



KUMAKA INDUSTRIES LIMITED

(Formerly known as Ashok Organic Industries Limited)

38th
Annual Report
2011-2012

KUMAKA INDUSTRIES LIMITED

**38th ANNUAL REPORT
2011-12**

Board of Directors : Mr. Pankaj M. Kadakia - Chairman & Managing Director
Dr. Niranjana M. Pandya - Non Executive Independent Director
Dr. Dhananjay Panchal - Non Executive Independent Director
Mr. K. S. Tandon - Non Executive Independent Director

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
E-mail : kumakaindustries@gmail.com

KUMAKA INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the 38th Annual General Meeting of the Members of KUMAKA INDUSTRIES LTD. (earlier known as M/s. Ashok Organic Industries Ltd.) will be held on Saturday, 29th September, 2012 at 3.00 p.m. at 3rd Floor, Walchand Centre for Training Room, Indian Chamber of Commerce, Church Gate, Mumbai-400 020, to transact the following business

Ordinary Business :

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended on 31st March 2012 and the Balance Sheet as of that date together with Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. Niranjana Pandya who retires by rotation being eligible offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

Special Business :

4. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution.
"RESOLVED THAT subject to the approval of Central Government u/s. 314 (1B) of the Companies Act, 1956, read with those under the Director's Relatives [Office or Place of Profit] Rules, 2003 as amended by the Notification dated 6th April, 2011 as well as the recommendation of the Remuneration Committee of the Board of Directors of the Company and the same having been accepted by the Board, Members hereby accord their consent to Mr. Shyam Kadakia, son of Mr. Pankaj Kadakia, Chairman & Managing Director of the Company, for holding and to continue to hold an office or place of profit as President in the Company at a consolidated Salary of Rs.50,000 p.m. plus normal perks, with effect from 6th August, 2012."
"FURTHER RESOLVED THAT this resolution shall be deemed to confer the necessary authority to the Board of Directors to sanction the increments and proper to promote him to any higher remuneration at their discretion in due course, as they may deem fit."

For and on behalf of the Board of Directors

Date: 06-08-2012

Place: Vadodara

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 VOTE ON A POLL 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. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business enumerated at Item No. 4 of Notice, is annexed herewith.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, the 24th September, 2012 to Saturday, the 29th September, 2012 (both days inclusive).
5. MEMBERS DESIROUS OF GETTING ANY INFORMATION ABOUT THE ACCOUNTS AND OPERATIONS OF THE COMPANY ARE REQUESTED TO ADDRESS THEIR QUERIES TO THE COMPANY AT LEAST SEVEN DAYS IN ADVANCE OF THE MEETING SO THAT THE INFORMATION REQUIRED CAN BE READILY AVAILABLE AT THE MEETING.

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

Item No.4 :

Mr. Shyam Kadakia, is the son of Mr. Pankaj Kadakia, the Chairman and Managing Director of the Company.

The Board of Directors of the Company, at their meeting held on 6th August, 2012, has appointed Mr. Shyam Kadakia as the President of the Company, on monthly remuneration of Rs. 50,000/- [Rupees Fifty Thousand Only] with effect from 6th August, 2012, with the authority to revise from time to time, the designation and monthly remuneration, not exceeding Rs. 2,50,000/- [Rupees Two Lacs Fifty Thousand Only], keeping in view the nature of duties being performed, level of responsibilities to be shouldered, overall contribution expected for the growth of business of the Company.

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

Mr. Shyam Kadakia is a Trustee of Manilal Harilal Kadakia Charitable Trust, the non-profit trust registered in 1973 under the Bombay Trust Act. At present, he has been actively participating in coordinating the setting up of the new pharmaceutical plant.

In terms of Section 314 of the Companies Act, 1956, subject to the further approval of the Members read with Relatives [Office or Place of Profit] Rules, 2003 as amended by the Notification dated 6th April, 2011 issued by the Ministry of Corporate Affairs read with Section 314 of the Companies Act, 1956, he holds the office or place of profit in the Company, as its President from 6th August, 2012.

None of the Director other than Mr. Pankaj Kadakia is interested in the said resolution.

The Board recommends this Special resolution for adoption.

For and on behalf of the Board,

Date : 06-08-2012

Place : Vadodara

Pankaj Kadakia
Chairman & Managing Director

KUMAKA INDUSTRIES LIMITED

Annexure to the Notice of Annual General Meeting

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

Name of the Director	Dr. Niranjn Pandya
Date of Birth	01-06-1939
Date of Appointment	20-11-2009
Specialized Expertise	Business Management
Qualifications	M.A.; Ph.D.
Directorships of other Companies as on 31 st March, 2012	None
Chairman / Member of Committees of other Companies as on 31 st March, 2012	None

KUMAKA INDUSTRIES LIMITED

DIRECTORS' REPORT

To,
The Members,
Your Directors submit their 38th Report together with the Statement of Account for the year ended on 31st March 2012.
Following figures summaries the financial performance of the Company during the year under review.

1. Financial Results : (Rs. in Lacs)

	2011-12	2010-11
Sales and Other Income	113.37	527.48
Profit/(Loss) before Interest & Depreciation	(2498.26)	464.95
Less : Interest	—	—
Depreciation	6.80	524.45
Profit/(Loss) before Tax	(2505.06)	989.40
Provision for Taxation	—	—
Profit/(Loss) for the year	(2505.06)	989.40
Balance Brought forward of earlier years	(20530.21)	(19540.81)
Balance carried to Balance Sheet	(23035.27)	(20530.21)

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 overdue debts.

The Company's Assets which were earlier taken over by Asset 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. Therefore there are no Secured loans to be repaid to the Banks / Financial Institutions as of the date.

In its endeavor to recommence its operations, the Company has been exploring new avenues in the field of Drugs & Pharmaceuticals, Energy Sector, Finance and Investment Sectors, by way of diversification, with the help of Strategic Investors / Partners.

With joint collaboration either in the form of technical or financial, the Company is hopeful to recommence its operations in future time to come.

4. 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, 2012 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.

5. Subsidiary Company:

The Company has a Wholly Owned Subsidiary Company under the name of M/s. Kadakia Alkalies And Chemicals Limited. There has been no material change in the nature of business of the subsidiary Company. A statement containing brief Financial details of the subsidiary company, is included in the Annual Report. As required under the Listing Agreements with the Bombay Stock Exchange Ltd., a Consolidated Financial Statement of the Company and its subsidiary, are attached. The Consolidated Financial Statements have been prepared in accordance with the relevant Accounting Standards as prescribed under Section 211(3C) of the Companies Act, 1956("Act"). These financial statements disclose the assets, liabilities, income, expenses and other details of the Company and its subsidiaries. Pursuant to the provision of Section 212(8) of the Act, the Ministry of Corporate Affairs vide its circular dated February 8, 2011 has granted general exemption from attaching the Balance Sheet, Profit and Loss Account and other documents of the subsidiary company with the Balance Sheet of the Company. A statement containing brief financial details of the Company's subsidiary for the financial year ended March 31, 2012 is included in the Annual Report. The annual accounts of the subsidiary and the related detailed information will be made available to any member of the Company for inspection at the registered office of the Company. The Company shall furnish a copy of details of annual accounts of subsidiary company to any member on demand.

6. Directors:

Mr. Ashok M. Kadakia and Dr. Anil M. Kadakia, ceased to be Directors from 27th August, 2011. The Board places on record its sincere appreciation for the contribution received from both of them during their tenure as Directors of the Company.

Dr. Niranjan Pandya, the Director retires by rotation, however, being eligible offers himself for reappointment.

Members are requested to consider his reappointment.

7. Audit Committee :

The Audit Committee as constituted with Independent Directors, in terms of Clause 49 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.

8. 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 Corporate Governance as prescribed under the

KUMAKA INDUSTRIES LIMITED

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 Statutory Auditor's Certificate on the compliance, are enclosed as **Annexure 'A'** and **Annexure 'B'** respectively.

9. 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.

10. 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.

11. 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 such details are not furnished.

12. Listing of Equity Shares :

The Company's equity shares are listed on Bombay Stock Exchange Limited, however trading in the Shares are suspended pending certain compliance of listing agreement. The Company is in process to comply the balance requirements so as to recommence the trading of Shares at BSE.

13. Fixed Deposit :

Your Company has not accepted deposits from the public.

14. Acknowledgement :

Your Directors wish to place on record their appreciation of the co-operation received from all the concerned and thank the shareholders their trust and confidence.

For and on behalf of the Board of Directors,

Date: 06-08-2012

Place: Vadodara

Pankaj M. Kadakia
Chairman & Managing Director

ANNEXURE-A

MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry Structure and Development:

Currently the Company is in the organic chemicals segment. Due to cheap imports from China and introduction of new manufacturing technology for the products that the Company used to manufacture, the manufacturing activity of the Company had become unviable.

The Company is planning to diversify into pharmaceuticals industry. Using the assets base of the Company, the management is working on a project to setup an active pharmaceutical ingredient plant. Recent studies indicate that the Indian pharmaceutical industry is poised to grow due to the following reasons:

- A. Worldwide expiration of block buster drug patents
- B. Cost effective production in India

The Pharmaceutical industry in India is the world's third-largest in terms of volume and stands 14th in terms of value. India gained its foothold on the global scene with its innovatively engineered generic drugs and active pharmaceutical ingredients (API), and it is now seeking to become a major player in outsourced clinical research as well as contract manufacturing and research.

2. Outlook:

The current annual market size (including export) of the Indian pharmaceutical industry is over Rs 1 lakh crore with over 8000 SME players. With the cost advantage in India the export of API is expected to increase. New molecule development is also increasing in India with government supporting Research and Development activities.

The alcohol base route for manufacturing acetic acid has become obsolete and the management feels that the Company needs a product shift.

Segment-Wise Performance :

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

4. Opportunities, Threats, Risks and Concerns:

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

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

5. Financial Performance :

During the year the Company was settling its due with the banks. The core manufacturing activity was inoperative. A summary of the financial is disclosed in the Directors' report.

6. Internal Control Systems and Adequacy:

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

7. Human Relations:

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

8. Cautionary Statement:

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

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

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy

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

2. Board of Directors

The Board of Directors presently comprises of Four Directors with Mr. Pankaj Kadakia as the Chairman and Managing Director and Three Independent non-executive Directors viz. Dr. Dhanjay Panchal, Dr. Niranjn M. Pandya and Mr. K.S.Tandon as the Members. During the year Four Board Meetings were held on 24-5-2011, 12-08-2011 (Adjourned meeting held on 16-08-2011), 07-10-2011 and 28-01-2012.

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	Chairman & Managing Director	4	Yes	3	—
Ashok M. Kadakia*	Professional Director	—	No	5	—
Dr. Anil M. Kadakia*	Professional Director	1	No	4	—
Dr. Niranjn Pandya	Non-Executive Independent Director	4	Yes	—	—
Dr. Dhananjay Panchal	Non-Executive Independent Director	4	Yes	—	—
K.S.Tandon	Non-Executive Independent Director	2	No	—	—

* Ceased to be Directors of the Company from 27th August, 2011.

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
Shri Pankaj M. Kadakia	28, 29,450	23.41

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 consists of Three Independent Directors viz. Dr. Dhananjay Panchal , Dr. Niranjn M. Pandya and Mr. K.S.Tandon with Dr. Dhananjay Panchal, as the Chairman. The Committee met on 24-5-2011, 12-08-2011 (Adjourned meeting held on 16-08-2011), 07-10-2011 and 28-01-2012. During the year the attendance of the members at the meetings was as follows :

Name of Members	Status	No. of Meetings	
		Held	Attended
Dr. Dhananjay Panchal	Chairman	4	4
Dr. Niranjn M. Pandya	Member	4	4
Mr. K.S.Tandon	Member	4	2

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

4. Remunerations Committee:

The Committee consists of Three Independent Directors viz. Dr. Niranjn M. Pandya, Dr. Dhananjay Panchal and Mr. K.S.Tandon with Dr. Niranjn M. Pandya, as the Chairman. One meeting of Remuneration Committee was held during the year under review, to decide Renuneration of Mr. Shyam Kadakiya who is the relative of the Director, as the President of the Company.

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

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

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There were no other pecuniary relationships 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' Grievance Committee:

The Committee consisted with Three Independent Directors viz. with Dr. Niranjana M. Pandya, Dr. Dhananjay Panchal and Mr. K.S.Tandon with Dr. Niranjana M. Pandya, as the Chairman.

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

The Board has been appointed Mr. Pankaj Kadakia, the Managing Director, as the Compliance Officer.

The Committee, inter alia, oversees and reviews all matters connected with the securities and looks into shareholders complaints like transfer of shares, non receipt of balance sheet, non receipt of declared dividend etc. The Committee oversees the performance and the working of the Secretarial Department and recommends measures for overall improvement in the quality of investor services.

As on 31.03.2012, there were no Investor Grievances remaining unattended / pending to more than 30 days.

6. General Body Meetings

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

Date	Time	Place	Special Resolution
27-08-2011	2.00 p.m.	3 rd Floor, Walchand Centre Training Room, Indian Chamber of Commerce, Church Gate, Mumbai-400 020	None
05-08-2010	2.00 p.m.	R.S. Bhatt Seminar Room, Above Patker Hall, S N D T Women University, New Marine Lines, Mumbai-400 020	Re-appointment of Mr. Pankaj M. Kadakia as Managing Director for a period of 3 years.
25-09-2009	11.30 a.m.	404, 4 th Floor, Sharda Chambers 33, New Marine Lines, Mumbai- 400 020.	None

During the year under review, Special Resolutions were passed through postal ballot under the provisions of Section 192A of the Companies Act, 1956 and the Companies (Passing of the resolutions by Postal Ballot) Rules, 2001, for effecting Change of Name, Alteration of Other Object of Memorandum of Association, Commencement of New Business and Adoption of New Set of Articles of Association of the Company.

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

7. Disclosures :

- (a) There were no materially significant related party transactions that may have potential conflict with the interest of the Company at large.
- (b) No penalties or strictures have been imposed on the Company by SEBI or any Statutory Authority on any matter related to capital markets. The Company's scrip has been temporarily suspended for trading on non compliance of some of the listing requirements.

8.1 Compliance of Mandatory Requirements :

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

8.2 Compliance of Non Mandatory Requirements :

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

8.3 Code of Conduct :

The Board of Directors of the Company have adopted Code of Conduct for all Board Members the Company. The Company has no distinct level of senior management from the Board since operations of all plants were suspended due to economic reasons. The Board members have affirmed compliance to the Code of Conduct. For economic reasons, the Company has not been able to have its website to post the Code of Conduct on it.

9. Means of Communication :

The quarterly half-yearly and yearly financial results of the Company are normally sent to the BSE 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 BSE in accordance with the Listing Agreement and are supplied through E-Mail & posts to the Shareholders, on demand.

KUMAKA INDUSTRIES LIMITED

10. General Shareholder Information:

(a) 38th Annual General Meeting

Date and Time : 29th September, 2012 at 3.00 p.m.
 Venue : 3rd Floor, Walchand Centre for Training
 Room, Indian Chamber of Commerce,
 Church Gate, Mumbai-400 020

(b) Financial Calendar

Board Meeting to approve

Unaudited Financial results for Period

Quarter ending September 30th, 2012 : By 14th of November, 2012
 Quarter ending December 31st, 2012 : By 14th of February, 2013
 Quarter ending March, 31st, 2013 : By 14th of May, 2013
 Quarter ending June, 30th, 2013 : By end of July, 2013
 Annual General Meeting for the
 Year ending on 31.03.2013 : By end of September, 2013

(c) **Dates of Book Closure** : From Monday, the 24th September, 2012 to Saturday, the 29th Saturday, 2012 (both days inclusive)

(d) Dividend payment Date : Not Applicable

(e) Listing on Stock Exchange : Bombay Stock Exchange Ltd. Mumbai

(f) Company Code : 526923

(g) Market Price Data : Trading in Equity Shares has been suspended by the Bombay Stock Exchange Limited (BSE) and therefore details of Market Price at BSE are not presented.

(h) The Company has in-house Share Department at

5-B, 5th Floor, Ramkrishna Chambers, BPC Road, Alkapuri, Vadodara - 390 007
 Phone No. : 0265-233 0019, Fax No. 0265-233 3884, Email : kumakaindustries@gmail.com

(j) Share Transfer System:

Shares lodged for transfer in physical form are processed and duly transferred Share Certificates are sent within 30 days of receipt of the valid documents. The Shares are transferred at an interval of 15 days time.

(k) Distribution of Shareholding :

(i) The Distribution of Shareholding as on 31st March, 2012

No of Share-	No. of Share-holders	% of Shares - holders	No. of Shares Held	% of Total Shareholders
Upto 500	9,653	97.65	10,35,650	8.57
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	48,725	0.41
3001 to 4000	5	0.05	18,700	0.16
4001 to 5000	7	0.07	31,900	0.26
5001 to 10000	6	0.06	54,000	0.44
10001 & above	14	0.14	1,07,28,000	88.76
Total	9885	100.000	1,20,86,625	100.00

(ii) Shareholding Pattern as on 31st March, 2012 :

Associates	No. of Shares held	% of shareholding
1. Directors & Relatives (Promoters)	1,05,82,150	87.56
2. Mutual Funds	10,200	0.08
3. Banks Financial Institutions	200	0.01
Other Corporate Bodies	66,825	0.55
Indian Public	14,26,250	11.800
Total	1,20,85,625	100.00

(l) Outstanding GDRs / ADRs : Not Applicable
 Warrants

(m) Plants Location : 318/319, G. I. D. C. Industrial Estate, Ankleshwar, Dist. Bharuch

(n) Address of Correspondence : 5th Floor, Ram Krishna Chambers, BPC Road, Vadodara -390007.

KUMAKA INDUSTRIES LIMITED

Certificate of Auditor's on Corporate Governance

To
The Members,
Kumaka Industries Limited.
Mumbai

We have examined the compliance of conditions of Corporate Governance by Kumaka Industries Limited for the year ended 31st March, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange Ltd.

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

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

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

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

For Bhatt Thakker & Co.
Chartered Accountants

Mukesh L. Thakker

Partner

Place : Vadodara

Date : 6-8-2012

Membership No. : 044517 ; Firm No.124010W

CERTIFICATE

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

This is to certify that;

We have reviewed financial statements and the Cash Flow statement for the year ended 31st March, 2012 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 role in the Company's internal control system.

Date: 6-8-2012

Place: Vadodara

Pankaj M. Kadakia
Chairman & Managing Director

KUMAKA INDUSTRIES LIMITED

AUDITORS' REPORT

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

We have audited the attached Balance Sheet of KUMAKA INDUSTRIES LIMITED (FORMERLY KNOWN AS ASHOK ORGANIC INDUSTRIES LIMITED), as at 31st March, 2012 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 of 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, 2012, and taken on record by the Board of Directors, we report that None of the Directors are *Not Disqualified* as on 31st March, 2012 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 additional note 1(iii) regarding Sales Tax amount not backed by investment, 1(iv) 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. Also Refer Notes to Accounts on the Basis of same Accounts Prepared and True and Fair View is Ascertained.
 - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012; and
 - ii. In the case of Profit and Loss Account, of the loss for the year ended on that date, and
 - iii. In case of Cash Flow Statement, cash flow for the period ended on that date.

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

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

**PLACE : VADODARA
DATE : 06/08/2012**

Firm Reg. No. 124010W

Annexure referred to in the Audit Report

- (i) (a) The Fixed Assets Register was not available for our verification during the Year under Audit & Hence we are unable to verify whether the Company has updated or not updated the records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) These fixed assets are not physically verified by the management at reasonable intervals;
 - (c) The Company has disposed of a substantial part of fixed assets during the year.
- (ii) (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 during the current year it is write off as obsolete stock as item of P&L as per new provisions of Revised Scheduled VI.
- (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. 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.

KUMAKA INDUSTRIES LIMITED

- (b) The Company has accepted loan or advances in nature of loan from companies or parties listed in the register maintained under section 301 of Companies Act, 1956.
- (iv) In our Opinion and according to the information & explanation given to us, there is inadequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase/sale Raw Materials, Stores and consumables and Trading Material and Fixed Assets;
- (v) (a) According to the information & explanation provided by the management, we are of the opinion that the particulars of contract or arrangements referred to in Section 301 of the Act that need to be entered into the Register maintained Under Section 301 have been so entered.
- (b) In our Opinion and according to the information & explanation given to us, the transaction made in pursuance of such contracts or arrangements exceeding value of Rupees Five Lacs have been entered into during the Financial Year at Prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In respect of Deposits accepted, In our Opinion and according to the information & explanation given to us, the company has not accepted deposits from the public and provisions of section 58A and 58AA of the Act and the rules framed there under are not applicable, We are informed by the Management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal ;
- (vii) The company does not have an internal audit system commensurate with its size and nature of its business;
- (viii) Maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act in respect of 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 31.03.2012 for the period of six months from the date they become payable.
- (x) The Company is Not a Sick Industrial Company.
- (xi) During the year under audit, Arcil Trust all accounts were settled and remaining payment of Rs. 1.75 crores was made to the Arcil Trust as full and final settlement amount in September 2011 against the total liability of Rs. 193.33 crores and the difference amount was accounted as capital reserve.
- (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) The Company has not issued any Debentures during the Year under Audit.
- (xx) The Company has not raised any Monies by way of Public Issue during the Year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanation given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our Audit.

PARTICULARS	AMOUNT
Provident Fund – 2000-2001 and 2001-2002	1,71,946
Employees State Insurance Cont Sept 99 to July 2002	6,14,961
Sales Tax – 1998-99 to 2004-2005	24,57,278
Sales Tax – 2010-11(VAT)	10,97,864
Sales Tax – 2010-11(CST) AOIL-CAD	16,20,000

During the current financial year Professional Tax 1999-2000 and the Income Tax, TDS both total amounting to Rs. 1158052 is written off. However, no legal compliance/no due was not obtained from respective authorities.

- (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.

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

**M.L. THAKKER
PARTNER**

(MN 044517)

Firm Reg. No. 124010W

PLACE : VADODARA.

DATE : 06/08/2012.

KUMAKA INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2012

Amount (in Rs.)

PARTICULARS	Note No.	31.03.2012	31.03.2011
(A) EQUITY AND LIABILITIES:			
1) SHAREHOLDERS' FUNDS :			
a) Share Capital	3	120856250.00	120856250
b) Reserve & Surplus	4	203597937.62	(1307588124)
2) SHARE APPLICATION MONEY PENDING ALLOTMENT			
		NIL	NIL
3) NON-CURRENT LIABILITIES :			
(a) Long-term borrowings	5	NIL	1800094650
(b) Deferred tax liabilities (net)		NIL	NIL
(c) Other long-term liabilities		NIL	NIL
(d) Long-term provisions		NIL	NIL
4) CURRENT LIABILITIES :			
(a) Short-term borrowings	6	21519494.37	11907979
(b) Trade payables	7	292821.00	4256418
(c) Other current liabilities	8	82805359.89	151320614
(d) Short-term provisions		NIL	NIL
TOTAL Rs.		429071862.88	780847786
(B) ASSETS :			
1) NON-CURRENT ASSETS			
(a) Fixed assets (Net Block)			
(i) Tangible assets	9	43825983.03	381867643
(ii) Intangible assets		NIL	NIL
(iii) Capital work-in-progress		NIL	NIL
(b) Non-current investments	10	4500.00	7063338
(c) Deferred tax assets (net)		NIL	NIL
(d) Long-term loans and advances	11	385231183.84	385562807
(e) Other non-current assets	12	NIL	785677
2) CURRENT ASSETS :			
(a) Current investments		NIL	NIL
(b) Inventories	13	NIL	1844000
(c) Trade receivables		NIL	NIL
(d) Cash and cash equivalents	14	10196.01	3724320
(e) Short-term loans and advances		NIL	NIL
(f) Other current assets		NIL	NIL
TOTAL Rs.		429071862.88	780847786
SIGNIFICANT ACCOUNTING POLICIES	2		
The Notes referred to above form an integral part of the Financial Statements.			
This is the Balance Sheet referred to in our Audit Report of even date.			

AS PER OUR REPORT OF EVEN DATE

For and on Behalf of the Board

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

Pankaj M Kadakia
Chairman & Managing Director

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

Dr. Niranjana Pandya
Director

Vadodara : 6th August, 2012

Vadodara : 6th August, 2012

KUMAKA INDUSTRIES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

Amount (in Rs.)

PARTICULARS	Note No.	2011-12	2010-11
INCOME :			
I. REVENUE FROM OPERATIONS			
Revenue from Operations (Gross)		NIL	NIL
Less : Excise Duty		NIL	NIL
Revenue from Operations (Net)		NIL	NIL
II. OTHER INCOME	15	11337489.82	52750306
III. TOTAL REVENUE (I+II) Rs.		11337489.82	52750306
EXPENSES :			
(a) Cost of materials consumed	16	250000.00	3022123
(b) Purchases of stock-in-trade		NIL	NIL
(c) Changes in Inventories	17	1594000.00	16228264
(d) Employee benefits expense	18	878957.00	1117501
(e) Finance costs	19	2306.00	6079
(f) Depreciation and amortisation expense	9	680141.00	52444277
(g) Other expenses:			
- Administration, Selling & Other Expenses	20	1403939.00	3911394
- Loss on Sale of Fixed Assets	21	257034420.20	74960019
IV. TOTAL EXPENSES Rs.		261843763.20	151689657
V. PROFIT BEFORE EXCEPTIONAL/EXTRAORDINARY ITEMS AND TAX		(250506273.38)	(98939351)
VI. EXCEPTIONAL & EXTRA-ORDINARY ITEMS		NIL	NIL
VII. PROFIT BEFORE TAX		(250506273.38)	(98939351)
VIII. TAX EXPENSE:			
(a) Current Tax		0.00	NIL
(b) Tax Expense - Prior Period		0.00	NIL
		0.00	NIL
IX. NET PROFIT (LOSS) AFTER TAX FOR THE PERIOD		(250506273.38)	(98939351)
X. EARNING PER SHARE (Equity Share of Face Value of Rs.10/- each)			
Basic & Diluted Earning Per Equity Share (in Rs.)		(20.73)	(8.19)
SIGNIFICANT ACCOUNTING POLICIES	2		
* The Notes referred to above form an integral part of the Financial Statements			
* This is the Profit and Loss Account referred to in our Audit Report of even date.			

AS PER OUR REPORT OF EVEN DATE

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

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

Vadodara : 6th August, 2012

For **and on Behalf of the Board**

Pankaj M Kadakia
Chairman & Managing Director

Dr. Niranjana Pandya
Director

Vadodara : 6th August, 2012

KUMAKA INDUSTRIES LIMITED

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012.

NOTE NO.1:

CORPORATE INFORMATION :

Name of the Company : **KUMAKA INDUSTRIES LIMITED.**
(Formerly known as Ashok Organic Industries Ltd.)
Registered Office : 404, Sharda Chmabers,33, New Marine Lines, Mumbai-400020
Factory/ Workshop : 318/319, GIDC Estate, Ankleshwar, Dist.Bharuch (Gujarat)
Nature of Business : Manufacturing of Chemicals

NOTE NO.2 :

SIGNIFICANT ACCOUNTING POLICIES :

2.1. General :

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

2.2. Basis of Accounting :

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

2.3. Use of estimates :

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

2.4. Inventories :

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

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

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

2.6. Cash flow statement :

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

2.7. Depreciation and Amortisation :

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

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

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

2.8. Revenue Recognition :

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

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

2.9. Other Income :

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

2.10. Fixed Assets :

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

Fixed assets are stated at cost of acquisition / construction net of Cenvat credit on capital goods but inclusive of inward freight, duties and taxes,

KUMAKA INDUSTRIES LIMITED

incidental expenses related to acquisition and, interest incurred up to the date of commercial production. The figures of land and building, which have been revalued during the accounting year 1994-95, are on the basis of the valuation report of an approved valuer. Fixed Assets sold during the year were accounted and reduced from gross block, accumulated depreciation and depreciation revaluation reserve. Reserve were reversed on pro-rata basis.

Capital work-in-progress:

There is No Capital Work In Progress at year end.

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

2.11. Foreign currency transactions and translations :

Treatment of exchange differences

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

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

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

However there is no Export during the year.

2.12. Investments :

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

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

2.13. Employee benefits :

Short-term employee benefits

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

Long-term employee benefits

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

Retirement Benefits

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

2.14. Borrowing Costs :

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

2.15. Segment Reporting :

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

2.16. Accounting for Taxes on Income:

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

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

2.17. Research and Development Expenses :

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

However there is no such Expenditure during the year.

KUMAKA INDUSTRIES LIMITED

2.18. Provisions and Contingencies :

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

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

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

2.19. Pre-Operative Expenditure :

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

2.20. Service tax/ Excise & Cenvat :

Excise :

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

Cenvat :

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

The Capital goods are stated net of Cenvat Credit.

2.21. Deferred Revenue Expenditure & Preliminary Expenditure. :

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

2.22. Related Party Transaction :

As required by Accounting Standard AS - 18 "Related Parties Disclosure" Disclosure is made only of the Related Parties with whom Transactions are entered during the current financial year and the details of the same are as follows:

List of Related parties with whom Transactions are entered during the current financial year are as under (more than 20% control led by the Directors and Relatives.)

A. Associated companies

Kadakia Alkalies and Chemicals Limited

Aqua Alco- Biotech Pvt.Ltd

Ashok Cellulose Limited

Ashok Brothers

USM Enterprise

B. Key Management Personnel and Relatives

Mr. Pankaj M Kadakia

C. Relatives of Key Management Personnel

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

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

	Rs. in Lacs		
Particulars	Associates	Key Mgt.	Relative
Purchase of goods & services	Nil	Nil	Nil
Sale of goods & services	Nil	Nil	Nil
Remuneration and sitting fees	Nil	Nil	Nil
Finance(including loans and equity contributions in cash or in kind)	2250.00	Nil	Nil
Rent and Lease payments in Provisions	Nil	Nil	Nil
Debts due to the company(Loans & Advances)	5976.15	625.53	6.74
Debts due to the company(Sundry Debtors)	Nil	Nil	Nil
Debts payable by the Company	13.47	140.25	12.70

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

AS PER OUR REPORT OF EVEN DATE

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

M. L. Thakker

PARTNER

(M.N. 044517)

Firm Reg. No. 124010W

Vadodara : 6th August, 2012

For **and on Behalf of the Board**

Pankaj M Kadakia

Chairman & Managing Director

Dr. Niranjn Pandya

Director

Vadodara : 6th August, 2012

KUMAKA INDUSTRIES LIMITED

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	31.03.2012 Amount (Rs.)	31.03.2011 Amount (Rs.)
NOTE NO.3		
SHARE CAPITAL :		
(i) Authorised Share Capital : [1,50,00,000 Equity Share @ Rs.10/- each.]	150,000,000.00	150,000,000
(ii) Issued, Subscribed & Paid-up Capital : [120,85,625 Equity Share @ Rs.10/- each fully paid-up.]	120,856,250.00	120,856,250
	120856250.00	120856250
3.1 Details of Shares issued for consideration other than Cash, Bonus Shares issued and Shares Bought Back by the Company during the period of preceeding 5 years i.e. 1.04.2007 to 31.03.2012	NIL	NIL
3.2 Reconciliation of number of shares and amount outstanding at the beginning and end of the year:		
Equity shares of Rs.10/- each with voting rights fully paid-up:	31.03.2012	31.03.2011
	No. of Shares	Amount (Rs.)
	No. of Shares	Amount (Rs.)
Equity shares outstanding at the beginning of the year	12085625	120856250.00
Fresh Issue/ESOP/ Bonus Issue of Shares	NIL	NIL
Redemption/ Buy Back of Shares	NIL	NIL
Equity shares outstanding at the end of the year	12085625	120856250.00
	12085625	120856250
3.3 All the equity shares issued by the Company rank pari passu in terms of rights as to dividend,repayment of capital and voting rights attached to such shares.		
3.4 Details of Shareholders holding more than 5% Equity shares in the Company:		
	31.03.2012	31.03.2011
Name of the Shareholder	No. of Shares	% of Holding
	No. of Shares	% of Holding
1. Mr. Pankaj Kadakia, Director	2826400	23.39%
2. Mrs.Madhavi P. Kadakia	3904950	32.31%
3. Mr.Shyam Kadakia	2887250	23.89%
4. Ms.Niyati Kadakia	901600	7.46%
	901600	7.46%
3.5 Trading in the Shares of the Company at present are suspended by the Bombay Stock Exchange.As per information explanation given to us that One of the Share holder has filed Suit against the Company for Refund of Share Appl.Money with Interest.		
	31.03.2012	31.03.2011
	Amount (Rs.)	Amount (Rs.)
NOTE NO.4		
RESERVES & SURPLUS:		
a) Revaluation Reserve:		
Opening balance	42270051.00	59039152
Add: Transferred from Statement of Profit and Loss	NIL	NIL
Less: Utilised / transferred during the year	17527099.00	16769101
Closing balance (a)	24742952.00	42270051
b) Capital Reserve:		
Opening balance	410958579.63	NIL
Add: Additions/Transfer during the year	1779219435.37	410958580
Less: Utilised / transferred during the year	NIL	NIL
Closing balance (b)	2190178015.00	410958580
c) Share Premium Account:		
Opening balance	292203750.00	292203750
Add: Additions/Transfer during the year	NIL	NIL
Less: Utilised / transferred during the year	NIL	NIL
Closing balance (c)	292203750.00	292203750

KUMAKA INDUSTRIES LIMITED

	31.03.2012 Amount (Rs.)	31.03.2011 Amount (Rs.)
d) Surplus (Deficit) in Profit and Loss Statement:		
Opening balance	(2053020506.00)	(1954081155)
Add: Profit / (Loss) for the year	(250506273.38)	(98939350)
Amounts transferred from General Reserve	NIL	NIL
	(2303526779.38)	(2053020505)
Less : Proposed Dividend & Tax thereon	NIL	NIL
Amounts transferred to General Reserve	NIL	NIL
Closing balance of Profit and Loss Statement (b)	(2303526779.38)	(2053020505)
Total (a) + (b) Rs.	203597937.62	(1307588124)

During the Current Financial Year Outstanding of ARCIL Trust were settled as per settlement understanding in full by Fixing the Total Dues Payable at Rs.14.85 Crores against the total Outstanding of Rs.193.33 Crores. Hence the remaining Balance Amount was Transferred to Capital Reserve Account. During the Year under Audit Bank Balances including Margin Money FD were Written Off by transferring the Same into Capital Reserve Account.

NOTE NO.5:

LONG TERM BORROWINGS:

(a) TERM LOANS:

Secured Term Loan From Banks:

ARCIL AOIL TRUST

NIL

151838008

ARCIL CPS 002 1 TRUST

NIL

1100760855

ARCIL AOIL II TRUST

NIL

547495787

(a) Rs.

NIL

1800094650

Unsecured Term Loan From Banks:

NIL

NIL

Unsecured Term Loan From Others:

NIL

NIL

(b) Deposits:

NIL

NIL

(c) Loans & Advances from Related Parties:

NIL

NIL

(d) Long Term maturities of Finance Lease Obligations

NIL

NIL

(e) Other Loans & Advances:

NIL

NIL

NIL

1800094650

The outstanding loans from ICICI, BOI and BOB was 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 was Rs.193.33 crores. During the FY 2009-10, the Company has finally entered into settlement Scheme with the ARCIL wherein it was decided to Pay Rs.14.85 Crores to ARCIL. The Company in turn paid Rs.5 Crores to ARCIL During the FY 2009-10 and Rs. 8.10 Crores including Interest during the FY 2010-11 and the Balance Amount of Rs.1.75 Crores were paid in September 2011 as full and final settlement and NOC to that effect was obtained from Arcil and the difference amount was accounted as Capital Reserve.

In the opinion of the Board of Directors, the Long Term Borrowings i.e. Secured & Unsecured Loan are approximately of the value stated in the Balance Sheet, if realised in the ordinary course of business.

NOTE NO.6:

SHORT TERM BORROWINGS:

(a) Loans repayable on Demand:

NIL

NIL

(b) Loans and Advances from Related Parties:

Loans from Directors - P.M.Kadokia

14024508.00

2336398

(Interest free Unsecured Loans - for which no repayment schedule has been fixed and hence considered as repayable on demand.)

Loans from Other Related Parties

2617000.00

2719147

(Interest free Unsecured Loans - for which no repayment schedule has been fixed and hence considered as repayable on demand.)

(c) Deposits:

Trade Deposits (Annexure 1)

1500000.00

3474448

(Deposits are in the nature of trade deposits/ advance received from the parties for which no repayment period has been specified.)

(d) Other Loans and Advances:

Sales Tax Department Deferred Payment Loan

3377986.37

3377986

21519494.37

11907979

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

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

KUMAKA INDUSTRIES LIMITED

	31.03.2012 Amount (Rs.)	31.03.2011 Amount (Rs.)
NOTE NO.7:		
TRADE PAYABLES: (Annexure 2)		
Sundry Creditors for Goods		
Micro Small & Medium Enterprises (MSME)	NIL	NIL
Parties other than MSME Units (Other than Long Term Trade Payables)	117821.00	3515454
Sundry Creditors for Operating Exp/Services (Other than Long Term Trade Payables)	175000.00	740964
	292821.00	4256418

The balances are subject to confirmation from the parties. However, the Some of Creditors were written off during the Year. During the Year under Audit the Company has Written off and Written back Outstanding Balance in S.Crs. The Balance Confirmation Certificate at the Year End were Not Obtained by the Company in case of all the Creditors, Sister Concern, Associate Concern, Directors , Director Relative Account.

The 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.

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.

NOTE NO.8:		
OTHER CURRENT LIABILITIES:		
(a) Current maturities of long-term debt:	NIL	NIL
(b) Loans and Advances from Related Parties:	NIL	NIL
(c) Othre Current Liabilities: (Refer Annexure 3)		
(i) Employee Remuneration & Benefit Payable	9269029.11	10025666
(ii) Statutory Liabilities	5283394.83	4986556
(iii) Advances from Parties	33800000.00	94475138
(iv) Other Liabilities	34452935.95	41833254
	82805359.89	151320614

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

Unclaimed Dividend amounting to Rs. 1,08,069 is unclaimed for more than Seven Years and is not deposited in Investors Education and Protection Fund.

During the Year under Audit the Company has Written off and Written back Outstanding Balance in Unsecured Loan, Other Liability. The Balance Confirmation Certificate at the Year End were Not Obtained by the Company in case of all the Creditors, Sister Concern, Associate Concern, Directors , Director Relative Account.

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

Since Last Financial Year the Company has entered into agreement for Sale of Nadesari Unit, CAD Unit, Pungam Unit and Ankleswar-GIDC Unit and also received advance against such Sale , the same is shown as Advance From Prties.

NOTE NO.9:

FIXED ASSETS:

TANGIBLE ASSETS:

Name of Asset	GROSS BLOCK (AT COST)					DEPRECIATION BLOCK				NET BLOCK	
	Rate of Depn.	As at 01.04.2011	Additions	Disposal/ Adjustment	As at 31.03.2012	Upto 31.03.2011	For 2011-12	Depn. W. Back	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2012
Land		25243055	NIL		25243055.23	NIL	NIL	NIL	NIL	25243055	25243055
Factory Building	3.34%	127016515	NIL	95437943	31578572.00	63917975	679334	45664108	18933201	63098540	12645371
Office Bldg.	1.63%	75000	NIL	NIL	75000	42437	807	NIL	43244	32563	31756
Plant & Machinery	4.75%	802194221	NIL	731560300	70633921	510092571	NIL	445234051	64858520	292101650	5775401
Furniture Fixtures	13.91%	10295465	NIL	7879139	2416326	8903630	NIL	6617704	2285926	1391835	130400
Total Rs.		964824256	NIL	834877382	129946874	582956613	680141	497515863	86120891	381867643	43825983
Previous Year		1386295612	NIL	417860018	968435594	847147539	52444276	313023864	586567951	539148073	381867643

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

KUMAKA INDUSTRIES LIMITED

	31.03.2012 Amount (Rs.)	31.03.2011 Amount (Rs.)
NOTE NO.10:		
NON-CURRENT INVESTMENTS:		
(A) Trade Investments:		
(a) Investment Properties	NIL	NIL
(b) Investment in Equity instruments:		
(i) <i>Investment in Subsidiary Company:</i> 95,00,000 fully paid Equity shares of Rs.10/- each of Kadakia Alkalies & Chemicals Ltd. (Considered Bad & Doubtful)	225000000.00	225000000
Less : Provision for Diminution in Value of Investment	225000000.00	225000000
	NIL	NIL
(c) Other non-current investments:	NIL	NIL
Total (A)	NIL	NIL
(B) Other Investments: (Non-Trade)		
(a) Investment in Equity instruments:		
(i) <i>Investment in Other Companies:(Good)</i> 300 fully paid Equity shares of Rs.10/- each of Bhagawati Aqua Technos Pvt.Ltd.	3000.00	3000
300 Equity shares of Rs.10/- each(Rs.5/- paid up) of Bhagawati Aqua Technos Pvt.Ltd.	1500.00	1500
6000 fully paid Equity shares of Rs.10/- each of Southern Organo Chemicals Ltd.	NIL	60000
(b) Investment in Mutual Fund Units: (Good) Investment in Units of IDFC Mutual Fund	NIL	6990838
(c) Other non-current investments: (Good) Govt. of India Bonds/Securities	NIL	2000
National Savings Certificates	NIL	6000
Total (B)	4500.00	7063338
Grand Total (A + B)		
Less : Provision for diminution in the value of Investments	NIL	NIL
Total	4500.00	7063338
Other Disclosures relating to Investments:		
1. Aggregate amount of quoted investments	NIL	NIL
2. Aggregate amount of unquoted investments	225004500.00	232063338
3. Details of Trade Investment :		
The Company had made Trade Investment of Rs.226,000,000/- in the equity of Subsidiary Company "Kadakia Alkalies & Chemicals Ltd. The investment is stated at cost, but in view of the accumulated losses of the subsidiary company, the realization thereof is considered to be doubtful and hence, necessary provision for the diminution in the value of investments has been made in the accounts.		
NOTE NO.11:		
LONG TERM LOANS & ADVANCES:		
a. Capital Advances	NIL	NIL
b. Security Deposits:		
- Deposit with GEB & Sales Tax Dept.	14491393.66	10381032
c. Loans and advances to related parties:		
- Interest-free Loan/Advance to Subsidiary Co. Kadakia Alkalies & Chemicals Ltd.	597614973.00	597614973
- Interest-free Loan/Advance to Other Related Parties	63227708.08	63227708.08
d. Other loans and advances (specify nature) Advances recoverable in Cash/Kind	6577436.10	11019421
	681911510.84	682243134
Less: Provision for doubtful loans and advances	296680327.00	296680327
Total Amount Rs.	385231183.84	385562807

KUMAKA INDUSTRIES LIMITED

	31.03.2012 Amount (Rs.)	31.03.2011 Amount (Rs.)
NOTE NO.11:		
LONG TERM LOANS & ADVANCES: (Contd....)		
Other Disclosures relating to Long Term Loans & Advances:		
Loans granted to:		
Directors *	NIL	NIL
Other officers of the Company *	NIL	NIL
Company which is a subsidiary of the Company	597614973.00	597614973
Firm in which director is a partner *	NIL	NIL
Private Company in which director is a member	NIL	NIL
Other Related Parties	63227708.08	63227708.08
<p>In the opinion of the Board of Directors, the current assets, loans and advances are approximately of the value stated in the Balance Sheet, if realised in the ordinary course of business. The balance of Sundry debtors includes overdue balance from various parties and also efforts are being made for recovery from such parties. The balances are subject to confirmation from the parties.</p> <p>During the Year under Audit the Company has W/OFF and W/BACK Outstanding Balance in Loan and Advances Account The Balance Confirmation Certificate at the Year End were Not Obtained by the Company in case of all the Sister Concern, Associate Concern, Directors , Director Relative Account.</p> <p>Please Refer Notes on Accounting Policies wherein as per requirements of AS-18 for Related Parties Transaction were mentioned in Details on Point No.2.22.</p>		
NOTE NO.12:		
OTHER NON-CURRENT ASSETS:		
(a) Long term trade receivables (including trade receivables on deferred credit terms)		
Secured, considered good	NIL	NIL
Unsecured, considered good	NIL	785677
Doubtful Trade Receivables:	NIL	NIL
	NIL	785677
Less: Provision for doubtful debts	NIL	NIL
	NIL	785677
(b) Others (specify nature)	NIL	NIL
(c) Debts due by related parties	NIL	NIL
	NIL	785677
<p>In the opinion of the Board of Directors, the current assets, loans and advances are approximately of the value stated in the Balance Sheet, if realised in the ordinary course of business. The balance of Sundry debtors includes overdue balance from various parties and also efforts are being made for recovery from such parties. The balances are subject to confirmation from the parties. However, all the debtors were written off during the year.</p> <p>During the Year under Audit the Company has W/OFF and W/BACK Outstanding Balance in Loan and Advances Account and S.Drs., S.Crs., Investment, Unsecured Loan, Other Liability. The Balance Confirmation Certificate at the Year End were Not Obtained by the Company in case of all the Debtors, Creditors, Sister Concern, Associate Concern, Directors, Director Relative Account.</p>		
INVENTORIES:		
a. Raw Materials and components		
In Stock -	NIL	250000
b. Work-in-progress	NIL	NIL
c. Finished goods	NIL	39000
d. Stores, Spares, Fuel & Packing Mats.	NIL	1555000
	NIL	1844000
<p>During the Current Financial Year Closing Stock written off is obsolete and non-moving old stock as per the new provisions of revised Schedule – VI</p>		

KUMAKA INDUSTRIES LIMITED

	31.03.2012 Amount (Rs.)	31.03.2011 Amount (Rs.)
NOTE NO.14:		
CASH AND CASH EQUIVALENTS:		
A. BALANCE WITH BANKS:		
Earmarked Balances	NIL	NIL
Margin Money Deposits as Security against Borrowings:		
TDR with Dena Bank	NIL	2938486
Balance in Current Accounts with Banks:	6632.01	441797
B. CHEQUES, DRAFTS ON HAND:	NIL	NIL
C. CASH BALANCE ON HAND:	3564.00	344037
	10196.01	3724320.19

The Company has to obtained closing Bank Balance Certificate of all the Banks at the year end i.e. as of 31-03-2012.

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

Additional Notes Forming Part of Balance -Sheet And Profit & Loss Account.

	31.03.12	31.03.11
01. In Respect of Contingent Liability :		
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 31-08-2008.

* In a Above Includes KACL Contingent Laibility of Rs.10,25,21,860/-

* In b Above Includes KACL Contingent Laibility of Rs. 2,43,54,288/-

* In c Above Includes KACL Contingent Laibility of Rs.15,16,59,386/-

NOTE:

- (i) The Company has preferred appeals against demand under a, b, and c above.
 - (ii) The Company had disputed the electricity charges raised by Gujarat Electricity Board in arbitration proceedings. The award is in the favour of the company. However, 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) 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.
 - (iv) The Sum of Rs. 22.90 Lacs being Payment under Protest has been written off and Rs.1.09 Lacs being paid to Daurala Sugar towards Sales Tax deposit. The exact outcome of the notices issues by the appropriate authority could not be ascertained in absence of requisite information. This is as per information & explanation given to us.
 - (v) 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.
02. In Respect of TDS/TCS Provisions under Income Tax Act : The Company has not Complied with the Provisions of Income Tax for TDS and TCS.
03. In Respect of Reference made to GBIFR : The accounts have been prepared on "Going Concern" assumption despite continuous losses, erratic operation, complete erosion of the net worth of the company. Company is referred to GBIFR for rehabilitation and revival.
04. In Respect of Previous Years Figures: The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. The Revised Schedule VI does not require presentation of a reconciliation explaining the impact of the reclassification of the previous year figures in the financial statements. The Previous year's figures have been regrouped / rearranged wherever found necessary.

AS PER OUR REPORT OF EVEN DATE

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

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

Vadodara : 6th August, 2012

For **and on Behalf of the Board**

Pankaj M Kadakia
Chairman & Managing Director

Dr. Niranjana Pandya
Director

Vadodara : 6th August, 2012

KUMAKA INDUSTRIES LIMITED

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012.

	31.03.2012 Amount (Rs.)	31.03.2011 Amount (Rs.)
NOTE NO.15		
OTHER INCOME:		
Dividend Income	136028.98	226753
Interest Earned on Investments	10816.00	18198
Profit on Sale of Fixed Asset	N I L	50529930
Sundry Accounts W/off-Write Back	11141244.84	N I L
Other non-operating income (net of expenses)	49400.00	1975425
Total Rs.	11337489.82	52750306
<p>During the Year under Audit the Company has Written off and Written back Outstanding Balance in Loan and Advances Account and Sundry Debtors , Sundry Creditors, Investment, Unsecured Loan, Other Liability. The Balance Confirmation Certificate at the Year End were Not Obtained by the Company in case of all the Debtors, Creditors, Sister Concern, Associate Concern, Directors, Director Relative Account. The same is Accounted has sundry Accounts Wrriten off - Written back under Other Income.</p>		
NOTE NO.16		
COST OF MATERIALS CONSUMED:		
Opening Stock of Raw Materials	250000.00	3272123
Add : Purchases:	N I L	N I L
Less: Closing Stock of Raw Materials	N I L	250000
TOTAL COST OF MATERIALS CONSUMED Rs.	250000.00	3022123
<p>During the Current Financial Year Closing Stock written off is obsolete and non-moving old stock as per the new provisions of revised Schedule – VI</p>		
NOTE NO.17		
CHANGES IN INVENTORIES:		
Opening Stock of Stores, Spares & Fuel	1555000.00	17413947
Less : Closing Stock of Semi Finished Goods	N I L	1555000
	1555000.00	15858947
Opening Stock of Finished Goods	39000.00	408317
Less : Opening Stock of Finished Goods	N I L	39000
	39000.00	369317.00
Increase / (Decrease) in Stock Total Rs.	1594000.00	16228264
<p>During the Current Financial Year Closing Stock written off is obsolete and non-moving old stock as per the new provisions of revised Schedule – VI</p>		
NOTE NO.18		
EMPLOYEE BENEFIT COSTS:		
(a) Salaries & Wages/Service Charges	158957.00	496501
(b) Directors' Remuneration	720000.00	621000
Total Rs.	878957.00	1117501
NOTE NO.19		
FINANCE COSTS:		
Bank Charges & Commission	2306.00	6079
Interest expense:		
- Other Interest & Finance Charges	N I L	N I L
Total Rs.	2306.00	6079

KUMAKA INDUSTRIES LIMITED

	31.03.2012 Amount (Rs.)	31.03.2011 Amount (Rs.)
NOTE NO.20		
OTHER EXPENSES - ADMINISTRATION, SELLING & OTHER EXPENSES :		
Advertisement Expenses	8573.00	3692
Payment to Auditors:		
- For Statutory Audit Fees	125000.00	100000
- For Taxation matters	25000.00	25000
- For Other Services	25000.00	25000
Electricity Charges	58643.00	
Legal & Professional Fees	194265.00	990119
Licence, Subscription & Other Fees	81264.00	69694
Miscellaneous Expenses	930.00	1499609
Taxes	100000.00	
Insurance Charges	7206.00	
Office Expenses and Secretarial Dept. Expenses	263060.00	62750
Printing & Stationery Exp.	55691.00	
Postage, Telephone & Other Expenses	130350.00	258178
Repairs & Maintenance	21450.00	19355
Security Charges	25000.00	311201
Travelling & Conveyance Expenses	282507.00	546796
Total Rs.	1403939.00	78871413
NOTE NO.21		
LOSS ON SALE OF ASSETS:		
Loss on Sale of Building	30446736.10	NIL
Loss on Sale of Machinery & Other Assets	226587684.10	74960019
Total Rs.	257034420.20	74960019
<p>"During the Financial Year 2010-11 the Company has entered into agreement for Sale of Nadesari Unit , CAD Unit and Ankleswar – GIDC Unit and also received advance against such Sale. The Necessary Procedure as prescribed U/s. 293 of the Companies Act, is to be Complied with. Details of the same are as under :</p> <p>01. In Nandesari Unit During the FY : 2010-11 Whole L&Bldg. Sold except P&M to Panoli Intermediaries Pvt. Ltd. For Rs.300 Lacs at a Profit of Rs. 293.17 Lacs & the same is Adjusted from the total Amount Received of Rs.613 Lacs And Balance Amount of Rs.313 Lacs Stands as an Advance as on 31-03-2011.</p> <p>02. In Ankleshwar Unit During the FY : 2010-11 All P & M Except L&Bldg. Were Sold to S. K. Traders For Rs.270 Lacs at a Profit of Rs. 212.12 Lacs & the same is Adjusted from the total Amount Received of Rs.270 Lacs.Hence No Advance as on 31-03-2011.</p> <p>03. In CAD Unit During the FY : 2010-11 Part of the P & M Except L & Bldg. Were Sold to Kohinoor Enterprise For Rs.200 Lacs at a Loss of Rs. 749.60 Lacs & the same is Adjusted from the total Amount Received of Rs.625 Lacs, And Balance Amount of Rs.425 Lacs Stands as an Advance as on 31-03-2011.</p> <p>During the FY : 2011-12 All P & M were sold to Kohinoor Enterprise for Rs.400 Lacs at a Loss of Rs. 2456.85 Lacs And Wole of the Bulding Scrape was Sold along with Building Scrape of Pungam to Suffian Steels for Total Amount of Rs.18 Lacs.No Advance Balance Amount Except Rs.25 Lacs Towards Security Deposit of Kohinoor Enterprise was Laying at the Year end.</p> <p>04. In Pungam Unit During the FY : 2011-12 All P & M Except L & Bldg. Were Sold to Kohinoor Enterprise For Rs.210 Lacs at a Loss of Rs. 113.49 Lacs.Sold Amount is Adjusted from the total Amount Received of Rs.210 Lacs, And No Advance Balance Amount as on 31-03-2012. Bulding scrape was Sold along with Building Scrape of CAD to Suffian Steels for Total Amount of Rs.18 Lacs.No Advance Balance Amount was Laying at the Year end.</p> <p>"There are Pending Litigations against the Companies Assets Movable & Immovable including that of" Plant & Machinery , Land & Building by the Sales Tax department .</p> <p>The Notes referred to above form an integral part of the Financial Statements.</p>		

AS PER OUR REPORT OF EVEN DATE

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

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

Vadodara : 6th August, 2012

For **and on Behalf of the Board**

Pankaj M Kadakia
Chairman & Managing Director

Dr. Niranjana Pandya
Director

Vadodara : 6th August, 2012

KUMAKA INDUSTRIES LIMITED

ANNEXURES FORMING PART OF THE ANNUAL ACCOUNTS FOR THE YEAR 2011-2012

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

(A) FROM DIRECTORS :	
Pankaj M. Kadakia	14024508.00
	14024508.00
(B) FROM SHAREHOLDERS & THEIR RELATIVES :	
Madhavi P. Kadakia	1170000.00
M. H. Kadakia Charitable Trust	210000.00
M. H. Kadakia Institute (MBA)	1015000.00
M. H. Kadakia Institute of Management and Computer Studies	105000.00
M. K. College of Management and Computer Studies	17000.00
Shyam P. Kadakia	100000.00
	2617000.00
(C) DEPOSITS :	
Abhigam Consultants P. Ltd.	1500000.00
(C)	1500000.00
(D) OTHER LOANS & ADVANCES :	
Sales Tax Department Deferred Payment Scheme	3377986.37
(D)	3377986.37
Total (A) + (B) + (C) + (D)	21519494.37

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

i) Sundry Creditors for Goods :	
Asha Hardware	89541.00
Gujarat Plastics	28280.00
(i)	117821.00
ii) Creditors for Expenses:	
Bhatt Thakkar & Co.	175000.00
Sub-Total (ii)	175000.00
Total (i+ii)	292821.00

**ANNEXURE : 3
OTHER CURRENT LIABILITIES:**

(A) Employee Remuneration & Benefits Payable:	
Salaries / Wages Payable	4895030.35
ESIC Payable	614960.76
Provident Fund Payable	171946.00
Bonus Payable	1488992.00
Gratuity Fund Payable	2098100.00
	9269029.11
(B) Statutory Liabilities Payable:	
CST Payable	1620000.00
OUTPUT VAT 4 %	1079999.00
ADDITIONAL VAT	17865.00
Total Sales Tax Liability	2457462.05
Unclaimed Dividend Payable	108068.78
	5283394.83
(C) Advances Recd. From Parties:	
Panoli Intermediate Pvt. Ltd.	31300000.00
Other Advances	2500000.00
	33800000.00

KUMAKA INDUSTRIES LIMITED

(D) Other Liabilities:	
Duties & Taxes Sales tax Payable	3321339.05
Gujarat Industrial Development Co.(GIDC) Ltd.	232241.80
IIT Capital Services Ltd.	3633216.00
Transpek Finance Ltd.	1979587.00
Other Outstanding Liabilities	25286552.10
	34452935.95
	82805359.89

ANNEXURE : 4

LONG TERM LOANS, ADVANCES & DEPOSITS :

(A) To Firms / Companies in which Directors are interested :	
i) Loan to Subsidiary Companies :	
Kadakia Alkalies & Chemicals Ltd.	597614973.00
(i)	597614973.00
ii) Loans & Advances to Related Parties:	
MH Kadakia Trust	105000.00
USM Enterprise	62448278.08
P.M.Kadakia (HUF)	359430.00
Narmada Bio Fuel	315000.00
(ii)	63227708.08
(A) = (i) + (ii)	660842681.08
(B) Other Loans & Advances :	
i) Advances recoverable in cash or kind or for value to be received:	
Ashok V. Panchal	243840.00
Staff Loan	121751.35
Fincab India Pvt. Ltd.	500000.00
Vat Refundable	36357.00
Orbit Security	100000.00
Pinnacle Therapeutics P. Ltd.	20300.00
Kohinoor Enterprise- VAT Recoverable	1620000.00
Other Loans & Advances to Staff	3935187.75
(i)	6577436.10
ii) Deposits:	
Sales Tax Deposit	70000.00
Electric Deposit	3693195.66
Security Earnest Deposit	417166.00
Deposit with GEB	10311032.00
(ii)	14491393.66
B = (i) + (ii)	21068829.76
(A) + (B)	681911510.84

AS PER OUR REPORT OF EVEN DATE

For **BHATT THAKKER & CO.**

CHARTERED ACCOUNTANTS

M. L. Thakker

PARTNER

(M.N. 044517)

Firm Reg. No. 124010W

Vadodara : 6th August, 2012

For **and on Behalf of the Board**

Pankaj M Kadakia

Chairman & Managing Director

Dr. Niranjn Pandya

Director

Vadodara : 6th August, 2012

KUMAKA INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR COMPANIES OTHER THAN FINANCE COMPANIES

Particulars	For the year ended 31 March, 2012		For the year ended 31 March, 2011	
	AMOUNT(RS.)	AMOUNT(RS.)	AMOUNT(RS.)	AMOUNT(RS.)
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax	6528146.82	98945350		
<u>Adjustments for:</u>				
Depreciation and amortisation			52444277	
Provision for impairment of fixed assets and intangibles				
mortisation of share issue expenses and discount on shares				
(Profit) / loss on sale / write off of assets	-257034420.20			
Expense on employee stock option scheme				
Finance costs	-2306.00			
Interest income	10816.00		6000	
Dividend income	136029.00			
Net (gain) / loss on sale of investments				
		-250361734.38		-46495073.00
Operating profit / (loss) before working capital changes	-250361734.38	-250361734.38	-46495073.00	-46495073.00
<u>Changes in working capital:</u>				
<u>Adjustments for (increase) / decrease in operating assets:</u>				
Inventories	1844000.00			19250000
Trade receivables	0.00			712000
Short-term loans and advances	0.00			97830000
Long-term loans and advances	331,623.16			-518456000
Other current assets	-			-
Other non-current assets	785,677.00			-
<u>Adjustments for increase / (decrease) in operating liabilities:</u>				
Trade payables	(3,963,597.00)			
Other current liabilities	(68,515,254.11)			
Other long-term liabilities	(11,907,979.00)			
Short-term provisions	-			
Long-term provisions	-			
		-81425529.95		-400664000
		-81425529.95		-447159073.00
Cash flow from extraordinary items		-	394189000	
Cash generated from operations		-81425529.95		-52970073.00
Net income tax (paid) / refunds				
		-81425529.95		-52970073.00
Net cash flow from / (used in) operating activities (A)		-331787264.33		-52970073.00
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	338,041,659.97		-2644000	
Proceeds from sale of fixed assets	0.00		113934000	
Proceeds from sale of long-term investments				
- Subsidiaries				
- Associates				
- Joint ventures				
- Business units				
- Others	7,058,838.00			
C. Cash flow from financing activities				
Share application money received / (refunded)	1,761,692,336.00			
Proceeds from long-term borrowings	(1,800,094,650.00)		-58847000	
Repayment of long-term borrowings				
Net increase / (decrease) in working capital borrowings	21,519,494.37			

KUMAKA INDUSTRIES LIMITED

Proceeds from other short-term borrowings				
Repayment of other short-term borrowings				
Finance cost	2306.00			
Dividends paid				
Tax on dividend	(16,880,513.63)		(58,847,000.00)	
Cash flow from extraordinary items-		(16,880,513.63)		(58,847,000.00)
Net cash flow from / (used in) financing activities (C)		(16,880,513.63)		(58,847,000.00)
Net increase / (decrease) in Cash and cash equivalents (A + B + C)		(3,714,123.99)		(526,680.00)
Cash and cash equivalents at the beginning of the year		3724320.00	-	4251000.00
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		3714123.99		526680.00
Cash and cash equivalents at the end of the year		10196.00		3724320.00
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note 19)		10196		3724320
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 <i>Cash Flow Statements</i>		6632		3380283
Net Cash and cash equivalents (as defined in AS 3 <i>Cash Flow Statements</i>) included in Note 19		3564		344037
Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3 <i>Cash Flow Statements</i>) (Refer Note (ii) to Note 16 Current investments)				
Cash and cash equivalents at the end of the year *		10196		3724320
* Comprises:				
(a) Cash on hand		3564		344037
(b) Cheques, drafts on hand				
(c) Balances with banks		6632		3380283
(i) In current accounts				
(ii) In EEFC accounts				
(iii) In deposit accounts with original maturity of less than 3 months				
(iv) In earmarked accounts (give details) (Refer Note (ii) below)				
(d) Others (specify nature)				
(e) Current investments considered as part of Cash and cash equivalents (Refer Note (ii) to Note 16 Current investments)				

Notes:

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

See accompanying notes forming part of the financial statements

In terms of our report attached.

For BHATT THAKKER & CO.
Chartered Accountants

CA. MUKESH L. THAKKER.
Partner
MEM.NO. : 044517
FIRM REG.NO. : 124010W.

Place : VADODARA.
Date : 06/08/2012.

For and on behalf of the Board of Directors

Mr. Pankaj M. Kadakia
(Director)

Dr. Niranjana Pandya
(Director)

Place : VADODARA.
Date : 06/08/2012.

KUMAKA 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 | : | 31 st March, 2012 |
| 3. | Date from which it became subsidiary | : | 27 th 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 | : | Nil |
| 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. 82,29,82,274 |
| 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 | : | Not Applicable |
| | (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

Place : Vadodara
Dated : 06-08-2012

Dr. Niranjan Pandya
Director

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

To,

The Members,

Your Directors present herewith their 18th Annual Report and Audited Statement of Account for the period ended 31st March, 2012.**Financial Results:**

(In Rupees)

	2011-12	2010-11
Sales and Other Income	10,30,745	Nil
Profit/(Loss) before Interest & Depreciation	10,30,745	Nil
Add / Less : Interest		
Depreciation	Nil	48,449
Profit / (Loss) before Tax	10,30,745	(48,449)
Provision for Taxation	Nil	Nil
Net profit/(Loss) for the year	10,30,745	(48,449)

Dividend:

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

Operations:

During the year there were no operations.

Directors' Responsibility Statement :

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

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

Shifting of Registered Office From the State of Gujarat to the State of Maharashtra:

As the Members are aware, the Company has its registered office at Vadodara in the state of Gujarat, since its inception whereas the Company is a wholly owned subsidiary Company of M/s. Kumaka Industries Limited (formerly known as Ashok Organics Industries Limited) having its registered office at Mumbai in the state of Maharashtra.

Considering the emerging growth opportunities in Maharashtra State and possibility of incurring lesser operational cost and expenses for establishment, running of business and also to have the synergy in operations at future date and thereby to carry over the business of the Company economically, efficiently, conveniently and advantageously, the Company intends to shift its registered office at Mumbai in the State of Maharashtra at the same place where registered office of its holding Company is situated. This would add lots of administrative convenience with no additional increase operational cost and would assure bright business prospects. It is therefore proposed to the shareholders to consider shifting of Registered office of the Company from Vadodara, in the State of Gujarat to the city of Mumbai in the state of Maharashtra.

Energy, Technology & Foreign Exchange :

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

Particulars of Employees :

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

Directors:Mr. Anil Kadakia, ceased to be the director of the Company with effect from 27th August, 2011. The Board places on record its sincere appreciation in respect of valuable contributions received by the Company from him, during his tenure as the Director of the Company.Mr. Bharat Parikh, Mr. Mohanakrishnan Nair and Mr. Pankaj Kadakia, have been appointed as Additional Director with effect from 6th October, 2011 and 6th October, 2011 and 4th July, 2012 respectively and they hold office of the Directors till the conclusion of the ensuing Annual General Meeting. Being eligible, they have consented to act as Directors of the Company. The Company has received notices under Section 257 of the Companies Act, 1956 proposing their candidatures for directorship. The Board hopes that the Company would be immensely benefited by contributions of the newly inducted Directors.**Auditors:**

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

Fixed Deposit:

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

Remarks made by the Auditors :

Remarks made by the Auditors in their reports are self explanatory and do not call for any explanation by the Directors

Acknowledgements:

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

For and on behalf of the Board**Date: 5th July, 2012****Place: Vadodara****Pankaj M. Kadakia
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, 2012 and also the profit and Loss account for the period ended on that date annexed thereto. These financial statements are the responsibility of the company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by companies (Auditors Report) order, 2003 and according to the information and explanations given to us during the course of audit and on the basis of such checks as were 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, 2012, and taken on record by the Board of Directors, we report that None of the directors are Not disqualified as on 31st march, 2012 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 schedle 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, 2012; and
 - i) In the case of the Balance sheet, of the state of affairs of the company as at 31st March, 2012; and
 - ii) In the case of profit and Loss Account, of the loss for the period ended on that date and,

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

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

**PLACE : VADODARA.
DATE : 05/07/2012.**

Annexure referred to in the Auditors' Report.

- (i) (a) The fixed assets register was not available for our verification during the year under audit and hence. We are unable to verify whether the company has updated or not updated the records showing full particulars, including quantitative details and situation of fixed assets.
- (b) These fixed assets are not physically verified by the management at reasonable intervals;
- (c) The Company has disposed of a substantial part of fixed asset during the year.
- (ii) The stock of Finished Goods, Stores and consumables was NIL and therefore information required by this clause is not given.
- (iii) (a) The Company has not taken any loans, secured or unsecured from companies or parties except from the holding company, This loan is free of interest. The amount of loan outstanding as on 31-03-2012 is Rs.5976.15 lacs.
- (b) The Company has granted any loans or advances in nature of loan to the companies parties listed in the register maintained under section 301 of the 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. Records are not maintained as required by the provisions of section 209 (1) (d).
- (ix) (a) According to the records of the company and subject to method of accounts consistently follow by it, no undisputed amount except amount payable to the appropriate authorities in respect of provident Fund and Income-tax were outstanding as on 31-03-2012 for the period of six months from the date they become payable, all were Transferred to Holding Company.
- (ix) (b) In case of dues of Sales tax & Income Tax dues also the same were transferred to holding Company. Also Refer Notes on Contingent Liability for further details.
- (x) (a) The Company has the accumulated losses at the end of the financial year in excess of its Net worth and hence it is a Sick Industrial Company.
- (xi) (a) The Company has transferred the Chlor – Alkali division to Holding company M/s. Kumaka Industries Limited (Formerly known as Ashok Organic Industries Ltd.) along with all assets and liabilities. Company.
- (xii) According to the Information & Explanation given to us, the Company has not granted Loans and Advances on the basis of security by way of pledge of Shares, Debentures And other Securities.
- (xiii) According to the Information & Explanation given to us, the Company is not a Chit Fund or a Nidhi / Mutual benefits Fund / Society. Therefore the Provisions of Clause 4 (xiii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- (xiv) According to the Information & Explanation given to us, the Company is not dealing or Trading in Shares, Securities, Debentures & other investments. Accordingly, the Provisions of Clause 4 (xiv) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- (xv) According to information and explanation given to us. The company has not given any guarantee for loans taken by others from bank or financial institutions.,
- (xvi) According to information and explanation given to us by the management has not taken any term loan during the year and as such the information required by this para is not applicable. 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) The Company has not issued any Debentures during the Year under Audit.
- (xx) The Company has not raised any Monies by way of Public Issue during the Year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanation given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our Audit.

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

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

Firm Reg. No. 124010W

**PLACE : VADODARA.
DATE : 05/07/2012**

KADAKIA ALKALIES & CHEMICALS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2012

Amount (in Rs.)

PARTICULARS	Note No.	31.03.2012	31.03.2011
(A) EQUITY AND LIABILITIES:			
1) SHAREHOLDERS' FUNDS :			
a) Share Capital	3	95000000.00	95000000
b) Reserve & Surplus	4	(692982274.35)	(693677697)
2) SHARE APPLICATION MONEY PENDING ALLOTMENT			
		NIL	NIL
3) NON-CURRENT LIABILITIES :			
(a) Long-term borrowings		NIL	NIL
(b) Deferred tax liabilities (net)		NIL	NIL
(c) Other long-term liabilities		NIL	NIL
(d) Long-term provisions		NIL	NIL
4) CURRENT LIABILITIES :			
(a) Short-term borrowings	5	597614973.00	597614973
(b) Trade payables	6	471142.35	471142
(c) Other current liabilities	7	NIL	1834034
(d) Short-term provisions		NIL	NIL
TOTAL Rs.		103841.00	1242452
(B) ASSETS :			
1) NON-CURRENT ASSETS			
(a) Fixed assets (Net Block)			
(i) Tangible assets	8	NIL	679729
(ii) Intangible assets		NIL	NIL
(iii) Capital work-in-progress		NIL	NIL
(b) Non-current investments	9	5000.00	5000
(c) Deferred tax assets (net)		NIL	NIL
(d) Long-term loans and advances	10	93945.00	502248
(e) Other non-current assets		NIL	NIL
2) CURRENT ASSETS :			
(a) Current investments		NIL	NIL
(b) Inventories		NIL	NIL
(c) Trade receivables		NIL	NIL
(d) Cash and cash equivalents	11	4896.00	55475
(e) Short-term loans and advances		NIL	NIL
(f) Other current assets		NIL	NIL
TOTAL Rs.		103841.00	1242452
SIGNIFICANT ACCOUNTING POLICIES	2		
The Notes referred to above form an integral part of the Financial Statements.			
This is the Balance Sheet referred to in our Audit Report of even date.			

AS PER OUR REPORT OF EVEN DATE

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

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

Vadodara : 5th July , 2012

For **KADAKIA ALKALIES & CHEMICALS LTD.**

Pankaj M Kadakia
Director

Bharat Parikh
Director

Vadodara : 5th July , 2012

KADAKIA ALKALIES & CHEMICALS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

Amount (in Rs.)

PARTICULARS	Note No.	31.03.2012	31.03.2011
INCOME :			
I. REVENUE FROM OPERATIONS			
Revenue from Operations (Gross)		NIL	NIL
Less : Excise Duty		NIL	NIL
Revenue from Operations (Net)		NIL	NIL
II. OTHER INCOME	12	1030745.00	NIL
III. TOTAL REVENUE (I+II) Rs.		1030745.00	NIL
EXPENSES :			
(a) Cost of materials consumed		NIL	NIL
(b) Purchases of stock-in-trade		NIL	NIL
(c) Changes in Inventories		NIL	NIL
(d) Employee benefits expense		NIL	NIL
(e) Finance costs		NIL	NIL
(f) Depreciation and amortisation expense		NIL	48449
(g) Other expenses:			
- Administration, Selling & Other Expenses		NIL	NIL
- Loss on Sale of Fixed Assets		NIL	NIL
IV. TOTAL EXPENSES Rs.		NIL	48449
V. PROFIT BEFORE EXCEPTIONAL/EXTRAORDINARY ITEMS AND TAX		1030745.00	(48449)
VI. EXCEPTIONAL & EXTRA-ORDINARY ITEMS		NIL	NIL
VII. PROFIT BEFORE TAX		1030745.00	(48449)
VIII. TAX EXPENSE:			
(a) Current Tax		NIL	NIL
(b) Tax Expense - Prior Period		NIL	NIL
		NIL	NIL
IX. NET PROFIT (LOSS) AFTER TAX FOR THE PERIOD		1030745.00	(48449)
X. EARNING PER SHARE (Equity Share of Face Value of Rs.10/- each)			
Basic & Diluted Earning Per Equity Share (in Rs.)		0.11	(0.01)
SIGNIFICANT ACCOUNTING POLICIES			
	2		
The Notes referred to above form an integral part of the Financial Statements			
This is the Profit and Loss Account referred to in our Audit Report of even date.			

AS PER OUR REPORT OF EVEN DATE

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

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

Vadodara : 5th July , 2012

For **KADAKIA ALKALIES & CHEMICALS LTD.**

Pankaj M Kadakia
Director

Bharat Parikh
Director

Vadodara : 5th July , 2012

KADAKIA ALKALIES & CHEMICALS LIMITED

NOTE NO.1:

CORPORATE INFORMATION :

Name of the Company : **KADAKIA ALKALIES & CHEMICALS LIMITED.**
Registered Office : 5-B, Ramkrishna Chambers , Productivity Road ,Alkapuri , Vadodara - 390005.
Nature of Business : Manufacturing of Chemicals

NOTE NO.2 :

SIGNIFICANT ACCOUNTING POLICIES :

2.1. General :

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

2.2. Basis of Accounting :

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

2.3. Use of estimates :

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

2.4. Inventories :

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

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

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

2.6. Cash flow statement :

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

2.7. Depreciation and Amortisation :

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

Impairment of Assets An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount in subsequent period. Intangible Assets It is the Policy of the Company to state the Intangible Assets at cost of acquisition Less accumulated amortisation. Technical know how is amortised over useful life of the underlying plant. However there are no Intangible Assets accounted till year end in the Company's Accounts.

2.8. Revenue Recognition :

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

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

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

2.9. Other Income :

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

2.10. Fixed Assets :

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

Fixed assets are stated at cost of acquisition / construction net of Cenvat credit on capital goods but inclusive of inward freight, duties and

KADAKIA ALKALIES & CHEMICALS LIMITED

taxes, incidental expenses related to acquisition and, interest incurred up to the date of commercial production. The figures of land and building, which have been revalued during the accounting year 1994-95, are on the basis of the valuation report of an approved valuer. Fixed Assets sold during the year were accounted and reduced from gross block, accumulated depreciation and depreciation revaluation reserve. Reserve were reversed on pro-rata basis.

Capital work-in-progress:

There is No Capital Work In Progress at year end.

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

2.11. Foreign currency transactions and translations :

Treatment of exchange differences

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

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

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

However there is no Export during the year.

2.12. Investments :

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

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

2.13. Employee benefits :

Short-term employee benefits

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

Long-term employee benefits

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

Retirement Benefits

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

2.14. Borrowing Costs :

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

2.15. Segment Reporting :

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

2.16. Accounting for Taxes on Income:

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

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

2.17. Research and Development Expenses :

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

However there is no such Expenditure during the year.

KADAKIA ALKALIES & CHEMICALS LIMITED

2.18. Provisions and Contingencies :

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

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

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

2.19. Pre-Operative Expenditure :

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

2.20. Service tax/ Excise & Cenvat :

Excise :

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

Cenvat :

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

The Capital goods are stated net of Cenvat Credit.

2.21. Deferred Revenue Expenditure & Preliminary Expenditure. :

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

2.22. Related Party Transaction :

As required by Accounting Standard AS - 18 "Related Parties Disclosure" Disclosure is made only of the Related Parties with whom transactions are entered During the Current Financial Year & the details of the same are as follows:

List of Related parties with whom transactions are entered during the current financial year are as under (more than 20% control led by the Directors and Relatives.)

A. Associated companies

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

B. Key Management Personnel and Relatives

Mr. Pankaj M Kadakia

C. Relatives of Key Management Personnel

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

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

Rs. in Lacs

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

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

KADAKIA ALKALIES & CHEMICALS LIMITED

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	31.03.2012 Amount (Rs.)	31.03.2011 Amount (Rs.)
NOTE NO.3		
SHARE CAPITAL :		
(i) Authorised Share Capital :	150,000,000.00	150,000,000
NOTE NO.3		
SHARE CAPITAL :		
(i) Authorised Share Capital : [1,00,00,000 Equity Share @ Rs.10/- each.]	100,000,000.00	100,000,000
(ii) Issued, Subscribed & Paid-up Capital : [95,00,000 Equity Share @ Rs.10/- each fully paid-up.]	95,000,000.00	95,000,000
	95000000.00	95000000
3.1 Details of Shares issued for consideration other than Cash, Bonus Shares issued and Shares Bought Back by the Company during the period of preceeding 5 years i.e. 1.04.2007 to 31.03.2012	NIL	NIL
3.2 Reconciliation of number of shares and amount outstanding at the beginning and end of the year: Equity shares of Rs.10/- each with voting rights fully paid-up:		
	31.03.2012	31.03.2011
	No. of Shares	Amount (Rs.)
	No. of Shares	Amount (Rs.)
Equity shares outstanding at the beginning of the year	9500000	95000000.00
Fresh Issue/ESOP/ Bonus Issue of Shares	NIL	NIL
Redemption/ Buy Back of Shares	NIL	NIL
Equity shares outstanding at the end of the year	9500000	95000000.00
3.3 All the equity shares issued by the Company rank pari passu in terms of rights as to dividend, repayment of capital and voting rights attached to such shares.		
3.4 Details of Shareholders holding more than 5% Equity shares in the Company:		
	31.03.2012	31.03.2011
	No. of Shares	% of Holding
	No. of Shares	% of Holding
1. Kumaka Industries Ltd.	9500000	100.00%
NOTE NO.4		
RESERVES & SURPLUS:		
a) Depreciation Reserve :		
Opening balance	NIL	335322
Add: Additions/Transfer during the year	NIL	NIL
Less: Utilised / transferred during the year	NIL	NIL
Closing balance (a)	NIL	335322
b) Share Premium Account:		
Opening balance	130000000.00	130000000
Add: Additions/Transfer during the year	NIL	NIL
Less: Utilised / transferred during the year	NIL	NIL
Closing balance (b)	130000000.00	130000000
c) Surplus (Deficit) in Profit and Loss Statement:		
Opening balance	(824013019.35)	(823964570)
Add: Profit / (Loss) for the year	1030745.00	(48449)
Amounts transferred from General Reserve	NIL	NIL
	(822982274.35)	(824013019)
Less : Proposed Dividend & Tax thereon	NIL	NIL
Amounts transferred to General Reserve	NIL	NIL
Closing balance of Profit and Loss Statement (c)	(822982274.35)	(824013019)
Total (a) + (b) + (c) Rs.	(692982274)	(693677697)

KADAKIA ALKALIES & CHEMICALS LIMITED

	31.03.2012 Amount (Rs.)	31.03.2011 Amount (Rs.)
NOTE NO.5:		
SHORT TERM BORROWINGS:		
(a) Loans repayable on Demand:	NIL	NIL
(b) Loans and Advances from Related Parties:		
Loans from Holding Company - Kumaka Industries Ltd. <i>(Interest free Unsecured Loans - for which no repayment schedule has been fixed and hence considered as repayable on demand.)</i>	597614973.00	597614973
(c) Deposits:	NIL	NIL
(d) Other Loans and Advances:	NIL	NIL
	597614973.00	597614973
<p>In the opinion of the Board of Directors, the current assets, loans and advances are approximately of the value stated in the Balance Sheet, if realised in the ordinary course of business. The balances are subject to confirmation from the parties.</p>		
NOTE NO.6:		
* TRADE PAYABLES: (Annexure 2)		
Sundry Creditors for Goods		
Micro Small & Medium Enterprises (MSME)	NIL	NIL
Parties other than MSME Units <i>(Other than Long Term Trade Payables)</i>	471142.35	471142
	471142.35	471142
<p>The balances are subject to confirmation from the parties.</p> <p>The Balance Confirmation Certificate at the Year End were Not Obtained by the Company in case of all the Creditors, Sister Concern, Associate Concern, Directors , Director Relative Account. As required by the notification no.GSR 129(E) dated 22nd February,1999 issued by the Department of Company Affairs, Ministry of Law, Justice and Company Affairs based on the information available with the Company in respect of the status the suppliers, being Small Scale Industrial Undertaking, the information carried for by the company has not been received and as such liability for amount owed including interest in excess of Rs. 100000/- for such supplier has not been given.</p>		
NOTE NO.7:		
OTHER CURRENT LIABILITIES:		
(a) Current maturities of long-term debt:	NIL	NIL
(b) Loans and Advances from Related Parties:	NIL	NIL
(c) Other Current Liabilities: (Refer Annexure 3)		
(i) Advances from Parties	NIL	245382
(ii) Other Liabilities	NIL	1588652
	NIL	1834034
<p>In the opinion of the Board of Directors, the Other Current Liabilities are approximately of the value stated in the Balance Sheet, if realised in the ordinary course of business. The balances are subject to confirmation from the parties.</p> <p>During the Year under Audit the Company has Written off and Written back Outstanding Balance in Unsecured Loan,Other Liability. The Balance Confirmation Certificate at the Year End were Not Obtained by the Company in case of all the Creditors, Sister Concern, Associate Concern, Directors , Director Relative Account.</p> <p>Provision for taxation is not required to be made as there is no taxable income as per the provisions of the Income Tax Act,1961.</p>		

KADAKIA ALKALIES & CHEMICALS LIMITED

NOTE NO. 8:

FIXED ASSETS:

TANGIBLE ASSETS:

Name of Asset	GROSS BLOCK (AT COST)					DEPRECIATION BLOCK				NET BLOCK	
	Rate of Depn.	As at 01.04.2011	Additions	Disposal/ Adjustment	As at 31.03.2012	Upto 31.03.2011	For 2011-12	Depn. W. Back	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2012
Building	3.34%	1450582	N I L	1450582	0	770853	N I L	770853	0	679729	0
Plant & Machinery	1.63%	5962302	N I L	5962302	0	5962302	N I L	5962302	0	0	0
Furniture Fixtures	4.75%	5185	N I L	5185	0	5185	N I L	5185	0	0	0
Vehicles	13.91%	38565	N I L	38565	0	38565	N I L	38565	0	0	0
Total Rs.		7456634	N I L	7456634	0	6776906	0	6776905	0	679729	0
Previous Year		7456634	N I L	N I L	7456634	6728456	48449	0	6776906	728178	679729

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

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

	31.03.2012 Amount (Rs.)	31.03.2011 Amount (Rs.)
NOTE NO. 9 :		
NON-CURRENT INVESTMENTS:		
(A) Trade Investments:		
(a) Investment Properties	N I L	N I L
(b) Investment in Equity instruments:	N I L	N I L
(c) Other non-current investments:	N I L	N I L
Total (A)	N I L	N I L
(B) Other Investments: (Non-Trade)		
(a) Investment in Equity instruments:	N I L	N I L
(b) Investment in Govt. Securities : (Good) National Savings Certificates	5000.00	5000
(c) Other non-current investments: (Good)	N I L	N I L
Total (B)	5000.00	5000
Grand Total (A + B)		
Less : Provision for dimunition in the value of Investments	N I L	N I L
Total	5000.00	5000
Other Disclosures relating to Investments:		
1. Aggregate amount of quoted investments	N I L	N I L
2. Aggregate amount of unquoted investments	5000.00	5000
3. Details of Trade Investment :		
There is No trade Investment by the Company. Hence No Comments.		

KADAKIA ALKALIES & CHEMICALS LIMITED

	31.03.2012 Amount (Rs.)	31.03.2011 Amount (Rs.)
NOTE NO.10:		
* LONG TERM LOANS & ADVANCES:		
a. Capital Advances	NIL	NIL
b. Security Deposits:		
- Deposit with Suppliers & Others	NIL	93311
c. Loans and advances to related parties:		
- Interest-free Loan/Advance to Subsidiary Co.	NIL	NIL
- Interest-free Loan/Advance to Other Related Parties	93945.00	93945
d. Other loans and advances (specify nature)		
Advances recoverable in Cash/Kind	NIL	314992
	93945.00	502248
Less: Provision for doubtful loans and advances	NIL	NIL
Total Amount Rs.	93945	502248
Other Disclosures relating to Long Term Loans & Advances:		
Loans granted to:		
Directors	NIL	NIL
Other officers of the Company	NIL	NIL
Company which is a subsidiary of the Company	NIL	NIL
Firm in which director is a partner	NIL	NIL
Private Company in which director is a member	NIL	NIL
Other Related Parties	93945.00	93945.00
<p>In the opinion of the Board of Directors, the current assets, loans and advances are approximately of the value stated in the Balance Sheet, if realised in the ordinary course of business. The balance of Sundry debtors includes overdue balance from various parties and also efforts are being made for recovery from such parties. The balances are subject to confirmation from the parties.</p> <p>During the Year under Audit the Company has W/OFF and W/BACK Outstanding Balance in Loan and Advances Account The Balance Confirmation Certificate at the Year End were Not Obtained by the Company in case of all the Sister Concern, Associate Concern, Directors , Director Relative Account.</p> <p>Please Refer Notes on Accounting Policies wherein as per requirements of AS-18 for Related Parties Transaction were mentioned in Details on Point No.2.22.</p>		
NOTE NO.11:		
CASH AND CASH EQUIVALENTS:		
A. BALANCE WITH BANKS:		
Earmarked Balances	NIL	NIL
Margin Money Deposits as Security against Borrowings:		
TDR with Dena Bank	NIL	NIL
Balance in Current Accounts with Banks:	NIL	50579
B. CHEQUES, DRAFTS ON HAND:	NIL	NIL
C. CASH BALANCE ON HAND:	4896.00	4896
	4896.00	55475.00
<p>The Company has to obtained closing Bank Balance Certificate of the Bank at the year end i.e. as of 31-03-2012. During the Year under Audit Bank Balances including Margin Money FD were Written Off by transferring the Same into Profit & Loss Account.</p> <p>Additional Notes Forming Part of Balance -Sheet And Profit & Loss Account.</p> <p>01. The Company has transferred the Chlor-alkali Unit, with all its assets and liabilities on going concern basis at cost, including Contingent Liability to Kumaka Industries Limited, Holding Company effective from 1st June 2005.</p> <p>02. Provision for taxation is not required to be made as there is no taxable income as per the provision of Income Tax Act, 1961.</p> <p>03. In Respect of Previous Years Figures : The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements.</p> <p>The Revised Schedule VI does not require presentation of a reconciliation explaining the impact of the reclassification of the previous year figures in the financial statements.</p>		

KADAKIA ALKALIES & CHEMICALS LIMITED

	31.03.2012 Amount (Rs.)	31.03.2011 Amount (Rs.)
NOTE NO. 12		
OTHER INCOME:		
Dividend Income	NIL	NIL
Interest Earned on Investments	NIL	NIL
Profit on Sale of Fixed Asset	768659.00	NIL
Sundry Accounts W/off-Write Back	262086.00	NIL
Other non-operating income (net of expenses)	NIL	NIL
Total Rs.	1030745.00	0

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

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

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

AS PER OUR REPORT OF EVEN DATE

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

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

Vadodara : 5th July , 2012

For **KADAKIA ALKALIES & CHEMICALS LTD.**

Pankaj M Kadakia
Director

Bharat Parikh
Director

Vadodara : 5th July , 2012

KUMAKA INDUSTRIES LIMITED

Consolidated Auditors' Report

To
The Board of Directors of
KUMAKA INDUSTRIES LIMITED

1. We have audited the attached Consolidated Balance Sheet of KUMAKA INDUSTRIES LIMITED ("the Company") and its subsidiary (the Company and its subsidiary constitute "the Group") as at March 31, 2012 the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have audited the financial statements of a subsidiary, whose financial statements reflect total assets of Rs.1,03,841 as at March 31, 2012, total revenues of Rs. 10,30,745 and net cash outflows amounting to Rs.9,26,904 for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by us whose reports have been furnished and our opinion is expressed.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006. However during the Current Financial Year the Company doesn't have any Operational Activity. There is One Subsidiary and it doesn't have any Operational Activity, considering this fact, we have enclosed Only Consolidated Balance Sheet And Statement of Profit & Loss without giving Separate Notes forming Part of the Same. However for Detail Please refer the Notes forming Part of Financial Statements with the Separate Financial Statements of Holding & Subsidiary Prepared Individually for each.
5. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company and its aforesaid subsidiary and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;
 - (ii) in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date and

For Bhatt Thakkar & Co.
Chartered Accountants

(M. L. Thakkar)
Partner

M. No. 44517
FRN: 124010W

Vadodara : 6th August, 2012

KUMAKA INDUSTRIES LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

Amount In

PARTICULARS	31.03.2012	31.03.2011
* (A) EQUITY AND LIABILITIES:		
1) SHAREHOLDERS' FUNDS :		
a) Share Capital	215856250.00	215856250
b) Reserve & Surplus	(489384336.73)	(2001265822)
2) SHARE APPLICATION MONEY PENDING ALLOTMENT	N I L	N I L
3) NON-CURRENT LIABILITIES :		
(a) Long-term borrowings	N I L	1800094650
(b) Deferred tax liabilities (net)	N I L	N I L
(c) Other long-term liabilities	N I L	N I L
(d) Long-term provisions	N I L	N I L
4) CURRENT LIABILITIES :		
(a) Short-term borrowings	619134467.37	609522952
(b) Trade payables	763963.35	4727560
(c) Other current liabilities	82805359.89	153154648
(d) Short-term provisions	N I L	N I L
TOTAL	429175703.88	782090238
* (B) ASSETS :		
1) NON-CURRENT ASSETS		
(a) Fixed assets (Net Block)		
(i) Tangible assets	43825983.03	382547372
(ii) Intangible assets	N I L	N I L
(iii) Capital work-in-progress	N I L	N I L
(b) Non-current investments	9500.00	7068338
(c) Deferred tax assets (net)	N I L	N I L
(d) Long-term loans and advances	385325128.84	386065055
(e) Other non-current assets	N I L	785677
2) CURRENT ASSETS :		
(a) Current investments	N I L	N I L
(b) Inventories	N I L	1844000
(c) Trade receivables	N I L	N I L
(d) Cash and cash equivalents	15092.01	3779796
(e) Short-term loans and advances	N I L	N I L
(f) Other current assets	N I L	N I L
TOTAL	429175703.88	782090238

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

For Bhatt Thakkar & Co.
Chartered Accountants

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

Vadodara : 6th August, 2012

For and on Behalf of the Board,

Mr. Pankaj M. Kadakia
(Director)

Dr. Niranjana Pandya

(Director)

Vadodara : 6th August, 2012

KUMAKA INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

Amount In

PARTICULARS	31.03.2012	31.03.2011
*INCOME :		
I. REVENUE FROM OPERATIONS		
Revenue from Operations (Gross)	N I L	N I L
Less : Excise Duty	N I L	N I L
Revenue from Operations (Net)	N I L	N I L
II. OTHER INCOME	12368234.82	52750306
III. TOTAL REVENUE (I+II)	12368234.82	52750306
* EXPENSES :		
(a) Cost of materials consumed	250000.00	3022123
(b) Purchases of stock-in-trade	N I L	N I L
(c) Changes in Inventories	1594000.00	16228264
(d) Employee benefits expense	878957.00	1117501
(e) Finance costs	2306.00	6079
(f) Depreciation and amortisation expense	680141.00	52492726
<u>(g) Other expenses:</u>		
- Administration, Selling & Other Expenses	1403939.00	3911394
- Loss on Sale of Fixed Assets	257034420.20	74960019
IV. TOTAL EXPENSES	261843763.20	151738106
V. PROFIT BEFORE EXCEPTIONAL/EXTRAORDINARY ITEMS AND TAX	(249475528.38)	(98987800)
VI. EXCEPTIONAL & EXTRA-ORDINARY ITEMS	N I L	N I L
VII. PROFIT BEFORE TAX	(249475528.38)	(98987800)
VIII. TAX EXPENSE:		
(a) Current Tax	0.00	N I L
(b) Tax Expense - Prior Period	0.00	
IX. NET PROFIT (LOSS) AFTER TAX FOR THE PERIOD	(249475528.38)	(98987800)
X. EARNING PER SHARE (Equity Share of Face Value of Rs.10/- each)		
Basic & Diluted Earning Per Equity Share (in Rs.)	(20.64)	(8.19)

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

For Bhatt Thakkar & Co.
Chartered Accountants

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

Vadodara : 6th August, 2012

For and on Behalf of the Board,

Mr. Pankaj M. Kadakia
(Director)

Dr. Niranjana Pandya

(Director)

Vadodara : 6th August, 2012

KUMAKA INDUSTRIES LIMITED

KUMAKA INDUSTRIES LTD.

(Formerly known as Ashok Organic Industries Limited)

Regd. Office : 404, 4th Floor, Sharda Chambers, 33, New Marine Lines, Mumbai-400 020.

ATTENDANCE SLIP

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

L.F No. _____ No. of Shares held _____

Name and Address of the Member :

I hereby record presence at the 38th Annual General Meeting held on Saturday, 29th September, 2012 at 3.00 p.m. at 3rd Floor, Walchand Centre for Business Training Room, Indian Merchants Chamber, Church Gate, Mumbai-400020

Signature of Shareholder/Proxy

NOTES:

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

KUMAKA INDUSTRIES LTD.

(Formerly known as Ashok Organic Industries Limited)

Regd.Office : 404, 4th Floor, Sharda Chambers, 33, New Marine Lines, Mumbai-400 020.

PROXY

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

I/WE _____

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

hereby appoint _____ of _____ failing him/

her _____ of _____ and failing him/her

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

and or my/our behalf at 38th Annual General Meeting held on Saturday, 29th September, 2012 at 3.00 p.m. at

3rd Floor, Walchand Centre for Business Training Room, Indian Merchants Chamber, Church Gate, Mumbai-400020

and any adjournment thereof.

Signed this _____ day of _____ 2012

Affix
Revenue
Stamp
Re.1.00

BOOK-POST

TO,

If undelivered, please return to :

KUMAKA INDUSTRIES LTD.

(Formerly known as Ashok Organic Industries Limited)

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