



**ASHOK ALCO-CHEM LIMITED**

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**ANNUAL REPORT**

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## 14TH ANNUAL REPORT 2005 - 06

<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>V. P. SHAH</b>	
	<b>DR. UMESH S. KULKARNI</b>	
	<b>SHYAM P. KADAKIA</b>	
	<b>SUBRAMANIAM AYYAR</b>	

**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

**SHARE TRANSFER AGENT** **INTIME SPECTRUM REGISTRY LTD.**  
C-13, Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (W),  
Mumbai - 400 078  
Phones : 5555 54 54  
Fax: 5555 53 53  
E-mail: isrl@vsnl.com

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## NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of ASHOK ALCO-CHEM LIMITED will be held on 28th September, 2006 at 8th Floor, Sharda Chambers Hall, Sharda Chambers, New Marine Lines, Mumbai - 400 020 at 12.30 p.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 2006 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 Mr. V.P. Shah, who retires by rotation and being eligible offers himself for re-appointment .
- 3 To appoint Auditors and to fix their remuneration .

## SPECIAL BUSINESS :

4. To consider and if thought fit, to pass with or without modification (s) the following resolution as an ORDINARY RESOLUTION:

" **RESOLVED THAT** Mr. Subramaniam Ayyar, who was appointed as an Independent Director of the Company on the Board of Directors and who holds office upto the date of this Annual General Meeting pursuant to Section 260 of the companies Act, 1956 and Article 89 of the Articles of Association of the company, and in respect of whom the company has received a Notice in writing from a member of the company, expressing his intention of proposing the candidature of Mr. Subramaniam Ayyar, for the office of Director, be and is hereby appointed as a Director of the Company".

- 5 To consider and if thought fit to pass the following resolution(s) with or without modification(s) as SPECIAL RESOLUTION ::

" **RESOLVED THAT** in accordance with the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956, in terms of the provisions of SEBI Act, FEMA and Rules and Regulations made thereunder, and any other laws for the time being in force, and subject to such consents and approvals as may be necessary, and subject to such conditions and modifications as may be considered necessary by the Board of Directors ( hereinafter referred to as the "Board", which term shall be deemed to include any Committee thereof constituted for this purpose, to exercise the powers conferred on the Board by this resolution) or as may be prescribed or made, in granting such consents and approvals agreed to by the Board, the consent of the Company be and is hereby accorded to the Board to offer, issue and allot in one or more tranches, in the course of international offerings to Foreign Institutions, foreign investors/collaborators, Non-Resident Indians, corporate bodies, mutual funds, banks, insurance companies, pension funds or others, Non-Banking Finance Company(s) whether shareholders of the company or not, through a public issue and / or on a private placement basis, equity shares, and / or Preferential Shares and / or securities convertible into equity shares and / or securities with or without detachable share warrants, and / or Bonds with Share Warrants attached (hereinafter collectively referred to as " Securities"), secured or unsecured within the prescribed ceilings upto the Authorised Share Capital of the company ie Rs 7.00 Crores ".

" **RESOLVED FURTHER THAT** for the purpose of giving effect the

above, the Board be and is hereby authorised to determine the form and terms of the Issue(s), including the class of investors to whom the Securities are to be allotted, number of Securities to be allotted in each tranche, issue price, face value, premium amount on issue/ conversion of Securities/exercise of warrants/redemption of Securities, rate of interest, redemption period, listing on one or more stock exchanges in India and / or abroad, including, without limitation, marketing, custodian, depository arrangements etc., as the Board in its absolute discretion deems fit, and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues in India and / or abroad and to settle any question or difficulties that may arise in regard to the Issue(s). "

" **RESOLVED FURTHER THAT** the Board be and is hereby authorised to issue and allot such number of additional equity shares as may be required in pursuance of the above issue of Securities and that the additional equity shares so allotted shall rank in all respect, including the right/ entitlement to dividend, pari passu with the existing Equity Shares of the Company".

- 6 To consider and if thought fit to pass the following resolution(s) with or without modification(s) as ORDINARY RESOLUTION ::

" **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 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 be deemed fit and proper, the whole or substantially or the part thereof of the property of the company located at M.I.D.C. Mahad, Dist. Raigad, 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".

" **RESOLVED FURTHER** that the Board of Directors be and are hereby authorised to finalise the said agreements and other documents and execute all such deeds, 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 : 29th May, 2006

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 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 part of this notice.
3. The Register of members and Share Transfer books will remain closed from 25th September, 2006 to 28th September, 2006 ( 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. No claim shall be due once the amount is transferred to the said fund.
6. The postal Ballot Form for item no. 6 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 Fourteenth Annual General Meeting .**

Sr. No.	Particulars	Mr V. P. Shah	Mr. Subramaniam Ayyar
1	Date of Birth	01.08.1934	19.11.1949
2	Date of Appointment	17.10.1993 (Proposed to be appointed as Director of the company in the Annual General Meeting	18.04.2006
3	Expertise in Specific Areas	Practising Company Secretary	Corporate Communications
4	Directorships in other public companies	1	No
5	Memberships of committees in other public limited companies	No	No

For and on behalf of the  
Board of Directors

**Ashok M. Kadakia**  
Chairman

Mumbai,  
Date : 29th May, 2006

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT 1956 IN RESPECT OF ITEM 4 TO 6 MENTIONED IN THE NOTICE OF THE FOURTEENTH ANNUAL GENERAL MEETING.

**ITEM NO. 4.**

Mr. Subramaniam Ayyar was appointed as Additional Director of the company during the year. He holds office upto date of the ensuing Annual General Meeting. The company has received notices from some members

alongwith the requisite deposit nominating him as the Director of the company in the ensuing Annual General Meeting. The resolution for his appointment is placed before the members for approval.

The Directors recommend passing of the resolution.

Except for Mr. Subramaniam Ayyar none of the other directors are concerned or interested in the Resolution.

**ITEM NO. 5**

During the course of operations of the company the company requires additional funds for its operations. One of the ways to meet the additional funds requirement is by way of issue of additional shares of the company. The consent of the members is sought to authorize the board to issue / allot the shares upto the authorised share capital of the company i.e. Rs. 7 Crores. The resolution for authorizing the Board of Directors is placed before the members for approval.

The directors recommend passing of the resolution.

All the directors deemed to be concerned or interested in the resolution to the extent of the shares that may be applied / allotted to them.

**ITEM NO. 6**

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, mortgage the property of the company located at M.I.D.C. Mahad, Dist. Raigad, 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 25th September, 2006. 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 : 29th May, 2006

**Ashok M. Kadakia**  
Chairman

**DIRECTORS' REPORT**

Your Directors have pleasure in presenting to you the 14th Annual Report and Audited Statements of Account for the year ended on 31st March, 2006

**FINANCIAL HIGHLIGHTS**

(Rs. In Lacs )

	2005 - 06	2004- 05
Turnover (net of excise and sales tax) and		
Other Income	3107	2212
Profit (Loss) Before Interest & Depreciation	466	(26)
Less/Add : Interest	183	265
Depreciation	120	174
Profit / ( Loss ) before Tax	163	(465)
Less : Deferred Tax Surplus	68	70
Add: Extra Ordinary Item & prior period adj.	6	1
Net Profit / (Loss) for the Year	225	(396)
Balance in Profit & Loss Account	(1963)	-
Transfer from General Reserves	—	-
Balance Loss	(1738)	-

**DIVIDEND**

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

**PROSPECTS**

Production of Acetic Acid increased by 23% . This is due to better sugar and Alcohol production in the state. For coming year also there will be good sugarcane production resulting in better availability of Alcohol.

**OPERATIONS**

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

In spite of the adverse market conditions the company could produce 8265 MT of Glacial Acetic Acid (i.e. increase by 22.94%) which has enabled the company to sustain the operations.

**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 58 A 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. V.P.Shah, Director of the Company, retire by rotation and., being eligible, offers himself for re-appointment.

Mr. Subramaniam Ayyar was appointed as Additional Director on 18th April, 2006 and shall hold office till conclusion of the Annual General

Meeting and being eligible, offers himself for re-appointment. The Company has received notices from some members proposing his candidature for appointment as Director in the ensuing Annual General Meeting.

**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 Statements including the quarterly results and the Annual results of the Company.

**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, 2006 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 standards and records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis.

**COMMENTS ON AUDITORS' REPORT**

- Point (5) in the Auditors' 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. However, your Company has arrived at One time Settlement (OTS) with the Debenture Holder and started making payment. In the next financial year, your Company shall redeem all the debentures under OTS.

- 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.

- 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.

- 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.

- Point 11 in annexure to Auditors' Report

The Auditors remark is reported as Statement of facts and is self explanatory.

- Point 12 in annexure to the Auditors' Report

Please see comment no.1 above



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## 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 payment of listing fees for the financial year 2006-2007. 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, of course, the Shareholders of the company.

For and on behalf of the  
Board of Directors

Mumbai,  
Date : 29th May, 2006

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, 2006**

## A. CONSERVATION OF ENERGY

## (a) Measures taken

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

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

## (b) Additional Investments &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 optimizing 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

	2005-06	2004-05
<b>1) ELECTRICITY</b>		
(a) Purchased -		
Unit (kwh in lacs)	39.17	36.85
Total Amount (Rs. in Lacs)	136.68	142.37
Cost Per Unit	3.49	3.87
(b) Own Generation		
Through Diesel Generator		
Units (kwh in lacs)	0.06	0.18
Units per Ltr. of Diesel Oil	3.36	3.36
Cost per Unit	9.83	8.28
<b>2) FURNACE OIL</b>		
Quantity ( K. Ltrs. )	2178.28	1846.98
Total Amount ( Rs. in Lacs )	305.42	193.97
Average Rate ( per K. ltrs. )	14020.00	Rs.10502.10
<b>3) DIESEL OIL</b>		
Quantity ( K. Ltrs. )	1.69	5.26
Total Amount ( Rs. in lacs )	0.59	1.61
Average Rate ( per K. Ltrs. )	35375	Rs.30608
<b>4) COAL</b>		
( Steam Coal of Grade A/B used as fuel for Boiler)		
Quantity (MT)	Nil	390.500
Total Cost (Rs. in lacs)	Nil	11.19
Average Rate	Nil	2866.17
<b>5) BAGASSE / WOOD</b>		
Quantity (MT)	Nil	40.500
Total Cost (Rs. in lacs)	Nil	0.36
Average Rate	Nil	885.63
<b>6) BIO-GAS PRODUCED &amp; CONSUMED IN LAC M3</b>	Nil	1.75
Total Amount (Rs. in lacs)	—	—
<b>II. CONSUMPTION PER UNIT OF PRODUCTION</b>		
(Please refer Notes given hereinbelow)		
Name of Product		
(i) Industrial Alcohol :		
Electricity Kwh / Lac. Ltr.	Nil	36763.74
(ii) Acetic Acid :		
Electricity Kwh / MT	474	508.53
Furnace Oil K. Ltr. / MT	264	-
(iii) Ester :		
Electricity Kwh / MT	—	—
Furnace Oil K. Ltr. / MT	—	—

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)  
2005 - 06 2004 - 05

Total Foreign Exchange used (Foreign Travelling)	320764	Nil
Total Foreign Exchange earned	Nil	Nil

For and on behalf of the  
Board of Directors

Mumbai,  
Date : 29th May, 2006

Ashok M. Kadakia  
Chairman

#### 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 as under.

#### MANAGEMENT DISCUSSION AND ANALYSIS

##### Industry structure

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, due to 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. Y.S. Mujumdar & Co. 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.

#### CORPORATE GOVERNANCE AND THE CODE

##### 1. COMPANY PHILOSOPHY ON CODE OF GOVERNANCE

The Company follows the corporate practice of deploying optimum utilisation of resources for maximising the return on the capital employed while consistently taking social responsibility in safety, security, environment and quality standards in the interest of the investors in particular and the society in general.

##### 2. BOARD OF DIRECTORS

The Board of Directors comprises, apart from the promoters, professionals who are experts in their respective fields.

The Company's Financial Year is from April to March and as per mandatory listing requirement, Board of Directors approves the performance results every quarter. The details of the Meetings, attended by the Directors are :

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Name of Directors	Category of Director	Attendance		As On Date	Committee Positions Members*	Chairman
		Board Meetings	Last AGM	Other Directorships @		
Mr. Ashok M. Kadakia	Non-executive, Chairman, Promoter	7	Yes	7	3	-
Dr. Anil M. Kadakia	Executive, Promoter	7	Yes	3	-	-
Mr. Pankaj M. Kadakia	Non-executive, Promoter	7	Yes	3	-	-
Mr. V. P. Shah	Non-executive, Independent	7	Yes	-	-	-
Dr. Umesh S. Kulkarni	Non-executive, Independent	7	Yes	-	-	-

@ Directorships in Indian public limited companies

\* Member does not include chairman and vice versa.

Number of Board Meetings held during the Financial Year 2005-06: Seven (07) on 04th May, 2005, 12th May, 2005, 30th July, 2005, 10th October, 2005, 24th November, 2005, and January, 31, 2006.

### 3. AUDIT COMMITTEE

The Board has constituted Audit Committee:

- To review the auditors' report on the Financial statements and to seek clarification thereon, if required, from the auditors.
- To review the weaknesses in internal controls, if any, reported by the statutory auditors and report to the Board the recommendations relating thereto.
- To act as a link between the statutory auditors and the Board of Directors.
- To review the accounting policies and procedures and its implementation in the Company.

The Audit committee comprises of Directors Mr. Pankaj M. Kadakia, Mr. Vipin P. Shah and Dr. Umesh S. Kulkarni. During the period under review, the committee met 4 times, the details of which are as follows:

Date	No. of Directors present	Purpose
04-05-2005	3	Audited accounts for 2004-05 and Quarter ended March, 2005.
30-07-2005	3	Unaudited results for the quarter ended 30.06.2005
10-10-2005	3	Unaudited with limited review by Statutory Auditors for the half year ended 30.09.2005.
31-01-2006	3	Unaudited results for the quarter ended 31-12-2005

### 4. REMUNERATION TO DIRECTORS :

The remuneration committee was reconstituted during the year and consisted of 2 independent Directors, Mr. V.P. Shah and Dr. Umesh S. Kulkarni. The Committee reviewed the payment of remuneration to the Managing Director.

The Remuneration to the Managing Director is as per the Contract upto 31.07.2010. The Contract was approved by the Shareholder at the Annual General Meeting held on 15th September, 2005. No other remunerations to other Directors is involved except sitting fees.

Sitting Fees paid during the year

Mr. Vipin P. Shah	Rs.500/-
Dr. Umesh S. Kulkarni	Rs.500/-

### 5. SHAREHOLDERS' / INVESTORS' GRIEVANCES COMMITTEE

The Board has constituted Shareholders' / Investors' Grievances

Committee consisting of Mr. Vipin P. Shah and Dr. Umesh Kulkarni and Dr. Anil M. Kadakia.

This Committee also attends to, Share Transfer and Investor grievances. The Meeting is held periodically to take note of the Share transfers and Investor grievances. The Compliance Officer reports to the Board on complete status of each aspect of shareholders' / investors' grievances and complaints and its redressal. The issues generally considered are Transfer and Transmission of Shares, Issue of Duplicate Share Certificate, Investor Complaints etc.

The Meeting of the Committee was held on the following dates during the year 2005 -2006:

15.04.2005	30.04.2005	16.05.2005	31.05.2005	15.06.2005	30.06.2005	15.07.2005
30.07.2005	30.09.2005	15.10.2005	31.10.2005	15.11.2005	30.11.2005	15.12.2005
31.12.2005	16.01.2006	31.01.2006	15.02.2006	28.02.2006	16.03.2006	31.03.2006

Total number of shares transferred in physical form during the year April 1, 2005 to March 31, 2006 were 23700.

### 6. GENERAL BODY MEETING

Location and Time of previous Annual General Meetings :

Year	Date	Time	Venue
2004 - 05	15.09.2005	10.30 a.m.	SNDT Womens' University, New Marine Lines, Mumbai - 400 020.

2003-2004	21.08.2004	11.30 a.m.	—do—
2002-2003	26.08.2003	11.00 a.m.	—do—

### 7. DISCLOSURES

During the year there has been no instance of non-compliance inviting penalties, structures imposed by the Stock Exchange or SEBI or such statutory regulatory body on any matter related to the capital markets.

### 8. MEANS OF COMMUNICATION :

Quarterly / half yearly results : Published in Financial and Non-Financial News Papers

Whether MD & A is a part of Annual Report : Yes

### 9. GENERAL SHAREHOLDERS' INFORMATION

#### ANNUAL GENERAL MEETING

The Fourteenth Annual General Meeting of the Members of the Company will be held on 28th September, 2006, at 12.30 P.M.

Venue : Sharda Chambers Hall, 8th Floor, Sharda Chambers, 33, New Marine Lines, Mumbai - 400 020.

#### BOOK CLOSURE

25th September, 2006 to 28th September, 2006 ( both days inclusive )

#### DIVIDEND

The Board of Directors of the Company has not recommended dividend for the year 2005-06



## ASHOK ALCO-CHEM LIMITED

## LISTING ON STOCK EXCHANGE

The Shares are listed on the Stock Exchange, Mumbai.

**STOCK CODE Mumbai : 24594**

\* A monthly High & Low of Share Prices

Sr. No.	Month	High	Low
1.	April - 05	20.00	9.00
2.	May - 05	32.00	6.00
3.	June - 05	25.00	-
4.	July - 05	16.00	10.00
5.	August - 05	-	-
6.	September- 05	30.00	-
7.	October - 05	58.00	10.00
8.	November-05	20.00	-
9.	December-05	13.00	1.62
10.	January-06	20.80	9.80
11.	February-06	10.00	4.00
12.	March-06	28.00	-

\* Source : Mumbai Stock Exchange

## REGISTERED OFFICE &amp; SHARE TRANSFER AGENT

Investor can send their queries/complaint to the Registered Office of the Company at 406, Sharda Chambers, 33, New Marine Lines, Mumbai - 400 020, Fax 2200 9456, Ph. 2200 2236, 2200 2256.

For the convenience of our investors, transfer requests, investor's complaints/grievances etc. may be directly sent to :

**Intime Spectrum Registry Pvt. Ltd.,**

C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai - 400 078.

• Phone : 25963838 • Fax : 5555 5353

• E-mail: isrl@vsnl.com

## SHARE TRANSFER SYSTEM

Shares lodged for transfer at the Registered office are sent to Registrars and normally processed within 15 days and approved in the Share Transfer Committee Meeting and are transferred in the name of the transferee and sent by the Registrar.

## 8. DISTRIBUTION OF SHAREHOLDING

The equity distribution of shareholding of the Company as on March 31, 2006 is given below:

Sr. No.	Particulars	No. of Shares of Rs.10/- each Held	Value of Shares (Rs.)	Percent
1.	Bodies Corporate	45006	450060	1.37 %
2.	Directors & Relatives	2297943	22979430	70.16 %
3.	Mutual Fund	100	1000	0 %
4.	Non Resident	6530	65300	0.20 %
5.	Public	913149	9431490	27.88 %
6.	Others	12615	126150	0.39 %
<b>TOTAL</b>		<b>3275343</b>	<b>32753430</b>	<b>100.00</b>

## DEMATERIALIZATION OF SHARES :

Electronic holding by members constitutes 22.53% of the total equity capital of the company. The Members are requested to get their shares demated at the earliest for their own safety and convenience.

## 9. INVESTOR COMPLAINTS:

During the year the company had received no investors complaints. There were no investor complaints pending as on 31/03/2006.

## 10. Plant Locations; ACETIC ACID AND ESTER UNITS:

Plot no A-22/2/1, Mahad Industrial Area, Village Kamble, Mahad- 402 301  
Dist. Raigad, Maharashtra

## ADDRESS FOR CORRESPONDENCE :

Registered office of the company:  
406, Sharda Chambers,  
33, New Marine Lines,  
Mumbai - 400 020.

For and on behalf of the Board Of Directors

Mumbai,  
Date :29th May, 2006

**Ashok M. Kadakia**  
Chairman