



**ASHOK ALCO-CHEM LIMITED**

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**ANNUAL REPORT**

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## 13TH ANNUAL REPORT 2004 - 05

<b>BOARD OF DIRECTORS</b>	<b>ASHOK M. KADAKIA</b>	Chairman
	<b>PANKAJ M. KADAKIA</b>	Vice Chairman
	<b>DR. ANIL M. KADAKIA</b>	Managing Director
	<b>MASASHIGE KATSU TAMBE</b>	(Has tendered his resignation)
	<b>HARISH C. PANDYA</b>	(Resigned from 26/07/2004)
	<b>VIPIN P. SHAH</b>	Alternate to M.K.Tambe (Ceases to be alternate director, since Mr. M. K. Tambe has tendered his resignation as director of the company.)
	<b>DR. UMESH S. KULKARNI</b>	Director

**BANKERS****DENA BANK****AUDITORS****N. P. PATWA & CO.,**  
Chartered Accountants, Mumbai**SOLICITORS****MULLA & MULLA & CRAIGE BLUNT & CAROE, MUMBAI****REGISTERED OFFICE**406, Sharda Chambers,  
33, New Marine Lines, Mumbai - 400 020  
Tel. Nos. : 22002236/56, Fax No.: 22009456  
E-mail: akadakia@vsnl.com  
Internet: http://www.kadakiagroup.com**PLANTS****ACETIC ACID & ETHYL ACETATE UNITS**Plot No.A-22/2/1, Mahad Industrial Area,  
Village Kamble, Mahad - 402 301,  
Dist: Raigad, Maharashtra**DISTILLERY & BIO-GAS UNITS**Walchandnagar - 413 114  
Dist: Pune, Maharashtra**SHARE TRANSFER AGENT****INTIME SPECTRUM REGISTRY LTD.**203, Daver House, 2nd floor,  
197/199, Dr. D. N. Road,  
Next to Central Camera,  
Mumbai - 400 001.Shree Ganesh Industrial House,  
1st floor, 'B' Wing,  
W. T. Patil Marg,  
Chembur,  
Mumbai - 400 071.  
E-mail: isrl@vsnl.comC-13, Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (W),  
Mumbai - 400 078  
Phones : 5555 54 54  
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## ASHOK ALCO-CHEM LIMITED

## NOTICE

NOTICE is hereby given that the Thirteenth Annual General meeting of ASHOK ALCO-CHEM LIMITED will be held on Thursday, the 15th September, 2005 at Committee Hall, S.N.D.T. Women's University, New Marine Lines, Mumbai - 400 020 at 10.30 a.m. to transact the following business :-

## ORDINARY BUSINESS:-

- 1 To receive, consider and adopt the Audited Balance sheet for the year ended 31 st March 2005 along with Profit and Loss Account, Directors Report, Auditors Report for the year ended as on that date.
- 2 To appoint a Director in place of Dr. Umesh S. Kulkarni who retires by rotation and being eligible offers himself for re-appointment.
- 3 To appoint auditors and to fix their remuneration.

## SPECIAL BUSINESS :

To consider and if thought fit to pass the following resolution(s) with or without modification(s) :

## 4. AS ORDINARY RESOLUTION

**RESOLVED THAT** pursuant to sections 198, 269, 309, schedule XIII and other applicable provisions of the Companies Act 1956, Dr Anil M Kadakia be and is hereby re-appointed as the Managing Director of the company for a period of Five Years from 1st August, 2005 to 31st July, 2010, among other things on the following terms and conditions:

Appointment	: 5 Years with effect from 1st August, 2005
Salary	: Rs.1,00,000/- p.m.
Commission	: As fixed by Board subject to limits under the Companies Act.
Perquisites & Allowances	: Equivalent to Annual Salary or as decided by the Board from time to time. The perquisites shall be in addition to the other benefits and salary.
Retirements Benefits	: a) Company's contribution to PF, Superannuation Fund or Annuity Fund to the extent non-taxable under I.T. Act, 1961. b) Gratuity as per the rules of the Company and Leave encashment at the end of tenure.
Accommodation	: Furnished or in the absence thereof, entitlement to suitable House Rent Allowance and expenditure on maintenance of Self-occupied House.
Medical Expenses	: For Self and Family.
Club Membership Fees	: Maximum of 2 Clubs excluding admission and life Membership Fees.
Leave Travel Concession	: For Self and Family
Car and Telephone	: At residence for Official Use.Provision of mobile phone. Provision of car and driver.
Long Service Benefits	: As per the policy of the Company.
Insurance benefits	: Reimbursement of Personnel Insurance premiums and Mediciam and accident policies for self.

Leave benefits : As per company's rules

The aforesaid remuneration is subject to the limits as laid down in section 309 and 198 of the Companies Act 1956, Dr. Anil M. Kadakia shall not be liable for retirement by rotation during the period of office as Managing Director.

Dr Anil M Kadakia shall not be paid sitting fees for attending the meeting of the Board Of Directors or committee meetings.

Where in any year during the currency of the tenure of the employment of Dr Anil M. Kadakia the company has no profits or inadequate profits the remuneration and perquisites shall be paid in accordance with the provisions of Schedule XIII of the Companies Act 1956 as amended from time to time.

**"RESOLVED THAT** the Board Of Directors be and is hereby authorised to modify and vary the terms of the appointment of Dr Anil M Kadakia as it may deem fit and proper "

## 5. AS ORDINARY RESOLUTION

**"RESOLVED THAT** Mr Vipin P Shah be and is hereby appointed the Director of the company liable to retirement by rotation".

## 6. AS ORDINARY RESOLUTION

**"RESOLVED THAT** Mr Shyam P Kadakia be and is hereby appointed the Director of the company liable to retirement by rotation".

## 7. AS ORDINARY RESOLUTION

**"RESOLVED THAT** the company delist its listing of shares at Ahmedabad and Delhi Stock Exchanges".

## 8. AS ORDINARY RESOLUTION

To consider and, if thought fit, to pass, with or without modifications the following resolution as an Ordinary Resolution by postal Ballot which is enclosed.

**"RESOLVED THAT** pursuant to section 293 (1) (a) consent of the Company be and is hereby accorded to the Board of Directors of the Company (herein after referred to as "the Board" which expression shall be deemed to include any committee which the Board may have constituted or herein constitute to exercise its powers including the powers conferred by this resolution) for dealing, disposing, selling and/or charging, leasing in such form and such manner as it may deem fit and proper, the whole or substantially the whole or part thereof of the property of the company located at Walchandnagar Dist. Pune, Maharashtra to any party/ parties or to or in favour of any lenders / creditors or financial institution(s), bodies as may be decided by the Board of Directors from time to time in the interest of the Company.

**"RESOLVED FURTHER** that the Board of Directors be and are hereby authorised to finalise the said agreements and other documents, instruments and to do all acts, deeds, matters and things as may be necessary and expedient for giving full and final effect to this resolution."

For and on behalf of the  
Board of Directors

Mumbai,  
Date : 4th May, 2005

Ashok M. Kadakia  
Chairman

## NOTES :

1. A member is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company. The proxies to be effective should be received the Registered office of the company before 48 hours before the commencement of the meeting.

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2. The relative Explanatory Statement pursuant to section 173(2) of the Companies Act 1956 in respect of the special business is attached and form a part of this notice.
3. The Register of members and Share Transfer books will remain closed from 5th September, 2005 to 15th September, 2005 (both days inclusive).
4. The members are requested to notify to the Registrar and Share Transfer Agent the Change if any in their address.
5. The members informed that the company has transferred to the investor Education and Protection Fund the unclaimed dividend upto 31.03.1996. The company will be transferring the unclaimed dividend amount for the year 1996-97 and 1997-98 to the Investor Education and Protection Fund shortly. No claim shall be due once the amount is transferred to the said fund.
6. The postal ballot form for item no. 8 along with instructions for postal ballot with self addressed prepaid envelope for reply is enclosed.
7. Members desirous to get any information are requested to write to the company within seven days in advance before the Annual General Meeting.

Details of the Directors seeking appointment /re-appointment at the Thirteenth Annual General meeting.

Sr. No.	Particulars	Dr. Anil M. Kadakia	Mr. Vipin P. Shah	Mr. Shyam P. Kadakia	Dr. Umesh S. Kulkarni
1	Date of Birth	26.12.1946	01.08.1934	22.05.1984	12.03.1964
2	Date of Appointment	18.12.1992	* 17.10.1993 (Proposed to be appointed as Director of the company in the current Annual General Meeting)	At current Annual General Meeting.	17.06.2002
3	Expertise in Specific Areas	Industrialist for last 25 Years	Practising Company Secretary	Has acquired expertise in Tech. & Management field.	Expertise in Pollution Control.
4	Directorships in other public companies	1	1	No	No
5	Memberships of committees in other public limited companies	1	No	No	No

\* Was appointed as Alternate Director to Mr. Masashige Katsu Tambe.

For and on behalf of the Board Of Directors

Mumbai,  
Date : 4th May, 2005

**Ashok M. Kadakia**  
Chairman

**Explanatory statement pursuant to section 173 of the Companies Act 1956 in respect of item no 4 to 8 mentioned in the notice of the Thirteenth Annual General Meeting.**

**1. ITEM NO 4**

Dr Anil M. Kadakia's terms of appointment as the Managing Director ends on 31-7-2005. The consent of the members is solicited for re-appointing and payment of remuneration to Dr Anil M. Kadakia as the Managing Director of the company for another five years term from 1-8-2005. The resolution for approving the terms of appointment is placed before the members for approval. Dr Anil M Kadakia has been associated with the

company since inception of the company and has been managing the day to day affairs of the company. It is felt that his re-appointment will benefit the company immensely.

Except for Dr. Anil M Kadakia, Mr Ashok M Kadakia and Mr Pankaj M Kadakia none of the other directors are concerned or interested in the resolution.

The directors recommend passing of the resolution.

**2. ITEM NO 5**

Mr. Masashige K. Tambe has tendred his resination as the Director of the company. Accordingly, Mr. Vipin P. Shah also ceases to be the Alternate Director to Mr. Masashige K. Tambe. The company has received notices alongwith the requisite deposit from some members for appoitment of Mr. Vipin P. Shah as the Director of the Company. With the vast experience Mr. Vipin P. Shah has, it is felt that his association with the company will benefit the company immensly. The resolution for his appointment is placed before the members for approval.

None of the directors are concerned or interested in the resolution.

The directors recommend passing of the resolution.

**ITEM NO. 6**

The Company has received notices from some members along with requisite deposit for appointing Mr. Shyam P. Kadakia as the Director of the Company. It is felt that the association of Mr. Shyam P. Kadakia will berfeit the company immensely. The resolution for his appointment is placed before the members for approval.

Except for Mr. Ashok M. Kadakia, Dr. Anil M. Kadakia, Mr. Pankaj M. Kadakia, none of the other directors are concerned or interested in the resolution.

The directors recommend the passing of the resolution.

**ITEM NO 7**

The company's shares are rarely traded at Ahmedabad and Delhi Stock Exchanges. Hence it is felt that it would be economical to delist its shares from Ahmedabad and Delhi Stock exchanges. The resolution for delisting is placed before the members for approval.

None of the directors are concerned or interested in the resolution.

The directors recommend passing of the resolution.

**ITEM NO. 8**

During the course of operations of the Company and depending upon the financial position and requirement of funds for the Company, it may be required that the Company sell, dispose off, lease, charge, the property of the Company located at Walchandnagar Dist. Pune, Maharashtra in the best interest of the Company. The consent of the members of the Company is solicited to the Board of Directors of the Company to deal with the property of the company.

The directors recommend passing of the resolution.

None of the directors are concerned or interested in the resolution.

The resolution under this item is required to be passed by the members by postal ballot pursuant to Section 192A of Companies Act 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. The Board of Directors have appointed Mr. S. Lakshminarayanan, Practising Company Secretary as the scrutinizer for the Postal Ballot. The instructions for postal ballot along with postal ballot form with the self addressed prepaid envelope is enclosed. The members are required to convey their Assent / Dissent on the ballot form and send it to the scrutinizer at the Registered Office of the Company so as to reach by 12th September 2005. The ballot form received after this date will be treated as if the reply from the member has not been received. The result of the postal ballot will be announced by the Chairman at the meeting.

For and on behalf of the Board of Directors

Mumbai,  
Date : 4th May, 2005

**Ashok M. Kadakia**  
Chairman.

**ASHOK ALCO-CHEM LIMITED****REGISTERED OFFICE :** 406, Sharda Chambers, 33, New Marine Lines, Mumbai - 400 020.**POSTAL BALLOT FORM**

Name(s) of Shareholder(s) :  
 (IN BLOCK LETTERS)  
 (including joint holders, if any)

Registered Address of the sole / :  
 first named Shareholder

Registered Folio No. / :  
 DP ID No. \* / Client ID No. \*  
 (\*Applicable to Investors holding  
 Shares in dematerialised form)

No. of Shares held :  
 as on 5th September, 2005

I / We hereby exercise my / our vote in respect of the ORDINARY RESOLUTION (Item No. 8) to be passed through postal ballot as stated in the Notice dated 4th May, 2005 of the Company by sending my / our Assent or Dissent to the said resolution by placing the tick ( ✓ ) mark in the appropriate box below.

Resolution at Item No. 8	No. of Shares	Assent / Dissent	Please tick ( ✓ ) in the appropriate box below
Authorising the Board of Directors to deal, sell, dispose, charge, lease, the company's property located at Walchandnagar, Dist. Pune, Maharashtra, under section 293(1)(a) of the Companies Act 1956.		I / We Assent to the Resolution.	
		I / We Dissent to the Resolution.	

Place:

Date:

*Signature of the Shareholder*

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



**DIRECTORS' REPORT**

Your Directors have pleasure in presenting to you the 13th Annual Report and Audited Statements of Account for the year ended on 31st March, 2005

**FINANCIAL HIGHLIGHTS**

(Rs. In Lacs)

	2004 - 05	2003- 04
Turnover (net of excise and sales tax) and Other Income	2351	2886
Profit (Loss) Before Interest & Depreciation	(26)	153
Add/Less : Interest	265	287
Depreciation	174	182
Profit / ( Loss ) before Tax	(465)	(316)
Less : Deferred Tax Surplus	70	86
Add: Extra Ordinary Item & prior period adj.	1	28
Net Profit / (Loss) for the Year	(396)	(258)

(Figures for Previous Year have been re-grouped, wherever necessary)

**DIVIDEND**

In view of the loss your Directors do not recommend dividend during the year.

**OPERATIONS**

During the year the production of the Industrial alcohol suffered due to the non availability of Molasses.

The production of Ethyl Acetate remained closed due to the adverse market conditions.

In spite of the adverse market conditions the company could produce 6723481 kg. of Acetic acid which has enabled the company to sustain the operations.

**PROSPECTS**

The current year prospects seems bright due to the better availability of sugarcane and in turn the molasses.

The continues import of Alcohol and stability of the car Alcohol programme will increase the prospects of your company to a great extent. The substantial increase in the crude oil prices has made Alcohol based Acetic Acid more profitable as compared to Menthol based Acetic Acid.

**REFERENCE U/S. 15 OF THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985**

The company continues to be registered with BIFR under reference Case No. 291/2003 of the Board for Industrial and financial reconstruction (BIFR).

**FIXED DEPOSITS**

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

**INSURANCE**

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

**BOARD OF DIRECTORS**

Mr Harish C Pandya resigned as the Director of the company from 26-7-2004. The Board of Directors express their gratitude for the services rendered by Mr Harish C Pandya to the company.

In terms of the provisions of the Articles of Association Dr. Umesh S. Kulkarni retires by rotation and being eligible offers himself for re-appointment.

Mr. Masashige K. Tambe has tendered his resignation as director of the company. Accordingly, Mr. Vipin P. Shah who was Alternate Director to Mr. Masashige K. Tambe also ceases to be Alternate Director of the company. The board of Directors express their gratitude for the services rendered by Mr. Masashige K. Tambe and Mr. Vipin P. Shah to the Company.

The Company has received notice from some members alongwith the requisite deposit proposing for appointment of Mr. Vipin P. Shah as the Director of the Company. The resolution for appointment of Mr. Vipin P. Shah as Director of the Company is placed before the Members for approval.

To further strengthen the Board of Directors, it is proposed to appoint Mr. Shyam P. Kadakia, as a Director of the Company. The Company has received notices from some members proposing appointment of Mr. Shyam P. Kadakia, as the Director of the company. The resolution for appointment of Mr. Shyam P. Kadakia is placed before the members for approval.

The term of appointment of Dr Anil M. Kadakia as the Managing Director of the Company ends on 31/07/2005. The consent of the members is solicited for re-appointing and for payment of remuneration to Dr Anil M. Kadakia as Managing Director of the company from 01.08.2005 for further period of 5 years. The resolution for approving the payment of remuneration is placed before members.

**AUDITORS**

M/s. N.P. Patwa & Company, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

**AUDIT COMMITTEE**

The Audit Committee reviewed the accounting policies, Standards and Procedures in the Company from time to time. The Committee considered and approved the Financial Statments including the quarterly results and the Annual results of the Company.

**COST AUDIT**

In pursuance of the Directives of the Central Government, Mr. Arvind S Paranjape, Cost Accountant has been appointed as Cost Auditor to conduct the cost audit of the accounts in respect of industrial alcohol for the year ended on 31st March, 2005. It is proposed to re-appoint him as the cost auditor to conduct the audit for conducting the cost audit for the financial year 2005-2006.

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- They have, in the selection of the accounting policies, consulted the Statutory auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year viz., March 31, 2005 and of the loss of the company for the year ended on that date;
- They have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting standrads and records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- They have prepared the annual accounts on a going concern basis.

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## COMMENTS ON AUDITORS REPORT

For and on behalf of the Board Of Directors

- 1) Point (5) in the Auditor's Report relating to disqualification of Directors,

The disqualification arises due to non-payment of Debenture instalment in view of the continuous losses incurred by the Company.

- 2) Point 6 in Auditors Report regarding Sales Tax Deferment liability  
In view of the financial losses incurred by the Company, the said investments are not made.

- 3) Point 2(a) and (b) in Annexure to Auditors Report

The company is in the process of updating its records of Fixed Assets. It also has regular programme for Physical verification which in absence of record was temporarily not carried out.

- 4) Point 10(a) in Annexure to Auditors Report

The dues needs to be reconciled and thereafter after taking legal/accounting opinion, representations will be done to appropriate authorities towards liquidating of the dues.

- 5) Point 11 and 12 in annexure to Auditors Report

Due to erosion of networth, the Company has filed reference with BIFR under Section 15 of SICA and in accordance with the directives of the BIFR would submit a comprehensive rehabilitation proposal to the operating Agency as may be appointed in due course. With this proposal the Company will try to come out of NPA.

- 6) Point 14 in Annexure to Auditors' Report

The said point is self explanatory

## CORPORATE GOVERNANCE

As per the amended Listing Agreement with the Stock Exchange, your Company is required to comply with the requirements of Corporate Governance. The Report on corporate Governance forming part of this Report is enclosed. The Corporate governance could not be strictly met due to the adverse conditions in the company.

## OTHER INFORMATION

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

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

Pursuant to Clause 32 of the Listing Agreement with the Stock Exchanges, Cash Flow Statement, together with the Auditors' Certificate thereto, is annexed to this Report.

## LISTING FEES

The company has since received the communication from the stock exchange for repayment of listing fees for the financial year 2005-2006. The company is in the process of making the payment for the same.

## EMPLOYEES

An atmosphere of understanding prevailed at all the locations between the employees and the management.

## ACKNOWLEDGMENT

The Board acknowledges with thanks the assistance and support received from the Government, Local Authorities, Financial Institutions and Banks, Collaborators, Suppliers, Valued Customers and the Shareholders of the company.

Mumbai,  
Date : 4th May, 2005

Ashok M. Kadakia  
CHAIRMAN

**INFORMATION AS PER SECTION 217 (1) (e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2005**

## A. CONSERVATION OF ENERGY

## (a) Measures taken

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

- (i) Boiler at Distillery is compatible for use of alternative fuels viz. bio-gas, bagasse and coal.
- (ii) Energy-saving trickling filter process of Secondary ETP has been operational at Distillery.
- (iii) Cooling tower shows improved performance by use of non-conventional parts and accessories.
- (iv) Power factor improved by Installation of capacitors.

## (b) Additional Investments &amp; Proposals

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

## (c) Impact of the measures :

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

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

## POWER &amp; FUEL CONSUMPTION

	2004-05	2003-04
<b>1) ELECTRICITY</b>		
(a) Purchased -		
Unit (kwh in lacs)	36.85	55.12
Total Amount (Rs. in Lacs)	142.37	201.39
Cost Per Unit	3.87	3.65
(b) Own Generation -		
Through Diesel Generator		
Units (kwh in lacs)	0.18	1.20
Units per Ltr. of Diesel Oil	3.36	3.56
Cost per Unit	8.28	6.96
<b>2) FURNACE OIL</b>		
Quantity ( K. Ltrs. )	1846.98	2249.51
Total Amount ( Rs. in Lacs )	193.97	233.46
Average Rate ( per K. Ltrs. )	Rs.10502.10	Rs.10378.06
<b>3) DIESEL OIL</b>		
Quantity ( K. Ltrs. )	5.26	33.82
Total Amount ( Rs. in lacs )	1.61	8.34
Average Rate ( per K. Ltrs. )	30608	Rs.24660
<b>4) COAL (Steam Coal of Grade A/B used as fuel for Boiler )</b>		
Quantity ( MT)	390.500	1563.67
Total Cost ( Rs. in Lacs )	11.19	37.42
Average Rate	2866.17	Rs.2393
<b>5) BAGASSE / WOOD</b>		
Quantity ( MT )	40.500	6544.575

## ASHOK ALCO-CHEM LIMITED

Total Amount ( Rs. in lacs. )	0.36	39.83
Average Rate ( Per MT )	885.63	Rs.608.56
6) BIO-GAS PRODUCED & CONSUMED IN LAC M3	1.75	18.03
Total Amount ( Rs. in lacs )	—	—

	2004 - 05	2003 - 04
Total Foreign Exchange used	Nil	Rs.2.50
Total Foreign Exchange earned	Nil	Rs.5.07

For and on behalf of the Board,

Mumbai,  
Date :4th May, 2005Ashok M. Kadakia  
Chairman**II. CONSUMPTION PER UNIT OF PRODUCTION**

(Please refer Notes given hereinbelow )

Name of Product

(i) Industrial Alcohol :		
Electricity Kwh / Lac. Ltr.	36763.74	17303
(ii) Acetic Acid :		
Electricity Kwh / MT	508.53	491
Furnace Oil K. Ltr. / MT	—	0.28
(iii) Ester :		
Electricity Kwh / MT	—	179
Furnace Oil K. Ltr. / MT	—	0.26

**Notes:**

1. The consumption per unit of production gives only broad indication as it is arrived at without taking into consideration the variations in grade, quality and purity of the products.
2. The consumption of power per unit of production includes the consumption for ETP.
3. Coal, Bagasse and Bio-gas being alternative sources of energy, it is not possible to determine their respective consumption per unit of production.

**B. I TECHNOLOGY ABSORPTION :**

Efforts made in technology absorption :

**RESEARCH & DEVELOPMENT :**

- 1) Specific area in which R&D carried out by the Company.
  - a) Processes are modified on on-going basis for enhancing the efficiency and energy conservation.
- 2) Benefits derived as a result of above R & D.
  - a) Higher production and productivity
  - b) Better product quality
  - c) Reduced Pollution
- 3) Future plan of action :  
Continuous efforts are made to save energy and to improve the quality.
- 4) Company has incurred expenditure of Rs.Nil on R & D.

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

- 1) Efforts, in brief, made towards technology absorption, adaptation & innovation.  
Effluent Treatment-cum-Bio-gas Plant and Secondary ETP are set up in technical collaboration from Aqua Technos Co. Ltd., Thailand. Under the agreement, the collaborators have supplied technical documentation and equipment list alongwith the specifications.
- 2) Benefits derived as a result of the above efforts.  
Methane gas generated from Effluent Treatment-cum-Bio-gas Plant is available as fuel. Secondary ETP further processes the effluent for better environment and farming.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO :**

- 1) Activities relating to exports, initiative taken to increase exports, development of new export markets for products and services, and export plans.  
Efforts are being made for enhancing exports performance
- 2) Total Foreign Exchange earned and spent.

(Amount in Lacs)

**CORPORATE GOVERNANCE****MANAGEMENT DISCUSSION AND ANALYSIS****Industry structure**

The car Alcohol project launched is getting streamlined and will fetch better results for your company in the days ahead.

All round Industrial recovery in India will help the prospects of your company also.

**Strengths :**

Due to the increase in the crude oil prices the prospects for Acetic Acid and Ethyl Acetate will be better.

**Weakness :**

The company is not able to increase its production due to lack of funds and bank credit facilities

**Opportunities :**

The well acceptability of the companies products in the international market will boost the exports and overall margin of your company.

**Threats :**

The availability of inadequate funds is a major constraint for the company. The current operations are affected due to the lack of funds and bank facilities. The company is confident to achieve 100 % capacity production if required funds are made available.

**Segment wise performance :**

The products of the Company are organic chemicals and form a single segment only.

**Financial Performance:**

Due to Non-availability of Credit facilities the company's profitability has suffered and also resulted in lower margins, this has led to low profit, but the cost reduction efforts has resulted in achieving better results.

**Internal control systems :**

The existing internal control system is monitored continuously. The management is in constant discussion with the divisional heads for reviewing and updating the internal control systems. The statutory auditors also apprise the management about the internal control systems during the pre-audit and post-audit meetings.

**Internal Auditor:**

The Company has appointed M/s. Patel & Kurup, Chartered Accountants as Internal Auditor to strengthen the internal Control Systems in the Company.

**Human Relations :**

There has been cordial relations in all the locations of the company during the year.

**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 economic conditions affecting demand / supply, price conditions in the domestic and overseas markets in which the company operates, changes in Government regulations, tax laws and other statutes.