



KUMAKA INDUSTRIES LIMITED

(Formerly known as Ashok Organic Industries Limited)

37th
Annual Report
2010-2011

KUMAKA INDUSTRIES LIMITED

37th ANNUAL REPORT 2010-11

Board of Directors : Mr. Pankaj M. Kadakia - Chairman & Managing Director
Mr. Ashok M. Kadakia - Director
Dr. Anil M. Kadakia - Director
Dr. Nirajan M. Pandya - Director
Dr. Dhananjay Panchal - Director
Mr. Bharat A. Parikh - Director (up to 25-05-2010)
Mr. K. S. Tandon - Director (From 5-8-2010)

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

Registered Office : 404, Sharda Chambers,
33, New Marine Lines
Mumbai-400 020
Tel. No. : 22000024
Fax No. : 22009456
E-mail : kumakaindustries@gmail.com

KUMAKA INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the 37th Annual General Meeting of the Members of KUMAKA INDUSTRIES LTD. (Formerly known as M/s Ashok Organic Industries Ltd.) will be held on Saturday, 27th August, 2011 at 2.0 p.m. at 3rd Floor, Walchand Centre for Business Training Room, Indian Merchants Chamber, 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 2011 and the Balance Sheet as of that date together with Reports of Directors and Auditors thereon,
2. To appoint a Director in place of Mr. Ashok Manilal Kadakia who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Dr. Anil Manilal Kadakia who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

Special Business:

5. To consider and, if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution.
"RESOLVED THAT Mr. K.S.Tandon, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company."

For and on behalf of the Board of Directors

Date: 24-05-2011.
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 on a poll vote instead of him/her, and the 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 of the Company's Act 1956, in respect of special business enumerated at Item No. 5 of the Notice is attached.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, the 22nd August 2011 to Saturday, the 27th August 2011 (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 atleast seven days in advance of the meeting so that the information required can be readily available at the meeting.

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Explanatory Statement as required under Section 173 of the Companies Act, 1956

Item Nos. 5

The Board of Directors of the Company has appointed Shri K.S.Tandon as an Additional Director of the Company, pursuant to Article No 134 of Articles of Association of the Company. In terms of Section 260 of the Companies Act, 1956 he holds office of an Additional Director upto the date of the ensuing Annual General Meeting of the Company. The Company has received notices in writing with the requisite deposits from members under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. K.S.Tandon for appointment as a Director of the Company.

Consent in writing has been received from him to act as Director of the Company, if appointed.

None of the Director, except Mr. K.S.Tandon, is interested or concerned in the said resolutions.

For and on behalf of the Board of Directors

Date: 24-05-2011

Place: Vadodara

Pankaj M. Kadakia
Chairman & Managing Director

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Annexure to the Notice of Annual General Meeting

Information pursuant to Clause 49 of Listing Agreement regarding Re-appointment / Appointment of Directors.

Name of the Directors	Ashok M. Kadakia	Dr. Anil M. Kadakia	K S Tandon
Date of Birth	07-06-1942	26-12-1946	10-08-1944
Date of Appointment	16-02-1973	20-11-2009	05-08-2010
Specialized Expertise	Over all business management	Over all business management	Technical and Operational Management
Educational Qualification	B.Com	MBBS	B.Sc (Chemical Engineer)
Directorships of other Companies as on 31 st March, 2011	Ashapura Minechem Limited, Hotel Rugby Limited, Aqua Alco Bio-tech Private Limited, Mahagujarat Chamunda Cement Company Private Limited, Ashok Cellulose Limited, Ashok Pharmaceuticals Private Limited.	Ashok Cellulose Limited, Ashok Pharmaceuticals Private Limited, Ashok Alco-chem Limited, Aqua Alco Bio-tech Private Limited.	Nil
Chairman / Member of Committees of other Companies as on 31 st March, 2011	Member of Audit Committee of Ashapura Minechem Limited.	Member of Audit Committee of Kumaka Industries Ltd.	Member of Shareholders' Grievance Committee, Audit Committee and Remuneration Committee of Kumaka Industries Ltd.

KUMAKA INDUSTRIES LIMITED

DIRECTORS' REPORT

To,
The Members

Your Directors submit their 37th Report together with the Statement of Account for the year ended on 31st March 2011. The following figures summaries the financial performance of the Company during the year under review.

1. Financial Results : (Rs. in Lacs)

	2010-11	2009-10
Sales and Other Income	527.48	1537.36
Loss/(Profit) before Interest & Depreciation	464.95	1091.42
Less : Interest	—	0.05
Depreciation	524.45	562.89
Loss before Tax	989.40	528.52
Provision for Taxation	—	—
Loss for the year	989.40	528.52
Add; Loss Brought forward of earlier years	19540.81	20069.34
Loss : carried to Balance Sheet	20530.21	19540.81

2. Dividend :

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

3. Operations :

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

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.

The Company has been exploring new avenues for recommencing its operations by way of diversification in the filed of Drugs & Pharmaceuticals, Energy Sector , Finance and Investment Sectors with the association of Strategic Investors Partners and upon suitable joint collaboration and is hopeful to recommence its business in future time to come.

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

Upon securitization by Asset Reconstruction Company (India) Ltd. (ARCIL) the Company has been deregistered as Sick Industrial Company in terms of Section 15 of the Sick Industrial Companies (Special Provisions) Act, 1985, however, the Company continues to be Sick Company, on erosion of its entire Net worth and having cash losses as defined under said Act.

5. Change of Name of the Company :

Name of the Company has been changed from Ashok Organic Industries Ltd. to Kumaka Industries Ltd., subsequent upon receipt of approval from the Registrar of Companies, Maharashtra, vide its Certificate dated 6th May, 2011.

Accordingly all concerned are informed for the said change of name of the Company.

6. Directors' Responsibility Statement:

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed
- the Directors have selected such accounting policies as mentioned in Schedule 18 to the accounts and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2011 and of the loss of the Company for that period.
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities:
- the Directors have prepared the annual accounts on a going concern basis.

7. Subsidiary Company :

The audited statement of accounts along with the Directors' Report for the year ended 31st March 2011 of Kadakia Alkalies & Chemicals Ltd. are annexed to this report. Your Directors have reviewed the affairs of the Subsidiary Company also.

8. Directors :

Mr. Ashok Manilal Kadakia and Dr. Anil M. Kadakia, the Directors retire by rotation, however, being eligible offers themselves for reappointment.

The Board of Directors of the Company, at its meeting held on 5th August, 2010 appointed Shri K.S. Tandon as an Additional Directors of the Company, pursuant to Article No 134 of Articles of Association of the Company. In terms of Section 260 of the Companies Act, 1956, he holds office of an Additional Director upto the date of the ensuing Annual General Meeting of the Company. The Company has received notices in writing with the requisite deposit from member under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. K.S. Tandon for appointment as a Director of the Company.

Members are requested to consider his reappointment.

9. 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.

10. Corporate Governance :

Your Company has always been striving to incorporate appropriate standards and Code of Conduct for good Corporate Governance and has complied with all the mandatory provisions of Corporate Governance as prescribed under the amended Listing Agreements of the Bombay Stock Exchange Limited with which the Company's shares are listed.

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A separate report on Management discussion and analysis and on Corporate Governance is annexed as part of the Annual Report along with Practicing Company Secretary's Certificate on the compliance, are enclosed as Annexure 'A' and Annexure B respectively.

11. 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.

12. 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.

13. 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.

14. Listing of Equity Shares :

The Company's equity shares are listed on Bombay Stock Exchange Limited, however trading in the Shares are suspended for want of certain compliance of listing agreement. The Company has been taking necessary efforts to comply the requirements so as to recommence the trading of Shares at BSE, at the earliest.

15. Fixed Deposit :

Your Company has not accepted deposits from the public.

16. Acknowledgement

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

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

For and on behalf of the Board of Directors,

Date: 24-05-2011

Place : Vadodara

Pankaj M. Kadakia
Chairman & Managing Director

ANNEXURE—A

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 has improved substantially and this development is expected to continue in the future. The Company's Operation remained suspended due to absence of any working Capital facility.

(b) Outlook :

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

(c) Segment-wise Performance :

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

(d) Opportunities, Threats, Risks and concerns :

The Organic Chemical Industry in India look forward with optimism on account of tremendous potential of using Alcohol in automobile fuel/ petrol. When implemented fully, this will give tremendous boost to the overall demand in this sector. The Company has been assessing new business avenues in the filed of Drugs & Pharmaceuticals, energy Sector , finance and investment sectors with the association of Strategic Investors Partners and upon suitable joint collaboration, the Company intends to restart the operation. The uncertainties faced by the Indian economy through movements in crude prices in

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

(e) Financial Performance :

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

(f) Internal Control Systems and Adequacy :

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

(g) Human Relations :

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

(h) Cautionary Statement :

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectation may be 'forward - looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include financial position of the company, economic conditions affecting demand / supply, price conditions in the domestic and overseas markets in which the Company operates, changes in Government regulations, tax laws and other statutes.

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy

The Company believes in good Corporate Governance in tune with the guidelines recommended by SEBI and in terms of the Listing Agreement. 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 Six Directors, including one Chairman & Managing Director, two professional Directors and three Independent Non-Executive Directors as on 31st March, 2011. During the year Five Board Meetings were held on 25-5-2010, 5-08-2010, 26-10-2010, 6-12-2010 and 12 -02-2011.

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	5	Yes	3	—
Ashok M. Kadakia	Professional Director	1	Yes	5	—
Dr. Anil M. Kadakia	Professional Director	2	No	4	—
Dr. Nirajan Pandya	Non-Executive Independent Director	4	Yes	—	—
Dr. Dhananjay Panchal	Non-Executive Independent Director	5	Yes	—	—
Bharat Parikh*	Non-Executive Independent Director	1	—	—	—
K.S.Tandon **	Non-Executive Independent Director	3	—	—	—

* Ceased to be Director of the Company from 25-5-2010.

** Appointed as a Director and Member of Committee from 5-8-2010.

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	1,05,84,850	87.58

Code of Conduct

The Board of Directors of the Company have adopted Code of Conduct for all Board Members and senior management of the Company. The Company has no distinct level of senior management from the Board since operations of all plants are very skeletal. The Board members have affirmed compliance to the Code of Conduct. In view of the BIFR nature of the Company and severe financial crunch, the Company has not been able to have its website to post the Code of Conduct on it.

3. Audit Committee :

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

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

The Committee consists of Three Independent Directors with one Promoter Director. The Committee met on **25-5-2010, 5-08-2010, 26-10-2010, and 12 -02-2011.** during the year the attendance of the members at the meetings was as follows :

Name of Members	Status	No. of Meetings attended	
		Held	Attended
Dr. Nirajan M. Pandya	Member	4	4
Dr. Dhananjay Panchal	Member	4	4
Mr. Bharat Parikh*	Member	1	1
Mr. K.S.Tandon	Member	3	3

• Ceased to be the Member upon resignation as a Director of the Company.

• Appointed as a Director and Member of Committee from 5-8-2010.

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The Manager (Accounts) attends the meetings regularly.

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

4. Remunerations Committee :

The Company has Remuneration Committee of Directors with Dr. Dhanjay Panchal as the Chairman with Dr. Niranjana M. Pandya and Mr. K.S.Tandon as the Members. No meeting of Remuneration Committee 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 Executive Chairman & Managing Director is approved by the Board within the overall limit fixed under the law. No other Directors is being paid remuneration.

Mr. Pankaj Kadakia, the Managing Director was provided a sum of Rs. 6,00,000/- as salary during the year.

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

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 of Three Independent Directors 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	Attended
Dr. Niranjana M. Pandya	Member	4	4
Dr. Dhananjay Panchal	Member	4	4
Mr. Bharat Parikh*	Member	1	1
Mr. K.S.Tandon	Member	3	3

- Ceased to be a Member upon resignation as a Director of the Company.
- Appointed as a Director and Member of Committee from 5-8-2010.

The Board has been appointed Mr. Mohan Nair, 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 31.03.2011, 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
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, 4th Floor, Sharda Chambers 33, New Marine Lines, Mumbai-400 020.	None
30-09-2008	11.30 a.m.	8th Floor, Sharda Chambers 33, New Marine Lines, Mumbai-400 020.	None.

Special Resolutions relating to Alteration of Objects Clause of the Memorandum of Association of the Company, Adoption of new set of Articles of Association, Change of Name of the Company and Commencement of any new line of business, were passed on 31st March, 2011, through Postal Ballot which were passed by the Shareholders.

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

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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 by BSE on certain non compliance of Listing Agreement.

8.1 Compliance of Mandatory Requirements :

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

8.2 Compliance of Non Mandatory Requirements :

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

9. Means of Communication

The quarterly half-yearly and yearly financial results of the Company are normally sent to the Bombay Stock Exchange Limited, Mumbai, immediately after the same are approved by the Board. Though, due to financial difficulties the results could not be published in newspapers, they are submitted to the Bombay Stock Exchange Ltd. in accordance with the Listing Agreement and are supplied through E-Mail & posts to the Shareholders on demand.

10. General Shareholder Information :

(a) 37th Annual General Meeting

Date and Time	: 27 th August, 2011 at 2:00 p.m.
Venue	: 3 rd Floor, Walchand Centre for Business Training Room, Indian Merchants Chamber, Church Gate, Mumbai-400 020

(b) Financial Calendar

Board Meeting to approve	:
Unaudited Financial results for	Period
Quarter ending September 30 th , 2011	By 14 th of November, 2011
Quarter ending December 31 st , 2011	By 14 th of February, 2012
Quarter ending March, 31 st , 2012	By 14 th of May, 2012
Quarter ending June, 30 th , 2012	By end of July, 2012
Annual General Meeting for the year ending on 31 st March, 2012.	By end of September, 2012

(c) **Dates of Book Closure** : From Monday, the 22nd August, 2011 to Saturday, the 27th August, 2011 (both days inclusive)

(d) **Dividend payment Date** : Not Applicable

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

(f) **Company Code** : 526923

(g) **Market Price Data** : Trading in Equity Shares had been suspended by the Bombay Stock Exchange Limited (BSE) and therefore details of Market Price at BSE are not presented, in view of no trading of Shares took place during the year under review.

(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

(i) Share Transfer System:

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