m	8 th Floor, Sharda Chambers 33, New Marine Lines, Mumbai-400 020.
33 rd AGM	Thursday, 3 rd September, 2007 at 2.30 p.m	406, Sharda Chambers, 33, New Marine Lines, Mumbai-400 020.

Whether special resolutions were put through postal ballot last year ? No

Are polls proposed to be conducted through postal ballot this year ? No

7. Disclosures

(a) There were no materially significant related party transactions that may have potential conflict with the interest of the Company at large.

(b) No penalties or strictures have been imposed on the Company by SEBI or any Statutory Authority on any matter related to capital markets. The Company's scrip has been temporarily suspended for trading for, inter alia, weak financials, being a Sick Industrial Company.

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 Bombay Stock Exchange Ltd.

8.2 Compliance of Non Mandatory Requirements :

The Company has adopted the non-mandatory requirements as regards the provisions relating to the Remuneration Committee. The Quarterly Financial Results are 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.

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9. Means of Communication

The quarterly half-yearly and yearly financial results of the Company are normally sent to the Bombay Stock Exchange Ltd., Mumbai, 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) 36th Annual General Meeting

Date and Time : 5th August, 2010 at 2:00 p.m.
 Venue : R.S. Bhatt Seminar Room, 6th Floor, Above Patker Hall,
 SNDT Women University, New Marine Lines, Mumbai-400020.

(b) Financial Calendar

Board Meeting to approve :
 Unaudited Financial results for : Period
 Quarter ending September 30th, 2010 : By 14th of November, 2010
 Quarter ending December 31st, 2010 : By 14th of February, 2011
 Quarter ending March, 31st, 2011 : By 14th of May, 2011
 Quarter ending June, 30th, 2011 : By end of July, 2011
 Annual General Meeting for the : By end of September, 2011
 year ending on 31.03.2011.

(c) **Dates of Book Closure** : 2nd August, 2010 to 5th August, 2010 (both days inclusive)

(d) Dividend payment Date : Not Applicable

(e) Listing on Stock Exchange : The Bombay Stock Exchange Limited, Mumbai.

(f) Company Code : 524594.

(g) **Market Price Data** : Equity Shares were not traded at the Bombay Stock Exchange Limited during the year, however Market price details are furnished based on actual transactions recorded in Share Transfer Register

Months	Low Price	High Price	Months	Low Price	High Price
April, 2009	5.05	5.99	October, 2009	7.00	8.02
May, 2009	4.17	5.58	November, 2009	7.00	9.52
June, 2009	6.55	4.73	December, 2009	9.99	14.58
July, 2009	4.41	5.60	January, 2010	9.85	12.85
August, 2009	4.49	6.50	February, 2010	7.82	11.56
September, 2009	5.90	7.39	March, 2010	8.94	13.19

(h) Registrar & Share Transfer Agents:

Cameo Corporate Services Ltd.,
 202, Pawan Flats, 7, Anand Nagar Society, Productivity Road, Vadodara-390007, Phone & Fax No. 0265-2341105.

(i) 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.

(j) Distribution of Shareholding :

(i) The Distribution of Shareholding as on 31st March, 2010

No. of Shares	No. of Share-holders	% of Share-holders	No. of Shares Held	% of Total Shareholders
Upto 500	9,640	97.57	10,33,450	8.55
501 to 1000	137	1.39	1,05,675	0.87
1001 to 2000	44	0.45	63,975	0.53
2001 to 3000	19	0.19	48,125	0.40
3001 to 4000	05	0.05	18,700	0.16
4001 to 5000	07	0.07	31,900	0.26
5001 to 10000	05	0.05	40,700	0.34
10001 & above	17	0.23	1,07,43,100	88.89
Total	9,880	100	1,20,85,625	100.00

(ii) Shareholding Pattern as on 31st March, 2010 :

Associates	No. of Shares held	% of shareholding
1. Directors (Promoters)	10584850	87.58
2. Mutual Funds	10200	0.08
3. Banks Financial Institutions	200	0.00
4. Other Corporate Bodies	66825	0.55
5. Indian Public	1423550	11.79
TOTAL	12085625	100.00

ASHOK ORGANIC INDUSTRIES LIMITED

(k) Outstanding GDRs/ADRs Warranty	:	Not Applicable
(l) Plants Locations	:	1. Distillery Plant Near Boridra, Hansot Road, Ankleshwar, Dist. Bharuch 2. Glacial Acetic Acid Plant 316/319, G. I. D. C. Industrial Estate, Ankleshwar, Dist. Bharuch 3. Organic Chemicals Plant 41, G. I. D. C. Industrial Area, Nandesari, Dist. Vadodara.
(m) Address of Correspondence	:	404, Sharda Chambers, 33, New Marine Lines, Mumbai-400 020.

PRACTICING COMPANY SECRETARY'S CERTIFICATE

To,
The Members,
Ashok Organic Industries Limited.

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

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

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

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

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

For Jayesh Vyas & Associates
Practicing Company Secretary
Jayesh Vyas
Proprietor

Place : Vadodara
Date : 25-05-2010

FCS :No. : 5072
C. P. No. : 1790

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

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

I confirm that the Company has, in respect of the financial year ended 31st March, 2010 received from the Members of the Board, declaration of Compliance with the Code of Conduct as applicable to them.

Place : Mumbai
Date : 25-05-2010

Pankaj M. Kadakia
CEO & Managing Director

CERTIFICATE

To,
The Board of Directors,
Ashok Organic Industries Ltd.
Mumbai

This is to certify that;

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

There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct. 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;
- significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant rolls in the Company's internal control system.

Place : Mumbai
Date : 25-05-2010

Pankaj Kadakia
CEO & Managing Director

ASHOK ORGANIC INDUSTRIES LIMITED

AUDITORS' REPORT

TO:
THE MEMBERS
ASHOK ORGANIC INDUSTRIES LIMITED
MUMBAI

We have audited the attached Balance Sheet of ASHOK ORGANIC INDUSTRIES LIMITED, as at 31st March, 2010 and also the Profit and Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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 31st March, 2010, and taken on record by the Board of Directors, we report that Mr. Ashok M. Kadakia, Dr. Anil M. Kadakia, and Mr. Pankaj M. Kadakia are the *directors Not Disqualified* as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (10) of section 274 of the Companies Act, 1956;
- 6) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to note 1(iv) regarding Sales Tax amount not backed by investment, 1(V) regarding fixed deposit and margin money amount unascertainable, 1(vi) payment of liability under protest and amount unascertainable, 4 regarding the provision of interest on secured creditors amounting to Rs.112.37 Crores, note No. 10 regarding non deposit of unclaimed dividend amounting to Rs. 108069/- note 11 regarding preparation of accounts on going concern assumption effect of which is not ascertainable and note 14 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.
 - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010; 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.
(Firm Regn. No. 124010W)
CHARTERED ACCOUNTANTS

M.L. THAKKER
PARTNER
(M.N. 044517)

PLACE : MUMBAI
DATE : 25-05-2010

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) (a) The stock of Finished Goods, Raw Materials, Stores and consumables and Trading material was not verified by the Company at reasonable intervals;
 - (b) In absence of physical verification of inventory adequacy or otherwise of the procedure of verification cannot be commented.
- (c) The inventory has as per the stock records is not checked for its quality and continue to gets reflected at cost.
- (iii) (a) The Company has granted any loans, secured or unsecured to companies or parties except to the wholly owned subsidiary of the company. The subsidiary is incurring continuous losses and referred to BIFR for rehabilitation. 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.
 - (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.

ASHOK ORGANIC INDUSTRIES LIMITED

- (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 of stock of Finished Goods, Raw Materials, Stores and consumables and Trading Material and fixed assets and for the sale of goods;
- (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 Industrial Alcohol 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 followed by it, no undisputed amount except as listed below were outstanding as on 31.03.2010 for the period of six months from the date they become payable.

PARTICULARS	AMOUNT
Provident Fund – 2000-2001 and 2001-2002	1,71,946
Employees State Insurance Cont Sept 99 to July 2002	6,14,961
Professional Tax – 1999-2000	75,635
Income – TDS – Salary – 1999-2000	2,19,840
Income – TDS – Others – 1999-2000	1,29,694
Income – TDS – Contractors – 1999-2000 & 06-07	5,05,333
Income – TDS – Professional – 1999-2000 & 06-07	2,16,922
Income – TDS – Contractors – 1999-2000 & 06-07	10,628
Sales Tax – 1998-99 to 2004-2005	24,57,462

- (b) In case dues of sales tax amounting to Rs. 8,04,593/- for the period from 1/4/1985 to 31/3/1986 appeal is pending before Commissioner Sales Tax Appeals. Also Refer Notes on Contingent Liability for further details.
- (x) The Company has accumulated losses at the end of the financial year in excess of its Net Worth. Hence the company is Sick Industrial Company.
- (xi) The Company has defaulted in repayment of dues to a bank and the account is declared as NPA as per the guidelines issued by Reserve Bank of India. In absence of details and records, it is not possible for us to comment upon the period of default in respect of repayment of these dues. However during the Year the Company has entered into Settlement with the Bank and Partial Payment of Rs.2.48 Crores was made to the Dena Bank and remaining payment of Rs.2.48 Crores will be made before the next year end and Interest @12% P.A. will be payable from April,2010 on O/S Amount till the Amount paid in full.
- (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) 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) According to the information & Explanation given to us, 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.
(Firm Regn. No. 124010W)
CHARTERED ACCOUNTANTS

M.L. THAKKER
PARTNER
(M.N. 044517)

PLACE : MUMBAI
DATE : 25-05-2010

ASHOK ORGANIC INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As on 31.03.2010		As on 31.03.2009	
		Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS :					
Shareholders' Fund					
Share Capital	1	120,856,250		120,856,250	
Reserves & Surplus	2	351,242,902		353,622,637	
			472,099,152		474,478,887
Secured Loan	3	2,318,551,098		2,393,351,099	
Unsecured Loan	4	70,755,057		28,652,740	
			2,389,306,155		2,422,003,839
TOTAL			2,861,405,307		2,896,482,726
APPLICATION OF FUNDS:					
Fixed Assets	5				
Gross Block		1,396,606,645		1,397,233,592	
Less :Depreciation		854,505,325		796,330,552	
			542,101,320		600,903,040
Capital Work -in-progress			16,455,257		16,455,257
Investments	6		4,419,786		52,828,805
Current Assets , Loans & Advances					
Inventories	7	21,094,387		21,094,387	
Sundry Debtors	8	785,677		7,323,099	
Cash & Bank Balances	9	4,250,716		3,825,161	
Loans & Advances	10	375,964,126		375,982,687	
			402,094,908		408,225,334
Less: Current Liabilities & Provisions					
Liabilities	11	57,747,117		188,863,439	
Provisions		-		-	
			57,747,117		188,863,439
NET CURRENT ASSETS			344,347,790		219,361,895
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	12	-			-
Profit and Loss Account		1,954,081,155		2,006,933,730	
			1,954,081,155		2,006,933,730
TOTAL			2,861,405,307		2,896,482,726
Accounting Policies	18				
Notes on Accounts	19				

AS PER OUR REPORT OF EVEN DATE

FOR BHATT THAKKER & CO.
CHARTERED ACCOUNTANT
(Firm Regn. No. 124010W)

M. L. Thakker
PARTNER
(M.N. 044517)

Place : Mumbai
Dated : 25-05-2010

For Ashok Organic Industries Limited

Pankaj M Kadakia
Chairman & Managing Director

Dr. Anil M. Kadakia
Director

Ashok M. Kadakia
Director

Place : Mumbai
Dated : 25-05-2010

ASHOK ORGANIC INDUSTRIES LIMITED

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

	Schedule	For The Year Ended 31.03.2010		For The Year Ended 31.03.2009	
		Rupees	Rupees	Rupees	Rupees
INCOME :					
Sales Turnover		-		-	
Less Excise Duty		-		-	
		-		-	
Other Income	13		153,735,573		556,141
			153,735,573		556,141
EXPENDITURE :					
Manufacturing & Establishment Expenses	14		88,370		224,092
(Increase)/Decrease in Stock	15		-		0
Administrative, Selling & General Expenses	16		44,500,286		1,164,158
Finance Cost	17		5,074		8,294
			44,593,730		1,396,544
Profit/(Loss) before Depreciation			109,141,843		(840,403)
Depreciation		58,669,003		61,381,604	
Less : Transfer from Revaluation Reserve		2,379,735	(56,289,268)	2,379,735	(59,001,869)
Add : Prior Period Adjustments			-		-
Profit/(Loss) before Taxation			52,852,575		(59,842,272)
Add Brought Forward balances			(2,006,933,730)		(1,947,091,458)
Balance Carried to Balance Sheet			(1,954,081,155)		(2,006,933,730)
Accounting Policies	18				
Notes on Accounts	19				

AS PER OUR REPORT OF EVEN DATE

AS PER OUR REPORT OF EVEN DATE

FOR BHATT THAKKER & CO.
CHARTERED ACCOUNTANT
(Firm Regn. No. 124010W)

M. L. Thakker
PARTNER
(M.N. 044517)

Place : Mumbai
Dated : 25-05-2010

For Ashok Organic Industries Limited

Pankaj M Kadakia
Chairman & Managing Director

Dr. Anil M. Kadakia
Director

Ashok M. Kadakia
Director

Place : Mumbai
Dated : 25-05-2010

ASHOK ORGANIC INDUSTRIES LIMITED

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

	As on 31.03.2010 Rupees	Rupees	As on 31.03.2009 Rupees	Rupees
SCHEDULE - 1 : SHARE CAPITAL				
Authorised : 1,50,00,000 Equity Shares of Rs.10/- each		150,000,000		150,000,000
Issued,Subscribed & Paid up:				
1,20,85,625 (Previous Year : 1,20,85,625)Equityshares of Rs.10/- each fully paid up		120,856,250		120,856,250

NOTES:

1. Face Value of equity shares of Rs.100/- is sub-divided into Rs 10/-each in terms of Resolution passed at Extra-ordinary General Meeting held on 29.2.92.
2. Of the above, 94,14,900 shares are allotted as fully paid bonus shares by capitalisation of General Reserves.
3. The number of issued and subscribed equity shares stand changed in pursuance of the special resolution passed by the members at the annual general meeting held on 14-8-1997

SCHEDULE - 2 : RESERVES & SURPLUS

1. Revaluation Reserve Account				
1. Revaluation Reserve Account As per Last Balance Sheet		61,418,887		63,798,622
Less: Transferred to Profit & Loss Account		2,379,735		2,379,735
		59,039,152		61,418,887
2. Share Premium Account		292,203,750		292,203,750
		351,242,902		353,622,637

SCHEDULE - 3 : SECURED LOANS

1. Working capital borrowings from Dena Bank secured by Hypothecation of Inventories, Book Debts, Documentary DA Bills and Third Party cheques drawn in favour of the Company, & Charge by way of equitable mortgage of immovable properties at Nandesari, Ankleswar and Pungam and Guaranteed by some Directors.		446,827,900		446,827,900
2. ARCIL AOIL TRUST		151,838,008		151,838,008
3. ARCIL CPS 002 1 TRUST		1,233,936,185		1,233,936,185
4. ARCIL AOL II TRUST		547,495,787		547,495,787
5. Dena Bank (The borrowings at Sr No 2 to 4 has been secured against first charge on all the movable and immovable assets of the company in respect of Chloro-* Alkali division, Ankleshwar and guaranteed by some of the directors, In respect of borrowings at sr no 2 the lenders have second charge on the above assets)		15,428,548		15,428,548
		2,395,526,428		2,395,526,429
Less Payment to ARCIL		(52,175,330)		(2,175,330)
Less Payment to Dena Bank		(24,800,000)		-
		2,318,551,098		2,393,351,099

SCHEDULE - 4 : UNSECURED LOANS

Short-term Loans from				
- Directors		2,583,476		21,009,556
- Others		64,793,595		4,265,198
Long-term Loans				
- Sales Tax Department Loan		3,377,986		3,377,986
		70,755,057		28,652,740

SCHEDULE - 5 : FIXED ASSETS

PARTICULARS OF ASSET	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS ON 1.04.2009	ADDI- TIONS	SALES ADJUS- TMENT	TOTAL COST 31.03.2010	TOTAL UPTO 1.04.2009	FOR THE YEAR	SALES/ ADJUS- TMENT	TOTAL UPTO 31.03.2010	AS ON 31.03.2010	AS ON 31.03.2009
LAND	32727455	0	0	32727455	0	0	0	0	32727455	32727455
BUILDING	136839248	0	200779	136638469	60072991	2134385	-129385	62077991	74560478	76766257
PLANT & MACHINERY	1201236584	0	131985	1201104599	717104944	53926768	-114361	770917351	430187248	484131640
FURNITURE, FIXTURE & EQUIPMENTS	10852809	0	294183	10558626	8908103	228115	-250484	8885734	1672892	1944706
VEHICLES	5266463	0	0	5266463	5266463	0	0	5266463	0	0
DEPOSIT WITH G.E.B.	10311032	0	0	10311032	0	0	0	0	10311032	10311032
T O T A L	1397233591	0	626947	1396606644	791352501	56289268	-494230	847147539	549459105	605881090
PREVIOUS YEAR	1397233591	0	0	1397233591	732350632	59001869	0	791352501	605881090	664882959

ASHOK ORGANIC INDUSTRIES LIMITED

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

	As on 31.03.2010		As on 31.03.2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE - 6 : INVESTMENTS				
(AT COST) (UNQUOTED UNLESS OTHERWISE STATED)				
Non -trade- Investments				
a) In Subsidiary Company				
95,00,000 (9500000)Equity Shares of Rs.10/- each fully paid-up of Kadakia Alkalies & Chemicals Ltd		226,000,000		226,000,000
b) Others -				
1507373 (1507373)Equity Shares of Rs.10/- each fully paid up of Ashok Alco-chem Ltd.(Quoted)		-		52,756,305
300(300)Equity Shares of Rs.10/- each fully paid up of Bhagwati Aqua Technos Pvt.Ltd.,		3,000		3,000
300(300)Equity Shares of Rs.10/- each Rs. 5/- paid up of Bhagwati Aqua Technos Pvt.Ltd.,		1,500		1,500
6000 (6000)Equity Shares of Rs. 10/- each fully paid of Southern Organo Chemicals Limited		60,000		60,000
IDFC Mutual Fund(Quoted)		4,347,286		-
c) In Government Securities -				
Government Securities 5.3/4%-1985		2,000		2,000
Government of India Bond		6,000		6,000
National Savings Certificates		230,419,786		278,828,805
		<u>226,000,000</u>		<u>226,000,000</u>
Less: Provision for Decline in Value of Investments		4,419,786		52,828,805
		<u>4,419,786</u>		<u>52,828,805</u>
	Cost	Market Value	Cost	Market Value
	as on 31.03.2010		as on 31.03.2009	
Quoted Investments	-	11,305,298	52,756,305	11,305,298
Unquoted Investments	72,500		72,500	
	<u>72,500</u>		<u>52,828,805</u>	
	As on 31.03.2009	As on 31.03.2008		
	Rupees	Rupees	Rupees	Rupees
SCHEDULE - 7 : INVENTORIES				
Raw Materials		3,272,123		3,272,123
Stores,Spares,Fuel & Packing Material		17,027,573		17,027,573
Finished Goods		408,317		408,317
Fuel		386,374		386,374
		<u>21,094,387</u>		<u>21,094,387</u>
SCHEDULE - 8 : SUNDRY DEBTORS				
(Unsecured, Considered Good)				
Debts Outstanding For				
- More than Six months		785,677		11,603,816
- Less than Six months		-		418,786
Less Provision for Doubtful Debts		-		4,699,503
		<u>785,677</u>		<u>7,323,099</u>
SCHEDULE - 9 : CASH & BANK BALANCES				
Cash on Hand		470,061		86,413
DD in Hand		-		-
Bank Balances with Scheduled Banks				
in Fixed Deposits		3,341,085		3,303,451
in current accounts		439,570		435,297
		<u>4,250,716</u>		<u>3,825,161</u>

ASHOK ORGANIC INDUSTRIES LIMITED

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

	For the year ended 31.03.2010		For the year ended 31.03.2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE - 14 : MANUFACTURING & ESTABLISHMENT EXPENSES (Contd...)				
7. Employees' Remuneration and Benefits:				
Salaries, Wages & Allowances	87,371		223,041	
Contribution to Provident and other Funds	-		-	
Compensation	-		-	
Bonus/Ex-gratia	-		-	
	<u>87,371</u>		<u>223,041</u>	
		<u>88,370</u>		<u>224,092</u>
SCHEDULE - 15 : DECREASE IN STOCK				
Opening Stock:				
Finished Goods	408,317		408,317	
Transfer on take over of CAD unit as on 30.06.2005	-		-	
Semi finished Goods	-		-	
		<u>408,317</u>		408,317
Less: Closing Stock				
Finished Goods	408,317		408,317	
Semi finished Goods	-		-	
		<u>408,317</u>		<u>408,317</u>
		-		0
SCHEDULE - 16 : ADMINISTRATIVE, SELLING & GENERAL EXPENSES				
Rent, Rates & Taxes		52,970		-
Postage, Telegraph & Telex		36,182		26,213
Insurance		-		927
Repairs & Maintenance				
- Plant & Machinery	-		-	
- others	9,036		-	
		<u>9,036</u>		-
Travelling & Conveyance		185,583		209,995
Vat Paid		-		18,300
Advertisement & Publicity		-		-
Auditors' Remuneration				
- For Audit fees	75,000		45,000	
- For Taxation matters	10,000		1,000	
- Other Fees	15,000		4,000	
		<u>100,000</u>		50,000
Legal & Professional Fees		270,876		790,121
Selling Expenses		-		10
Licence & Fees		-		-
Security Service Charges		-		-
Miscellaneous Expenses		<u>43,845,639</u>		<u>68,592</u>
Directors Remuneration		-		-
Share Issue Expenses Written-off		-		-
Secretarial Department Expenses		-		-
		<u>44,500,286</u>		<u>1,164,158</u>
SCHEDULE - 17 : FINANCE COST				
Interest on - Fixed Loans		-		-
- Others		-		-
Bank Charges		5,074		8,294
		<u>5,074</u>		<u>8,294</u>

SIGNIFICANT ACCOUNTING POLICIES ON THE ACCOUNTS FOR THE PERIOD ENDED ON 31.03.2009

SCHEDULE 18

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The financial statements have been prepared in accordance with applicable accounting standards on accrual basis and are based on the historical cost convention as modified to include revaluation of certain fixed assets.

b. 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.

c. Fixed Assets

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.

d. Depreciation

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.

e. Assets held on Disposal

Items of Fixed Assets that have been retired from active use and are held for disposal are stated at their net book value.

f. 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.

g. 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.

h. Taxation

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.

Provision for fringe benefits tax is made on the estimated value of fringe benefits for the period as per the related provision of the Income Tax Act.

However the Company doesn't have Profit after considering the previous losses & hence no Tax Liability including Deferred Tax is Worked out. Provisions for FBT is not made in the Books of Accounts & also not paid till the date of signing of Balance-Sheet.

i. 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.

(iii) Finished goods are valued at lower of cost or 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 lower of Cost or Realisable value

j. Foreign Exchange Transactions

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.

k. Sales

Sales of goods and services recognised when the goods are dispatched and services rendered. Sales include excise and vat.

l. Proposed Dividend

Dividend in case proposed by the Board of Directors is provided in the books of accounts subject to shareholders' approval at the Annual General Meeting.

m. Excise

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

n. 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.

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".

o. Pre-Operative Expenditure

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

p. 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.

q. Contingent Liabilities

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

ASHOK ORGANIC INDUSTRIES LIMITED

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 because of insufficient Profit.

r. **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.

s. **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 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.

t. **Investments**

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.

u. **Export Benefits**

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.

v. **Research & Development Costs**

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.

w. **Provisions**

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.

x. **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.

y. **Segment Accounting**

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.

z. **Related Party Transaction**

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

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

A. **Associated companies**

Ashok Alco-chem Limited
Kadakia Alkalies and Chemicals Limited
Aqua Alco- Biotech Pvt.Ltd
Tech 2000
Ashok Cellulose Limited
Ashok Brothers
USM Enterprise
Raj Enterprise
Devjagan Salt Farm Ltd

B. **Key Management Personnel and Relatives**

Mr. Ashok M Kadakia
Dr. Anil M Kadakia
Mr. Pankaj M Kadakia

C. **Relatives of Key Management Personnel**

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

D. During the Year under Audit following transactions with related Party were entered into and the necessary procedure as per the Provisions of Sec.297 & 301 of the Companies Act,1956 are required to be complied with.

- (i) The Amount Outstanding of Ashok Alco-chem Limited is written off.
- (ii) Investment in the shares of Ashok Alco-chem Limited were sold to Dr.A.M.Kadakia,one of the Common Director in both the Companies against the Outstanding Balance of Directors.The shares are sold at Loss and the value for the shares is ascertained at Rs.11.95 Per shares.
- (iii) Outstanding Balance of Dr. A. M. Kadakia, A. M. Kadakia & P. M. Kadakia were adjusted against the Shares sales Transaction of Ashok Alco-chem Limited, as per the personal understanding of the Directors.

D. **Details of transaction during the year with related parties are as follows:**

Particulars	Rs in Lacs		
	Assoc- iates	Key Mgt.	Rela- tives
Purchase of goods & services	Nil	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)	2260.00	Nil	Nil
Rent and Lease payments in Provisions	Nil	Nil	Nil
Debts due to the company (Loans & Advances)	3634.33	Nil	Nil
Debts due to the company (Sundry Debtors)	Nil	Nil	Nil
Debts payable by the Company	61.36	25.86	Nil

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SCHEDULE 19

	31.03.10	31.03.09
1 Contingent Liabilities in respect of -		
a. Income tax and Sales tax matters	154,255,956*	154,255,956*
b. Other matters	150,594,653*	150,594,653*
c. GEB (DGVCL)	151,659,386*	151,659,386*

*Interest between @1 to 2%P.M. is added to The Principle Outstanding Amount Till 31-08-2009.

NOTE:

- (i) Company has preferred appeals against demand under a, b, and c above.
 - (ii) Company had disputed the electricity charges raised by Gujarat Electricity Board in arbitration proceedings. The award is in the favour of the company. However, the Gujarat Electricity Board has been seeking the legal interpretation in respect of the award before the court of law. The quantum of liability is not ascertainable at this stage.
 - (iii) Company's chlor-alkali unit was enjoying the benefits granted to prestigious unit as per the local sales tax laws in the state of Gujarat are subject to various conditions, non fulfillment of which may disentitled the company for the benefits granted or any other consequences.
 - (iv) The total sales tax liability, which is payable in installment as per the scheme applicable to prestigious unit as explained in (iii) above amounting to Rs 33.78 lacs is not backed by investment.
 - (v) Company had from time to time deposited a sum of Rs. 28.38 Lacs with Dena Bank towards margin money. The said amount is reflected as a part of Cash and Bank Balances. The said amount is not considered as a part of settlement dues as per the proposed scheme of arrangement under section 391 of Companies Act, 1956 that is pending for disposal with H'ble Bombay High Court. In absence of any details in this regard the said amount is carried forward as a part of Cash and Bank Balance. Further, it is not possible to ascertain the value of guarantees issued by the company.
 - (vi) "Loans and Advances" includes sum of Rs. 22.90 being Payment under Protest and Rs. 1.70 Lacs being paid to Daurala Sugar towards Sales Tax deposit. Both these sums were deposit as per the direction of Court / Appropriate authorities. The exact outcome of the notices issues by the appropriate authority could not be ascertained in absence of requisite information.
 - (vii) In terms of consent term reached in response to the legal proceedings between the company and IIT Capital Services Private Limited, company agreed to pay dues towards IIT Capital in installments. The company has stopped the payment of these installments. The liability is however, is stated at the amount as per the consent term. IIT Capital Services has separately approached the H'ble Bombay High Court and filed their objection in response to the company's scheme of arrangement under section 391.
- 2 (a) Company has taken over the chlor-alkali Unit, with all its assets and liabilities on going concern basis, from Kadakia alkalies & Chemicals Ltd. (KACL) wholly-owned subsidiary, effective from 1st June, 2005.

(b) The borrowings from ICICI (Principal Amount :Rs.2245 Lacs), Bank of Baroda (BOB) (Principal Amount : Rs.1500 Lacs) and Bank of India (BOI) Principal Amount: Rs.550 Lacs) for setting-up Chlor-alkali Unit and by Dena Bank (Principal Amount : Rs.170 Lacs) for setting up Down-stream Projects of chlor-alkali, all at Boridara, Tal. Ankleshwar, Gujarat is secured by mortgage / hypothecation on Company's immovable properties, plant and machinery situated at Nandesari, Ankleshwar and Pungam and Guaranteed by some Directors.

(c) Working Capital Facilities from Dena Bank had been given to the Company for all its operations, including the operations of Chlor-alkali Unit. The amounts of Working Capital Facilities of the Company and Chlor-alkali division previously owned by KACL in aggregate are secured by hypothecation of inventories, book debts, documentary bills and third-party cheques in favour of the Company. The facilities are further secured by second charge on fixed assets by mortgage / hypothecation on immovable properties, plant and machinery of the company situated at Nandesari, Ankleshwar and Pungum and chlor-alkali division situated at Boridara and Guaranteed by some Directors.

During the Financial Year 2007-08 the company has paid Rs.196.56 Lacs to Dena Bank towards Proposed settlement Scheme.

3. The outstanding loans from ICICI, BOI and BOB is transferred to Asset Reconstruction of India (ARCIL), as reflected in the schedule of "Secured Loan" forming part of the balance sheet, as per the communication received from them. The total outstanding due to ARCIL as per this communication is 131.11 crores. However the Present position before the date of signing of the Balance-Sheet vide ARCIL Communication Letter dated: 20-04-2009 is Amounting to Rs.15 Crores for settlement but however the same is not yet in effect. Arcil has issued Notice under Section 13(4) of the SARFAESI Act and the Rules Framed there under. Arcil has taken the Possession of the Assets on 31-07-2008.

During the Year under Audit the Company has finally entered into settlement Scheme with the ARCIL Wherein it was decided to Pay Rs.14 Crores to ARCIL vide ARCIL Communication Letter dated: the Company in turn paid Rs.5 Crores to ARCIL During the year under Audit and the Balance Amount of Rs.9 Crores to be Paid upto 31-03-2011. Similarly, Dena Bank Term Loan outstanding is Rs.3.12 Crores taken as per the notice under SARFAESI Act. The total outstanding as communicated by Dena Bank as per the notice under SARFAESI Act is Rs. 39.77 Crores including the Working Capital Facilities sanctioned to the Company and KACL.Dena Bank vide their Letter Dated : 05-01-2009 has approved Compromise Settlement for Rs.318.31 Lacs but the same is not yet Implemented and given effect by the Company.

However during the Year the Company has entered into Settlement with the Bank and Partial Payment of Rs.2.48 Crores was made to the Dena Bank and remaining payment of Rs.2.48 Crores will be made before the next year end and Interest @12% P.A. will be payable from April,2010 on O/S Amount till the Amount paid in full.

4. Company has accounted for difference of Rs 112.37 Crore between the liability as communicated to the company and as reflected in the books as on 31.03.2005 as part of finance cost. The finance cost and secured creditors as on the date of balance sheet are higher by an amount of Rs 112.37 Crore.

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5. Company has proposed a scheme of compromised of debts due to creditors, both secured as well as unsecured, and filed relevant petition U/s 391 to 394 of Companies Act, 1956 before H'ble High Court of Mumbai. The scheme is Rejected by the High Court and the company has not provided any interest on borrowings as the company is not expecting any further claim on this account. However the Matter is Referred to the Supreme Court and it is Pending.
6. 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.
7. 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.
8. The consolidation accounts of wholly owned subsidiary, M/s. Kadakia Alkalies and Chemicals Limited, is not carried out as the subsidiary is under severe long -term restriction, continuously incurring losses and referred to BIFR. However the case was abated by BIFR vide Order Dated : 04-04-2007 But the matter was referred to AAIFR in the Year 2007 and vide AAIFR order dated : 31-07-2008, the Appeal was Dismissed for "Non Prosecution"
9. The Company's application under SICA, 1985 before the BIFR Board is abated Under the third Proviso of Section 15(1) of SICA, Vide Order Dated 12-05-2009.However as the Company is still A BIFR Case and ones again it was decided by the Board to refer the Matter to BIFR, as per the Provisions of SICA,1985.
10. Unclaimed Dividend amounting to Rs. 1,08,069 is unclaimed for more than seven years and is not deposited in investors Education and Protection Fund.
11. 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 BIFR for rehabilitation and revival. Company has also proposed scheme of compromise and arrangement of dues pertaining to creditors; both secured as well as unsecured creditors.
12. As required by the notification no. GSR 129 (E) dated 22nd February, 1999 issued by the Department of Company Affairs, Ministry of Law, Justice and Company Affairs 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.
13. The company's borrowings from Dena Bank are secured by company's assets. In addition a collateral security, in the form of office premises, is provided by M/s. USM Enterprises. Company have provided refundable security deposit of Rs 624.48 lacs as the Dena Bank has taken over the said collateral under the provisions of SARFAESI Act. The company has taken necessary steps to repossess the collateral security owned by M/s USM Enterprises.
14. Company has not accounted for the impairment losses on account of diminution in the value of inventory and 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.
15. Company has agreed to the merger of its wholly owned subsidiary M/s Kadakia Alkalies and Chemicals Limited and necessary petition have been filed in High Court of Bombay and Gujarat. The merger is proposed as a part of scheme of arrangement u/s 391 to 394 of Company's Act, 1956.The matter is yet pending with the High Court of Bombay and Gujarat.
16. The User agreement with DAPL also provides for meeting of obligation both statutory and otherwise by user that is DAPL upto the period of the agreement, even after Expiry of the User agreement.
17. The Company has not Complied with the Provisions of Income Tax for TCS & TDS.
18. The Company has to obtained closing Bank Balance Certificate of all the Banks at the year end i.e. as of 31-03-2010.
19. The Company has provided for F.D. Interest on Accrual basis, however Interest Certificate for the year is yet to obtain from the concerned Bank.
20. Previous Years Figures have been Regrouped & Rearranged wherever found necessary.
21. There are Pending Attachments against the Companies Assets Movable & Immovable including that of Plant & Machinery, Land & Building by the Sales Tax department .
22. As per information & explanation given to us that One of the Share holder has filed Suit against the Company for Refund of Share Application Money with Interest.
23. During the Year under Audit the Company has initiated the matter with the Bombay Stock Exchange for re-listing of the Shares.
24. During the Year under Audit the Company has entered into agreement for Sale of Nadesari Unit as a Whole and also received advance against such Sale of One of the Undertaking. The Necessary Procedure as prescribed U/s. 293 of the Companies Act, is to be Complied with.
25. The Fixed Assets Register is required to be Produced before us for our verification.
26. During the Year under Audit the Company has Sold its Bombay Office, Furniture & Fixtures and A.C.. The necessary Approval from the Banks/Financial Institution/ ARCIL is required to be Obtained. The Amount received towards sale of A.C & Furniture & Fixtures is Rs.27 Lacs.
27. During the Year under Audit the Company has W/OFF and W/BACK Outstanding Balance in S.Drs.,S.Crs. Account. 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.
28. During the Year under Audit Share Holding Pattern of the Company has Changed as One of the Director Shri P. M. Kadakia alone Holds 87.58% of shares of the Company.
29. Earning per share works out to minus Rs 4.37 which is calculated as follows:

Loss after tax Rs.	52,852,575
No.of equity shares of Rs.10/-each	12,085,625
Earning per shares(Rupees)	4.37

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30. Additional information pursuant to provision of Paragraph 3, 4a.4c and 4d of part ii of Schedule vi of the Companies Act, 1956 is given below

A. Particulars in respect of Goods Manufactured :

Sr. No.	Particulars	Unit of Production	Licensed/Registered Capacity	Installed Capacity	Production
1	Glacial Acetic Acid	M.T.	13000 (13000)	11000 (-)	- -
2	Industrial Alcohol	Lac.Litres	200 (200)	200 (53)	- -
3	Organic Chemicals	M.T.	16260 (16260)	16260 (346)	- -
4	Caustic Soda	M.T.	33000 (33000)	- (-)	- (-)
5	Downstream of Caustic Soda	M.T.	NA NA	- (-)	- (-)

Notes: i) Production includes production by/for third parties.
ii) Installed capacity is taken as certified by the management.

B. Particulars in respect of Opening Stock, Closing Stock and Sales

Products	Opening Stock		Sales		Closing Stock	
	QTY	Value Rs.	Qty	Value Rs.	Qty	Value Rs.
1. Glacial Acetic Acid M.T.	-	-	-	-	-	-
2. Industrial Alcohol Lac ltr (In lac litres)	0.08 (0.08)	117,756 (117,756)	-	-	0.08 (0.08)	117,756 (117,756)
3. Organic Chemicals M.T.	3 (3)	474,553 (474,553)	-	-	3 (3)	474,553 (474,553)
4. Miscellaneous	-	128,655	-	-	-	128,655 (128,655)
5. Trading Goods.	-	-	-	-	-	-
6. Excise Recovered	-	-	-	-	-	-
Sub-Total	-	720,964 (720,964)	-	-	-	720,964 (720,964)
7. Excise Duty Recovered	-	-	-	-	-	-
Total	-	720,964 (720,964)	-	-	-	720,964 (720,964)

NOTES: i) Figures in brackets are in respect of previous year.
ii) Loss/Gain of goods during the year is adjusted in sales quantity.
iii) Sales Quantity includes Obsolete/non-realizable stocks.

C. ANALYSIS OF RAW MATERIALS CONSUMED

	as on 31.03.2010		as on 31.03.2009	
	Qty.	Value Rs.	Qty.	Value Rs.
1. Acetic Acid (M.T)	-	-	-	-
2. Alcohol (lac ltrs)	-	-	-	-
3. Molasses (M.T)	-	-	-	-
4. Others	-	-	-	-
5. Incidental expenses on above	-	-	-	-

ASHOK ORGANIC INDUSTRIES LIMITED

D. VALUE OF RAW MATERIALS, STORES, SPARES & PACKING MATERIALS CONSUMED

	31.03.2010		31.03.2009
	% of Consumption	Value Rupees	% of Consumption
Imported	-	-	-
Indigeneous	100	-	100
	-	-	100
	-	-	-

E. Value of imports on C.I.F.	31.03.2009	31.03.2008
a) Raw material	-	-
b) Capital Goods	-	-
c) Components & Spare Parts	-	-

F. Remittance as expenditure		
in Foreign Currency		
- For Travelling	-	-
- For technical know-how	-	-
- For Commission	-	-
- Others	-	-

G. Remittance in Foreign Currency		
on account of Dividend of Non-resident shareholders	-	-

H. Earning in Foreign Exchange		
Exports on F.O.B basis	-	-

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

I. Registration Details:			
Registration No.	16,315	State Code	11
Balance Sheet	31.03.2010		
II. Capital raised during year (Amount in Rs. Thousands):			
Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil
III. Position of mobilisation & deployment of funds (Amount in Rs.):			
Total Liabilities	2,861,405,307	Total Assets	2,861,405,307
Source of Funds:		Application of Funds:	
Paid up Capital	120,856,250	Net Fixed Assets	558,556,577
Reserves & Surplus	351,242,902	Investments	4,419,786
Secured Loans	2,318,551,098	Net Current Assets	344,347,790
Unsecured Loans	70,755,057	Miscellaneous Expenditure & P & L A/C	1,954,081,155
	2,861,405,307		2,861,405,307
IV. Performance of Company			
Turnover & Other Income	153,735,573	Total Expenditure	100,882,998
Profit/(Loss) before Tax	52,852,575	Profit/(Loss) after Tax	52,852,575
Earning Per Share(in Rs.)	4.37	Dividend Rate (%)	-
V. Generic Names of Principal Products/Services of Company (as per Monetary Terms)			
Item Code No.	220,720	Item Code No.	29,152,100
Product Description	Industrial Alcohol	Product Description	Acetic Acid

NOTE : a) Figures in brackets relate to previous year. b) Previous year figures have been arranged and re-grouped wherever necessary

AS PER OUR REPORT OF EVEN DATE

FOR BHATT THAKKER & CO.
CHARTERED ACCOUNTANT
(Firm Regn. No. 124010W)

M. L. Thakker
PARTNER
(M.N. 044517)

Place : Mumbai
Dated : 25-05-2010

For Ashok Organic Industries Limited

Pankaj M Kadakia
Chairman & Managing Director

Dr. Anil M. Kadakia
Director

Ashok M. Kadakia
Director

Place : Mumbai
Dated : 25-05-2010

ASHOK ORGANIC INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

Rupees in Lacs

	31.03.2010	31.03.2009
A CASH FLOW FROM OPERATING ACTIVITIES		
1 Net Profit before Interest, Tax & Extra-ordinary Items	528.58	(598.34)
2 Adjustments for		
I) Depreciation	562.89	590.02
II) Pre-operative and Public Issue Expenses	-	-
III) Loss/(Profit) on sale of Fixed Assets/ Investments (Net)	-	-
IV) Interest	(0.05)	(0.08)
V) Extraordinary Items	-	-
3 Operating Profit before Working Capital Changes	562.84	589.94
4 Adjustments for -	1,091.42	(8.40)
I) Trade & Other Receivables	65.56	(4.22)
II) Inventories	-	-
III) Trade Payables	(1,311.16)	6.42
IV) Bank Borrowings/ Repayments	(748.00)	360.00
5 Cash Generated from Operations(Total I to IV)	(1,993.60)	362.20
6 LESS :		
I) Interest	-	-
II) Direct Taxes	-	-
7 Cash Flow before Extra-ordinary Items (3 + 5 + 6)	(902.18)	353.80
8 Extra-ordinary Items	-	-
9 Net cash from Operating Activities (7 + 8) (A)	(902.18)	353.80
B CASH FLOW FROM INVESTING ACTIVITIES		
10 Purchase of Fixed Assets/Investment	-	-
11 Sale of Fixed Assets	1.33	-
12 Sale (Net) of Investment	484.09	-
13 Miscellaneous Expenditure	-	-
14 Net Cash used in Investing Activities (B)	485.42	-
C CASH FLOW FROM FINANCING ACTIVITIES		
15 Capital Subsidy Received	-	-
16 Proceeds from Borrowings		
Long Term	421.02	(353.57)
Short Term	-	-
17 Repayment of Term Liabilities	-	-
18 Dividend Paid	-	-
19 Net Cash from Financing Activities (C)	421.02	(353.57)
20 NET (DECREASE / INCREASE IN CASH AND CASH EQUIVALENTS [(A)+(B) +(C)]	4.26	0.23
21 CASH AND CASH EQUIVALENTS AS AT 1ST APRIL 2009 (OPENING BALANCE)	38.25	38.02
CASH AND CASH EQUIVALENTS AS AT 31ST MARCH 2010 (CLOSING BALANCE)	42.51	38.25
	4.26	0.23

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

AS PER OUR REPORT OF EVEN DATE

FOR BHATT THAKKER & CO.
CHARTERED ACCOUNTANT
(Firm Regn. No. 124010W)

M. L. Thakker
 PARTNER
 (M.N. 044517)

Place : Mumbai
 Dated : 25-05-2010

For Ashok Organic Industries Limited

Pankaj M Kadakia
 Chairman & Managing Director

Dr. Anil M. Kadakia
 Director

Ashok M. Kadakia
 Director

Place : Mumbai
 Dated : 25-05-2010

ASHOK ORGANIC INDUSTRIES LIMITED

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

1. Name of the Subsidiary : Kadakia Alkalies & Chemicals Ltd.
2. Financial year of the subsidiary Company ended on : 31st March, 2009
3. Date from which it became subsidiary : 27th February, 1992
4. Extent of the holding companies interest in the subsidiary company at the end of the financial year of the subsidiary company. : 95'00'000 Equity Shares of Rs.10/- each (100 percent)
5. Net aggregate loss of subsidiary company for its Financial year so far as it concerns the holding Company
 - (a) Dealt with in the account of the Holding company : Nil
 - (b) Not dealt with in the account of the holding company : Rs. 3,35,322
6. Net aggregate loss of subsidiary company for its previous financial period so far as it concerns the holding company since its became subsidiary
 - (a) Dealt with in the account of holding company : Nil
 - (b) Not Dealt with in the account of holding company : Rs. 82,30,62,369
7. Changes in the interest of holding company between the end of Financial year of the subsidiary and the end of the holding company's Financial Year : Not Applicable
8. Materials changes between the end of the Financial Year of the subsidiary and the end of the Holding Company's Financial Year in respect of the Subsidiary's
 - (i) Fixed Assets : Not Applicable
 - (ii) Investments : Not Applicable
 - (iii) Moneys lent by the subsidiary : Not Applicable
 - (iv) Moneys borrowed by the subsidiary : Not Applicable

Pankaj M. Kadakia
Chairman

Ashok M. Kadakia
Director

Place : Mumbai
Dated : 25-05-2010

Dr. Anil M. Kadakia
Director

DIRECTORS' REPORT

To,
The Members
Kadokia Alkalies & Chemicals Limited

Your Directors submit their 23rd Report together with the Statement of Account for the year ended on 31st March 2010.

1. Operation in retrospect :

During the year under review, no manufacturing nor any commercial activity was carried out by the company.

2. Dividend :

In view of loss, your Directors do not recommend payment of dividend to the Shareholders for the year under review.

3. 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 31st March 2009 and of the loss 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.

4. Auditors :

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

5. 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.

6. 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.

Further, 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 no details are furnished hereunder.

7. Fixed Deposit :

Your Company has not accepted deposits from the public.

8. Acknowledgement

Your Directors wish to place on record their appreciation of the co-operation received from all the concerned.

Your Directors are also grateful to the Shareholders for their trust and confidence.

For and on behalf of the Board of Directors,

Place : Mumbai
Date : 25-05-2010

Pankaj M. Kadokia
Chairman

KADAKIA ALKALIES & CHEMICALS LIMITED

AUDITOR'S 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 31st March, 2010 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 we consider appropriate we give in the said information in the annexure forming part of this report.

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 31st March, 2009, and taken on record by the Board of Directors, we report that Mr. Ashok M. Kadakia, Dr Anil M Kadakia and Mr. Pankaj M. Kadakia are the directors Not disqualified as on 31st march, 2009 from being appointed as a director in terms of clause (9) 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 31st March, 2010; and
 - i) In the case of the Balance sheet, of the state of affairs of the company as at 31st March, 2010; and
 - ii) In the case of profit and Loss Account, of the loss for the period ended on that date and,

**For BHATT THAKKER & CO.
(Firm Regn. No. 124010W)
CHARTERED ACCOUNTANTS**

**PLACE : MUMBAI
DATE : 25-05-2010**

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

KADAKIA ALKALIES & CHEMICALS LIMITED

ANNEXURE REFERRED TO IN THE AUDITORS' REPORT.

- (i) (a) The Company has 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 31-03-2010 is Rs. 3009.03 lacs.
(b) The Company has not 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. In view of temporary stoppage of the operations, 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 for F.Y. 2000-2001 Rs. 1,76,619/- and Income-tax (Tax Deducted at Source (Rs. 54,633/- for the period 2000-01 were outstanding as on 31-03-2010 for the period of six months from the date they become payable.
(b) In case of dues of sales tax amounting to Rs. 3,57,06,348/- for the period from 1-4-1996 to 31-3-2001 appeal is pending before Commissioner Sales Tax Appeals, In case of Income Tax dues for the F.Y. 1994-1995 Rs. 21,00,000/- F.Y. 1995-1996 Rs. 5,00,000/- and F.Y. 2000-01 Rs. 2,57,96,606/- appeals are pending before commissioner of Income – Tax Appeals and H'ble Mumbai Tribunal. 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 has incurred cash loss during the year. The company has been referred to BIFR. However the case was abated by BIFR vide Order Dated : 04-04-2007 But the matter was referred to AAIFR in the Year 2007 and vide AAIFR order dated : 31-07-2008, the Appeal was Dismissed for "Non Prosecution"
- (xi) (a) The Company has transferred the Chlor – Alkali division to Holding company M/s. Ashok Organic Industries Limited along with all assets and liabilities. Company and has defaulted in repayment of dues to a bank and financial institutions and these accounts are declared as NPA as per the guidelines issued by Reserve Bank of India In absence of necessary details and records the information regarding period of default in respect of repayment of these dues is not given.
- (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) The company has not given any guarantee for loans taken by others from bank or financial institutions.,
- (xvi) The Company had applied term loans for the purpose for which they were obtained.
- (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) According to the information & Explanation given to us, 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.
(Firm Regn. No. 124010W)
CHARTERED ACCOUNTANTS

M.L. THAKKER
PARTNER
(M.N. 044517)

PLACE : MUMBAI
DATE : 25-05-2010

KADAKIA ALKALIES & CHEMICALS LIMITED

BALANCE SHEET AS AT 31ST MARCH,2010

	Schedule	As on 31.03.2010		As on 31.03.2009	
		Rupees	Rupees	Rupees	Rupees
SOURCE OF FUNDS :					
Shareholders Fund/Loan Funds					
Share Capital	1	95,000,000.00		95,000,000.00	
Reserves & Surplus	2	130,335,322.00		130,335,322.00	
			225,335,322.00		225,335,322.00
Secured Loan		-		-	
Unsecured Loan		-		-	
			225,335,322.00		225,335,322.00
APPLICATION OF FUNDS:					
Fixed Assets					
Gross Block	3	7,456,634.37		7,456,634.37	
Less :Depreciation		6,728,456.26		6,680,006.82	
			728,178.11		776,627.55
Capital Work -in-progress			-		-
Investments	4		5,000.00		5,000.00
Current Assets , Loans & Advances					
Inventories		-		-	
Sundry Debtors	5	(245,382.00)		(245,382.00)	
Cash & Bank Balances	6	55,474.00		55,474.00	
Loans & Advances	7	408,303.00		408,303.00	
		218,395.00		218,395.00	
Less: Current Liabilities & Provisions Liabilities	8	599,580,822.00		599,580,822.00	
		599,580,822.00		599,580,822.00	
NET CURRENT ASSETS			(599,362,426.00)		(599,362,426.00)
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)					-
PROFIT & LOSS A/C.			823,964,569.91		823,916,120.47
			225,335,322.00		225,335,322.00
Accounting Policies	9		-		-
Notes on Accounts	10				

AS PER OUR REPORT OF EVEN DATE

FOR BHATT THAKKER & CO.
CHARTERED ACCOUNTANT
(Firm Regn. No. 124010W)

M. L. Thakker
PARTNER
(M.N. 044517)

Place : Mumbai
Dated : 25-05-2010

For **KADAKIA ALAKLIES & CHEMICALS LTD**

Pankaj M Kadakia
Chairman & Managing Director

Dr. Anil M. Kadakia
Director

Ashok M. Kadakia
Director

Place : Mumbai
Dated : 25-05-2010

KADAKIA ALKALIES & CHEMICALS LIMITED

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

	Schedule	As on 31.03.2010		As on 31.03.2009	
		Rupees	Rupees	Rupees	Rupees
INCOME :					
Other Income			-		-
Increase/(Decrease) in Stock			-		-
			-		-
			-		-
EXPENDITURE :					
Manufacturing & Establishment Expenses			-		-
Administrative, Selling & General Expenses			-		-
Finance Cost			-		-
			-		-
			-		-
Loss before Depreciation			-		-
Depreciation			48,449.44		48,449.44
Loss before Taxation			48,449.44		48,449.44
Balance brought forward			823,916,120.47		823,867,671.03
Balance carried to balance sheet			823,916,120.47		823,916,120.47
Accounting Policies	19				
Notes on Accounts	20				

AS PER OUR REPORT OF EVEN DATE

FOR BHATT THAKKER & CO.
CHARTERED ACCOUNTANT
 (Firm Regn. No. 124010W)

M. L. Thakker
 PARTNER
 (M.N. 044517)

Place : Mumbai
 Dated : 25-05-2010

For **KADAKIA ALAKLIES & CHEMICALS LTD**

Pankaj M Kadakia
 Chairman & Managing Director

Dr. Anil M. Kadakia
 Director

Ashok M. Kadakia
 Director

Place : Mumbai
 Dated : 25-05-2010

KADAKIA ALKALIES & CHEMICALS LIMITED

SCHEDULES TO THE BALANCE SHEET AS ON 31.03.2010

Schedule	As on 31.03.2010		As on 31.03.2009							
	Rupees	Rupees	Rupees	Rupees						
SCHEDULE 1 : SHARE CAPITAL										
Authorised										
1,00,00,000 Equity Shares of Rs.10/- each		100,000,000.00		100,000,000.00						
Issued,Subscribed & Paid up:										
95,00,000(Previous Year 9500000) Equity Shares of Rs. 10/- each Fully Paid up	95,000,000.00		95,000,000.00							
		95,000,000.00		95,000,000.00						
NOTES: (Out of the above 7450000 Equity shares were issued to Ashok Organic Industries Limited for consideration other than cash.)										
SCHEDULE 2 : RESERVES & SURPLUS										
Depreciation Reserve	335,322.00		335,322.00							
Share Premium	130,000,000.00		130,000,000.00							
		130,335,322.00		130,335,322.00						
		130,335,322.00		130,335,322.00						
SCHEDULE - 3 : FIXED ASSETS										
	GROSS BLOCK			DEPRECIATION		NET BLOCK				
PARTICULARS OF ASSET	AS ON 1.04.2009	ADDI- TIONS	SALES ADJUS- TMENT	TOTAL COST 31.03.2010	TOTAL UPTO 1.04.2009	FOR SALES/ THE ADJUS- YEAR TMENT	TOTAL UPTO 31.03.2010	AS ON 31.03.2010	AS ON 31.03.2009	
BUILDING	1450582.00	0.00	0.00	1450582.00	673954.45	48449.44	0.00	722403.89	728178.11	776627.55
PLANT & MACHINERY	5962302.11	0.00	0.00	5962302.11	5962302.11	0.00	0.00	5962302.11	0.00	0.00
FURNITURE & FIXTURES	5185.26	0.00	0.00	5185.26	5185.26	0.00	0.00	5185.26	0.00	0.00
VEHICLES	38565.00	0.00	0.00	38565.00	38565.00	0.00	0.00	38565.00	0.00	0.00
GRAND TOTAL	7456634.37	0.00	0.00	7456634.37	6680006.82	48449.44	0.00	6728456.26	728178.11	776627.55
PREVIOUS YEAR	7456634.37	0.00	0.00	7456634.37	6631557.38	48449.44	0.00	6680006.82	776627.55	825076.99
NOTE : IN CASE OF PLANT & MACHINERY, FURNITURE & FIXTURE, VEHICLES DEPRECIATION IS WORKED OUT TILL THE GROSS BLOCK AMOUNT IS ZERO. HENCE NO FURTHER DEPRECIATION IS WORKED OUT.										
SCHEDULE 4 : INVESTMENTS										
(AT COST) (UNQUOTED UNLESS OTHERWISE STATED)										
a) National Savings Certificates (lying with Collector, Bharuch, valued at cost)						5,000.00				5,000.00
						5,000.00				5,000.00
SCHEDULE 5 : SUNDRY DEBTORS										
- More than Six months						(245,382.00)				(245,382.00)
						(245,382.00)				(245,382.00)
SCHEDULE 6 : CASH & BANK BALANCES										
Cash on Hand						4,896.00				4,896.00
Bank Balances with Scheduled Banks						50,578.00				50,578.00
						55,474.00				55,474.00
SCHEDULE 7 : LOANS & ADVANCES										
Deposits with Suppliers and Others						93,311.00				93,311.00
Advance recoverable in cash/kind or for value to be received						314,992.00				314,992.00
						408,303.00				408,303.00
SCHEDULE 8 : LIABILITIES										
Creditors for Goods & Expenses						597,992,170.00				597,992,170.00
Other Liabilities						1,588,652.00				1,588,652.00
						599,580,822.00				599,580,822.00

NOTES ON ACCOUNTS FOR THE PERIOD ENDED ON 31-03-2010

SCHEDULE 9 : SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The financial statements have been prepared in accordance with applicable accounting standards on accrual basis and are based on the historical cost convention as modified to include revaluation of certain fixed assets.

b. 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.

c. Fixed Assets

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.

d. Depreciation

The Depreciation is provided on straight line method by applying rates prescribed under schedule XIV of the companies Act 1956.

e. Assets held on Disposal

Items of Fixed Assets that have been retired from active use and are held for disposal are stated at their net book value.

f. 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.

g. 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.

h. Taxation

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 Income Tax 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.

Provision for fringe benefits tax is Not made on the estimated value of fringe benefits for the period as per the related provision of the Income Tax Act.

However the Company doesn't have Profit after considering the previous losses & hence no Tax Liability including Deferred Tax is Worked out.

i. 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.

(iii) Finished goods are valued at lower of Cost or 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 lower of Cost or Realisable value

j. Foreign Exchange Transactions

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.

k. Sales

Sales of goods and services recognised when the goods are dispatched and services rendered. Sales include excise and vat.

l. Proposed Dividend

Dividend in case proposed by the Board of Directors is provided in the books of accounts subject to shareholders' approval at the Annual General Meeting.

m. Excise

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

n. 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.

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".

o. Pre-Operative Expenditure

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

p. 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.

q. Contingent Liabilities

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

r. 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.

s. 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 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.

t. Investments

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.

u. Export Benefits

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.

v. Research & Development Costs

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.

w. Provisions

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.

x 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.

y Segment Accounting

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.

z Related Party Transaction

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

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

SCHEDULE 10

	31.03.10	31.03.09
1 Contingent Liabilities in respect of -		
a. Income tax and Sales tax matters	64,102,954	64,102,954
b. Excise Matters	24,354,288	24,354,288

NOTE:

- (i) Company has preferred appeals against demand under a and b above.
 - (ii) Company's chloro-alkali unit, which is transferred to holding company M/s Ashok Organik Industries Limited was enjoying the benefits granted to prestigious unit as per the local sales tax laws in the state of Gujarat are subject to various conditions, non fulfillment of which may disentitled the company for the benefits granted or any other consequences..
 - (iii) The total sales tax liability, which is payable in installment as per the scheme applicable to prestigious unit as explained in (ii) above amounting to Rs 33.78 lacs is not backed by investment.
- 2 Company has transferred the Chlor-alkali Unit, with all its assets and liabilities on going concern basis at cost, to Ashok Organic Industries Limited, Holding Company effective from 1st June 2005.
 3. Provision for taxation is not required to be made as there is no taxable income as per the provision of Income Tax Act, 1961.
 4. 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.
 5. 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 BIFR for rehabilitation and revival. Company has also proposed scheme of compromise and arrangement of dues pertaining to creditors; both secured as well as unsecured creditors. However the case was abated by BIFR vide Order Dated : 04-04-2007 But the matter was referred to AAIFR in the Year 2007 and vide AAIFR order dated : 31-07-2008, the Appeal was Dismissed for "Non Prosecution"
 6. 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

KADAKIA ALKALIES & CHEMICALS LIMITED

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.

7. The Company has agreed to the merger of its wholly owned Holding M/s Ashok Organic Industries Limited and necessary petition required u/s 391 to 394 has been filed with High Court of Gujarat and Bombay.
8. The information required by para 3 and 4 is furnished to the extent applicable.
9. Additional information pursuant to provision of paragraph 3, 4A, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956 is given below :

A. Particulars in respect of Goods Manufactured :

Sr. No.	Particulars	Unit of	Licenced/ Production Capacity	Production Registered	Installed Capacity
1	Caustic Soda	M.T.	33,000.00	NIL	33,000.00
		(33,000.00)	NIL	(33,000.00)	
2	Salt	M.T.	N.A.	NIL	NIL
		N.A.	NIL	NIL	
3	Down Stream products	M.T.	N.A.	NIL	NIL
		N.A.	NIL	NIL	

B. Particulars in respect of Opening Stock, Closing Stock and Sales

Products	Unit	Opening Stock		Sales		Closing Stock	
		Qty M.T	Value Rs	Qty M.T	Value Rs	Qty M.T	Value Rs
1. Caustic Soda	M.T.	36.00	430,608.00	-	-	36.00	430,608.00
		36.00	430,608.00	-	-	36.00	430,608.00
2. Salt	M.T.	12,413.00	1,259,216.05	-	-	12,413.00	1,259,216.05
		10,413.00	2,805,400.00	-	-	10,413.00	2,805,400.00
3. Down Stream products	M.T.	24.00	164,829.00	-	-	24.00	164,829.00
		24.00	164,829.00	-	-	24.00	164,829.00
Total			1,854,653.05		-		1,854,653.05
			3,400,837.00		-		3,400,837.00

- NOTES: i) Figures in brackets are in respect of previous year.
ii) Loss/Gain of goods during the year is adjusted in sales quantity.

C. ANALYSIS OF RAW MATERIALS CONSUMED

	Unit	Qty	31.03.2010 Value	31.03.2009 Value
1. Acetic Acid	M.T.	-	-	-
2. Liquid Chlorine	M.T.	-	-	-
3. Others	M.T.	-	-	-

D. VALUE OF RAW MATERIALS, STORES, SPARES & PACKING MATERIALS CONSUMED

	% of Consumption	31.3.2010 Value	31.03.2009 Value
Imported	-	-	-
Indigeneous	-	-	-
		-	-

E. Value of imports on C.I.F.

	31.3.2010	31.03.2009
a) Raw material	NIL	NIL
b) Capital Goods	NIL	NIL
c) Components & Spare Parts	NIL	NIL

F. Remittance in Foreign Currency

	31.3.2010	31.03.2009
	NIL	NIL

KADAKIA ALKALIES & CHEMICALS LIMITED

10. Additional information pursuant to the provisions of Part IV of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details:

Registration No. _____ State Code _____

Balance Sheet **31.03.2010**

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

Public Issue Nil Rights Issue Nil

Bonus Issue Nil Private Placement Nil

III A Total Liabilities

Share Capital 95,000,000

Reserves and Surplus 130,335,322

Secured Loans -

Unsecured Loans -

Total 225,335,322

III B Total Assets

Fixed Assets(Net Block) 776,628

Investments 5,000

Current Assets 218,395

Less Current Liabilities 599,580,822

Miscellaneous Assets

Debit Bal in Profit and Loss A/C 823,916,120

Total 225,335,321

IV. Performance of Company

Turnover & Other Income - Total Expenditure 48,449.44

Profit/(Loss) before Tax (48,449.44) Profit/(Loss) after Tax (48,449.44)

Earning Per Share(in Rs.) (0) Dividend Rate (%) -

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

Item Code No. - Item Code No. -

Product Description Caustic Soda Product Description Chlorine

NOTE : a) Figures in brackets relate to previous year.

b) Previous year figures have been arranged and re-grouped wherever necessary

AS PER OUR REPORT OF EVEN DATE

**FOR BHATT THAKKER & CO.
CHARTERED ACCOUNTANT
(Firm Regn. No. 124010W)**

M. L. Thakker
PARTNER
(M.N. 044517)

Place : Mumbai
Dated : 25-05-2010

For KADAKIA ALAKLIES & CHEMICALS LTD

Pankaj M Kadakia
Chairman & Managing Director

Dr. Anil M. Kadakia
Director

Ashok M. Kadakia
Director

Place : Mumbai
Dated : 25-05-2010

ASHOK ORGANIC INDUSTRIES LIMITED

ASHOK ORGANIC INDUSTRIES LTD.

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

ATTENDANCE SLIP

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

L.F No. _____ No. of Share held _____

Name Address of the Member :

I hereby record presence a the 36th Annual General Meeting held on Thursday, 5th August, 2010 at 2:00 p.m at R.S. Bhatt Seminar Room, above Patker Hall, S N D T Women University, New Marine Lines, Mumbai-400 020.

Signature Shareholder/Proxy

NOTES:

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

ASHOK ORGANIC INDUSTRIES LTD.

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

PROXY

L.F No.(s) _____ No Share held _____

I/WE _____

_____ being member/member ASHOK ORGANIC INDUSTRIES LTD. hereby appoint

_____ of _____ failing him/her

_____ of _____ and failing him/her

_____ of _____ as my/our Proxy to vote for me/

us and or my/our behalf at 36th Annual General Meeting held on Thursday, 5th August, 2010 at 2:00 p.m at R.S.

Bhatt Seminar Room, above Patker Hall, S N D T Women University, New Marine Lines, Mumbai-400 020 and any

adjournment thereof.

Signed this _____ day of September, 2010

Affix
Revenue
Stamp
Re.1.00

BOOK-POST

TO,

If undelivered, please return to :

ASHOK ORGANIC INDUSTRIES LTD.

404, Sharda Chambers, 33, New Marine Lines,

Mumbai-400 020