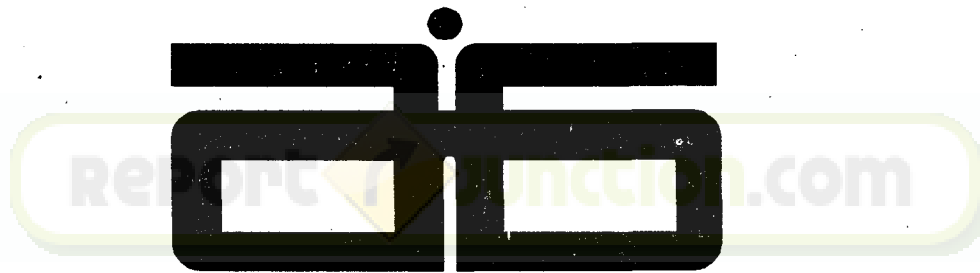


**17TH
ANNUAL REPORT
2008-2009**



ASHOK ALCO-CHEM LIMITED

ASHOK ALCO-CHEM LIMITED

BOARD OF DIRECTORS	: DR. ANIL M. KADAKIA	Chairman & Managing Director
	PANKAJ M. KADAKIA	Vice Chairman
	VIPIN P. SHAH	Independent Director
	DR. UMESH S. KULKARNI	Independent Director
	SUBRAMANIAM AYYAR	Independent Director
BANKERS	: DENA BANK	
AUDITORS	: R. A. KUVADIA & CO.	
	Chartered Accountants, Mumbai	
SOLICITORS	: MULLA & MULLA & CRAIGE BLUNT & CAROE,	
	MUMBAI	
REGISTERED OFFICE	: 404, Sharda Chambers, 33, New Marine Lines,	
	V. Thakersey Marg, Mumbai - 400 020	
	Tel. Nos. : 22002236, Fax No.: 22009456	
	E-mail : anmk06@rediffmail.com	
PLANTS	: ACETIC ACID UNIT & ETHYL ACETATE UNIT	
	Plot No.A-22/2/1, Mahad Industrial Area,	
	Village Kamble, Mahad - 402 301,	
	Dist: Raigad, Maharashtra	
REGISTRAR AND SHARE	: LINK INTIME INDIA PVT. LTD.	
TRANSFER AGENT	C-13, Pannalal Silk Mills Compound,	
	LBS Marg, Bhandup (W),	
	Mumbai - 400 078	
	Phones : 022- 2596 38 38	
	Fax: 022 - 2594 69 69	
	E-mail: isrl@vsnl.com	

ASHOK ALCO-CHEM LIMITED**NOTICE**

Notice is hereby given that the Seventeenth Annual General Meeting of **Ashok Alco-Chem Limited** will be held on Friday, the 25th September, 2009 at 10.30 a.m. at its Registered Office at 404, Sharda Chambers, 33, New Marine Lines, Mumbai – 400 020, to transact the following **Ordinary Business**.

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March 2009, Balance Sheet as of that date together with Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri (Dr.) Umesh Kulkarni, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

For and on behalf of the Board,

**Place : Mumbai,
Date : 30-06-2009**

**Anil 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 INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. Proxies in order to be effective, must be received by the Company at its Registered Office not later than 48 hours before the commencement of the Meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, the 19th September, 2009 to Friday, 25th September, 2009 (both days inclusive).
4. Members are requested;
 - i) to notify changes, if any, in their address to the Registrar and Share Transfer Agents, at the earliest.
 - ii) to hand over the enclosed attendance slip, duly signed in accordance with their specimen signatures registered with the Company for admission to the venue of the Meeting.
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.
6. Pursuant to SEBI circular No. D&CC/FITTC/CIR-15/2002 dtd. 27.12.2002 all the work related to Share Registry in terms of both physical and electronic are being done by the Company's R&T Agents M/s. Link Intime India Private Ltd. Therefore, Shareholders are requested to send their communication directly to them, in future.

Annexure to the Notice of Annual General Meeting.

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

Name of the Director	:	Shri (Dr.) Umesh Kulkarni
Date of Birth	:	12-03-1964
Date of Appointment	:	17-06-2002
Specialised Expertise	:	Expertise in Pollution Control
Qualifications	:	M.Sc. Ph.D.
Directorships of others Companies as on 31st March, 2009	:	NIL
Chairman/ Member of Committees of Companies	:	Member of Audit Committee and Share holders' Grievance Committee and Chairman of Remuneration Committees of Ashok Alco- chem Limited.

ASHOK ALCO-CHEM LIMITED**DIRECTORS' REPORT**

The Members,
Ashok Alco-Chem Limited
Mumbai

Your Directors submit their 17th Annual Report together with the Statement of Account for the year ended on 31st March, 2009.

Following figures summaries the financial performance of the Company during the year under review.

1. Financial Results :

Particulars	(Rs. In Lacs)	
	31 st March, 2009 (12 Months)	31 st March, 2008 (9 Months)
Turnover (net of excise and sales tax) and Other Income	665	1559
Profit before Interest,		
Depreciation and Tax	183	22
Add/Less : Interest	69	4
Depreciation	109	84
F B T	1	1
Deferred Tax Surplus	25	22
Prior period adjustment	7	6
Net Profit / (Loss) for the Year	(330)	(51)
Balance in Profit & Loss Account	(1505)	(1454)
Balance Available for Appropriation	(1835)	(1505)

2. Dividend :

In view of the loss, your Directors regret their inability to recommend payment of dividend to the Shareholders for the year under review.

3. Operation in Retrospect :

During the Year under review, the Company generated Gross Income of Rs. 665 lacs and fetched Net Loss of Rs. 330 lacs as against Gross Income of Rs. 1559 lacs with Net Loss of Rs. 51 lacs during the previous year, mainly due to suspension of work for more than six months on account of revamping activities undertaken for effecting Modernization and Expansion of plant to increase its production capacities.

The Company continued to face adverse and unfavourable conditions due to dumping of Imported Final products at cheaper price, non availability of Alcohol at reasonable price, increase in cost / price of other inputs etc. which suppressed the margins available to the Company, making the manufacturing cost more than the Sale Price available in the market. In fact non remunerative Selling price of Products had adversely affected to the Company's endeavours to operate its plant continuously.

In a drive to utilise its manufacturing capacities to the optimum level and to run its operation smoothly, the Company has been trying to seek suitable strategic Partner for financial support.

The Company has also been planning to undertake new business activity relating to Minerals which would provide boost to Operational Income.

4. One Time Settlement with S I C O M Ltd. :

In terms of One Time Settlement (OTS) entered into with SICOM Ltd., the Secured Creditors, the Company has already fulfilled its obligations by making payments of agreed amount and by issue and allotment of 5,00,000 Equity Shares to SICOM ARC Ltd. on preferential basis. As the Company has already made due payment to Dena Bank under OTS, the Company is now process of satisfying the charges earlier created in their favour.

5. Management Discussion And Analysis :

(a) Industry Structure and Development :

The overall growth of the Indian Economy and higher industrial growth augur well for the future. The industrial climate is also positive for an enhanced role in the global economy. In this scenario, market for the Company's products have improved substantially and this development is expected to continue in the future.

The improvement at macro-level helped your Company to restart the industrial activity which was otherwise standstill for some time.

(b) Outlook :

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

(c) Segment-wise Performance :

The Company has one segment of Organic Chemicals. The period saw the Company out of activity for major part thereof. The Company faced myriads of problems including non availability of Raw Material and Power at reasonable price along with paucity of Working Capital, which had cumulative effects making it more difficult for the Company to undertake its operational activities on continuous basis.

(d) Opportunities, Threats, Risks and concerns :

The Organic Chemical Industry in India look forward with optimism on account of tremendous potential of using Alcohol in automobile fuel / petrol. When implemented fully, this will give tremendous boost to the overall demand in this sector.

The uncertainties faced by the Indian economy through movements in crude prices in international market as well as changes in government policies with respect to controls on molasses prices & movements represent threats and risks to be reckoned in the Industry. The Company being a part of the Industry is affected by these threats, risks and uncertainties.

ASHOK ALCO-CHEM LIMITED

(e) Financial Performance :

Financial Performance achieved by the Company during the year under review, are shown in the Directors' Report to the Shareholders.

During the year, the plant of the Company remained out of operations for major part of the period. As a result, the Company suffered losses. However, due to stricter control on expenditure, the Company could minimise loss. The Company has been pursuing various ways to operate continuously, at its optimum capacity.

(f) Internal Control Systems and Adequacy:

The Internal Control Systems, continuously made updated and strengthened, realizing the need for the same. Although during the year, for major part of the Year, the plant remained closed, however, whatever transactions that took place, were closely monitored with proper checks and controls.

(g) Human Relations :

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

(h) Cautionary Statement :

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectation may be 'forward - looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include availability of adequate working capital, 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.

6. Directors' Responsibility Statement :

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

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- ii) 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 31st, 2009 and of the Loss of the Company for the year ended on that date;
- iii) 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;
- iv) they have prepared the annual accounts on a going concern basis.

7. Directorate :

Shri (Dr.) Umesh Kulkarni, the Director, retires by rotation at the ensuing Annual General Meeting, however, being eligible, offers himself for re-appointment.

During the year under review, Mr. Shyam Kadakia and Mr. Ashok Kadakia resigned as Directors of the Company, owing to their pre-occupations. The Board places on record its sincere appreciations for their contributions given to the Company, during their tenure as Directors.

8. Audit Committee :

As required in terms of Clause 49 of the Listing Agreement entered in to with the Bombay Stock Exchange Limited, the Audit Committee duly constituted by Independent Directors, performed its duties as required in terms thereof.

9. Remarks made by Auditors in their Report :

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

10. Disclosures :

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 as **Annexure- A**.

As per Section 217 (2A) read with Companies (Particulars of Employees) Rules, 1975, as amended, are not furnished as no employee is covered there under, during the year under review.

11. Corporate Governance :

As per the amended Listing Agreement with the Bombay Stock Exchange Limited, your Company complied with the requirements of Corporate Governance and Report thereon forms part of this Report as **Annexure- B**.

12. Auditors :

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

Members are requested to consider their appointment as the Statutory Auditors of the Company for the current financial year and fix their remuneration.

13. 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 there under.

14. Insurance :

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

15. Employees :

An atmosphere of understanding prevailed at all levels of employees of the Company.

16. Acknowledgment :

The Board acknowledges with thanks the contributions and support received from the Government, Local Authorities, Financial Institutions and Banks, Creditors and Suppliers, Valued Customers, employees and the Shareholders of the Company.

For and on behalf of the Board,

Place : Mumbai,
Date : 30-06-2009

Anil M. Kadakia
Chairman & Managing Director

ASHOK ALCO-CHEM LIMITED

Annexure "A"

Information as per section 217 (1) (a) 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, 2009.

A. CONSERVATION OF ENERGY :

(a) Measures taken :

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

- Cooling tower at Mahad shows improved performance by use of non-conventional parts and accessories.
- Power factor improved by installation of capacitors.

(b) Additional Investments & Proposals :

- Painting and insulation of pipelines and equipments periodically.
- 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.

A. Power and fuel Consumption :

	(Rs. in Lacs)	
	2008-09 (12 Months)	2007-08 (9 Months)
1) ELECTRICITY		
a) Purchased -		
Unit (kwh in lacs)	7.56	21.70
Total Amount (Rs.in lacs)	38.64	100.23
Cost Per Unit	5.11	4.62
b) Own Generation		
Through Diesel Generator -		
Units (Kwh. In lacs)	Nil	Nil
Units per liter of Diesel Oil	Nil	Nil
Cost per Units	Nil	Nil
2) FURNACE OIL		
Quantity (K. Ltrs.)	142.00	1242.00
Total Amount (Rs. In lacs)	35.22	310.70
Average Rate (per K. Ltrs.)	24802.82	25016.26
3) DIESEL OIL		
Quantity (K. Ltrs.)	Nil	Nil
Total Amount (Rs. In lacs)	Nil	Nil
Average Rate (per K. Ltrs.)	Nil	Nil
4) COAL		
(Steam Coal of Grade A/B used as fuel for Boiler)		
Quantity (MT)	844.00	Nil
Total Cost (Rs. In lacs)	41.21	Nil
Average Rate (per K. Ltrs.)	4.88	Nil

B. Consumption per unit production :

(Please refer Notes given here in below)

Name of the Product

(i) Acetic Acid :		
Electricity Kwh/MT	656	443
Furnace Oil Ltr./MT	258	254
Coal Kg./MT	1517	Nil
(ii) Ester :		
Electricity Kwh/MT	285	Nil
Furnace Oil Ltr./MT	Nil	Nil
Coal Kg./MT	875	Nil

Notes :-

- 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.
- The consumption of power per unit of production includes the consumption for ETP.

B.

I. TECHNOLOGY ABSORPTION :

Efforts made in technology absorption : Nil

RESEARCH & DEVELOPMENT :

1) Specific area in which R & D carried out by the Company.

- Processes are modified on on-going basis for enhancing the efficiency and energy conservation.

2) Benefits derived as a result of above R & D

- Higher production and productivity
- Better product quality
- Reduced Pollution

3) Future plan of action :

Continuous efforts are made to save energy and to improve the quality.

- Company has not incurred any expenditure on R & D.

II. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION :

1) Efforts, in brief, made towards technology absorption, adaptation & innovation.: N. A.

2) Benefits derived as a result of the above efforts. : N. A.

C. FOREIGN EXCHANGE EARNING AND OUT GO :

- Activities relating to exports, initiative taken to increase exports, development of new export markets for products and services and export plans.

Efforts are being to exports products

2. Total Foreign Exchange earned and spent.

	(Amount in Rupees)	
	Current Year (Rs.)	Previous Year(Rs.)
i) Foreign Exchange used (Foreign Traveling)	Nil	96,264
ii) Foreign Exchange earned	Nil	Nil

For and on behalf of the Board,

Place : Mumbai,
Date : 30-06-2009

Anil M. Kadakia
Chairman & Managing Director

ASHOK ALCO-CHEM LIMITED

Annexure - B

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 was consisting of Five Directors with Promoter, Chairman & Managing Director, Promoter Non Executive Vice-Chairman, with Three Non Executive Independent Directors as on 31st March, 2009. The Composition of the Board was in conformity with Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange Limited.

None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees as specified in Clause 49, across all the Companies in which he is a Director. Necessary disclosure regarding Committee position in other Public Companies as at 31st March, 2009, have been made by the Director.

Board Meetings :

During the year 2008-09, the Board met 8 times on 2.04.2008, 3.04.2008, 30.04.2008, 31.07.2008, 30.08.2008, 31.10.2008, 31.12.2008 and 29.01.2009. The longest gap between any two Board Meetings did not exceed four months.

A brief resume of the directors being reappointed at the Annual General Meeting, the nature of their expertise in specific functional areas and names of Companies in which they hold directorship and membership of the committees of the Board are annexed to the Notice.

The names and categories of the Directors, their attendance at Board Meetings, Annual General Meeting, No of directorships in other Companies and committees etc are given below :

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
Ashok M. Kadakia *	Chairman, Promoter & Non-Executive Director	8	Yes	10	3
Dr. Anil M. Kadakia ***	Promoter, Chairman & Managing Director	8	Yes	4	—
Pankaj M. Kadakia	Promoter & Non Executive Director	8	Yes	4	—
Vipin P. Shah	Non-Executive Independent Director	5	No	—	—
Dr. Umesh Kulkarni	Non-Executive Independent Director	3	No	—	—
Subramaniam Ayyar	Non-Executive Independent Director	8	Yes	1	—
Shyam Kadakia**	Promoter & Non Executive Director	—	No	—	—

* Ceased to be the Chairman and Director with effect from 31-03-2009

** Ceased to be the Director with effect from 31-08-2008

*** Appointed as the Chairman with effect from 31-03-2009

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 with their Relatives :

Names of Directors	No. of Shares
Ashok M. Kadakia	14,800
Dr. Anil M. Kadakia	1,58,303
Pankaj M. Kadakia	1,50,752

Code of Conduct :

The Board of Directors of the Company have adopted Code of Conduct for all Board Members and senior management of the Company. The Board members have affirmed compliance to the Code of Conduct. In view of severe financial crunch, the Company has not been able to have its website to post the Code of Conduct on it.

3. Audit Committee :

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

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

ASHOK ALCO-CHEM LIMITED

The Company has an Audit committee comprising with Shri (Dr.) Umesh Kulkarni, Shri Subramaniam Ayyar, and Shri Pankaj Kadakia as the Members with Shri V.P.Shah, as the Chairman. The Committee met on 30.04.2008, 31.07.2008, 30.08.2008, 31.10.2008 and 29.01.2009 and during the year the attendance of the members at the meetings was as follows :

Name of Members	Status	No. of Meetings held	No. of Meetings attended
V. P. Shah	Chairman	5	5
Dr. Umesh Kulkarni	Member	5	3
Subramaniam Ayyar	Member	5	5
Pankaj Kadakia	Member	5	5

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

4. Remunerations Committee :

The Company has Remuneration Committee of Directors with Shri Subramaniam Ayyar and Shri V. P. Shah, as the Members with Shri (Dr.) Umesh Kulkarni, as the Chairman. One meeting was held during the year under review.

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 the review of achievements. The Remuneration policy is in consonance with the existing Industry practice.

The remuneration of Managing Director is approved by the Board within the overall limit fixed under the law. No other Director is being paid remuneration including sitting fees for meeting attended by independent Directors, in view of weak financial position.

The aggregate value of salary and perquisites for the year ended 31st March, 2009 paid to Shri (Dr.) Anil Kadakia, Managing Director was Rs.17.90 lacs.

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

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

5. Shareholders' Grievance Committee :

The Board has Shareholders' Grievance Committee, comprising of Shri V. P. Shah and Shri (Dr.) Umesh Kulkarni as the Members with Shri Subramaniam Ayyar, as the Chairman. The Board has appointed Shri Vibhakar B. Parikh, 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 etc. The Committee oversees the performance and the working of M/s. Link Intime India Private Ltd., the Registrar & Transfer Agent and of the Secretarial Department and recommends measures for overall improvement in the quality of investor services.

During the year 2008-09, the Committee met 30.04.2008, 31.07.2008, 30.08.2008, 31.10.2008 and 29.01.2009 which were attended by Committee Members, as under :

Name of Members	Status	No. of Meetings held	No. of Meetings attended
Shri V. P. Shah	Chairman	5	5
Shri (Dr.) Umesh Kulkarni	Member	5	3
Shri Subramaniam Ayyar	Member	5	5

As on 31.03.2009, there were no Investor Grievances remaining unattended / pending for redressal for more than 30 days.

6. General Body Meetings

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

Annual General Meetings	Day & Date and Time	Locations
16 th AGM	Tuesday, 30.09.2008 At 10.30 a.m.	Sharda Chambers Hall, 8 th floor, Sharda Chambers, 33, New Marine Lines, Mumbai – 400 020.
15 th AGM	Saturday, 29.12.2007 At 11.00 a.m.	Sharda Chambers Hall, 8 th floor, Sharda Chambers, 33, New Marine Lines, Mumbai – 400 020.
14 th AGM	Thursday, 28.09.2006 At 11.30 a.m.	Sharda Chambers Hall, 8 th floor, Sharda Chambers, 33, New Marine Lines, Mumbai – 400 020.

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

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