

# **INDOKEM LIMITED**



**46<sup>th</sup> Annual Report  
2011-2012**

# INDOKEM LIMITED

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## 46<sup>th</sup> ANNUAL GENERAL MEETING

<b>Date</b>	<b>:</b>	<b>28<sup>th</sup> December, 2012</b>
<b>Time</b>	<b>:</b>	<b>4.00 p.m.</b>
<b>Venue</b>	<b>:</b>	<b>Khatau House, Plot No. 410/411, Mogul Lane, Mahim (W), Mumbai - 400016</b>

### Members are requested to:

- Direct all shares related queries to Sharex Dynamic (India) Pvt. Ltd.
- As a measure of economy copies of Annual Report will not be distributed at the AGM. Members are therefore requested to bring their copy to the meeting.
- Send their queries, if any, relating to the accounts of the Company, at least 10 days before the AGM, so that the necessary information can be made available at the meeting.
- Deposit their valid Proxy form at the Registered Office of the Company not less than forty-eight hours before the time for holding the AGM.

**BOARD OF DIRECTORS**

MR. MAHENDRA K. KHATAU - CHAIRMAN & MANAGING DIRECTOR  
MS. LEELABAI K. KHATAU  
MR. S. RAJAGOPALAN  
MR. KAILASH PERSHAD  
MR. B. G. SONTAKKE  
MRS. ASHA M. KHATAU

**COMPANY SECRETARY**

MR. ROHAN R. GAVAS

**BANKERS**

UNION BANK OF INDIA  
BANK OF INDIA

**AUDITOR**

M/S. SHETH DOCTOR & ASSOCIATES

**REGISTERED OFFICE**

KHATAU HOUSE, PLOT NO. 410/411,  
MOGUL LANE, MAHIM, MUMBAI - 400016  
TEL.NO.: 6123 6767 / 6123 6711  
EMAIL: [iklsecretarial@gmail.com](mailto:iklsecretarial@gmail.com)  
[secretarial@indokem.co.in](mailto:secretarial@indokem.co.in)  
WEBSITE: [www.indokem.co.in](http://www.indokem.co.in)

**REGISTRAR & SHARE TRANSFER AGENT****SHAREX DYNAMIC (INDIA) PVT. LTD.**

UNIT NO. 1, LUTHRA INDUSTRIAL PREMISES,  
ANDHERI-KURLA ROAD, SAFED POOL,  
ANDHERI (EAST), MUMBAI – 400072.  
TEL.NO.: 2851 5606 / 2851 5644.  
EMAIL: [sharexindia@vsnl.com](mailto:sharexindia@vsnl.com)  
WEBSITE: [www.sharexindia.com](http://www.sharexindia.com)

**Registered Office:** "Khatau House", Plot No. 410/411, Mogul Lane, Mahim, Mumbai – 400016.

#### NOTICE

NOTICE is hereby given that the Forty-Sixth Annual General Meeting of the members of Indokem Limited will be held on Friday, 28<sup>th</sup> December, 2012 at 4.00 P.M. at Khatau House, Plot No. 410 / 411, Mogul Lane, Mahim (West), Mumbai – 400016 to transact the following business:

#### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 30<sup>th</sup> September, 2012 (18 Months), the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Asha M. Khatau who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr. B.G. Sontakke who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Place: Mumbai  
Date: 09.11.2012

For **Indokem Limited**  
by Order of the Board

**Rohan R. Gavas**  
(Company Secretary)

Registered Office:  
"KHATAU HOUSE", MOGUL LANE,  
MAHIM, MUMBAI – 400016

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#### NOTES:

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- (2) Instrument of proxy in order to be effective must be deposited at the Company's Registered Office at "Khatau House", Mogul Lane, Mahim, Mumbai – 400016 not less than 48 hours before the commencement of the Annual General Meeting.
- (3) The Register of Members and Share Transfer Books of the Company will remain closed from 20<sup>th</sup> December, 2012 to 28<sup>th</sup> December, 2012 (both days inclusive).
- (4) The Company has connectivity with both the Depositories i.e., Central Depository Services (India) Ltd. (CDSL) and National Securities Depository Limited (NSDL) and ISIN No. is INE716FO1012. Members are requested to dematerialize their shares for scrip-less trading.

- (5) Members holding shares in physical form are requested to notify immediately any change of address, if any, to the Company's Registrar & Share Transfer Agent and in case their shares are held in dematerialized form this information should be passed on directly to their respective depository participants and not to the Company/STA, without any delay.
- (6) Members desirous of getting any information on the accounts or operations of the Company are requested to forward their queries to the Company at least seven working days prior to the meeting so that the required information can be made available at the meeting.

Place: Mumbai  
Date: 09.11.2012

For **Indokem Limited**  
by Order of the Board

**Rohan R. Gavas**  
(Company Secretary)

Registered Office:  
"KHATAU HOUSE", MOGUL LANE,  
MAHIM, MUMBAI – 400016

#### Details of Directors seeking re-appointment in forthcoming Annual General Meeting

<b>Name of the Director</b>	<b>Mrs. Asha M. Khatau</b>	<b>Mr. B.G. Sontakke</b>
Age	55 Years	68 Years
Expertise in specific functional area	Over 20 Years in the fields of General Management as a Consultant and Advisor	Over 30 Years Experience in the areas of Human Resource, Administration and liaison with various government authorities
Qualifications	B.A.	B.COM, LLB & MLS
Other Directorship as on 30.09.2012	<ul style="list-style-type: none"> <li>• INDOKEM OVERSEAS LIMITED</li> <li>• REFNOL RESINS AND CHEMICALS LIMITED</li> </ul>	<ul style="list-style-type: none"> <li>• REFNOL RESINS AND CHEMICALS LIMITED</li> </ul>
Chairman/Member of the Committee of the Board of Public Companies on which he is a Director as on 30.09.2012	NIL	NIL
No. of Shares held in Indokem Limited	10900	100

## DIRECTORS' REPORT

To,  
The Members,

Your Directors have pleasure in presenting the Forty Sixth Annual Report of the Company together with its Audited Profit and Loss Account for the year ended 30<sup>th</sup> September, 2012 and the Balance Sheet as on the date which is for 18 months (01.04.2011 to 30.09.2012):

		(₹ in Lacs)
<b>FINANCIAL RESULTS</b>	<b>For the year ended 30th September, 2012 (18 Months)</b>	<b>For the year ended 31st March, 2011 (12 Months)</b>
Income	44,45.40	28,19.65
Profit / (Loss) before Interest, Depreciation and Taxes	(5,19.14)	(2,70.78)
Less : Interest	2,74.57	3,80.43
Depreciation	1,53.75	3,00.49
<b>Profit / (Loss) before tax</b>	<b>(9,47.46)</b>	<b>(9,51.70)</b>
Add : Provision for Wealth Tax / FBT	Nil	Nil
Add : Excess / Short provision for tax in respect of earlier year	0.10	0.19
<b>Profit / (Loss) After Tax</b>	<b>(9,47.36)</b>	<b>(9,51.51)</b>
Less : Amount drawn from Capital Reserve	—	—
<b>Profit / (Loss)brought forward from last year</b>	<b>(20,80.09)</b>	<b>(11,28.58)</b>
Surplus/ Loss carried to Balance Sheet	<b>(30,27.45)</b>	<b>(20,80.09)</b>

**BUSINESS OPERATIONS, FUTURE PROSPECTS & CHANGE IN FINANCIAL YEAR :**

The business environment remained extremely challenging and the recessionary economic conditions leading to slowdown in demand and inflation pushed scale up of input costs left its adverse imprint on overall performance for 2012. In spite of difficult times, directors are pleased to inform that your Company, based on its intrinsic strength, quality, consistency in supply and implementation of latest technology has increased its turnover to ₹4,313.41 Lacs.

On the installation of SAP accounting system and the technical difficulties faced in this system it was not possible to complete the Accounts within the stipulated time, consequently Company extended its financial year by 6 months and accordingly balance sheet and profit and loss accounts are prepared for the period of 18 months i.e. from 1<sup>st</sup> April, 2011 to 30<sup>th</sup> September, 2012 and all the statutory compliances in this regard have been complied with. Further it is decided that the next financial year will be for 6 months commencing from 01.10.2012 to 31.03.2013.

Shareholders have given their approval through Postal Ballot conducted on 18.03.2011 for disposal of whole/part of undertaking situated at Plot No.2900, GIDC Ankleshwar and the Company is in process of considering some proposals for the same.

**EXPORTS :**

Considering the external environment and market strategy Company has succeeded in achieving its Export Sales of ₹817.89 Lacs for the Current Financial Year as compared to the previous year's sale of ₹118.60 Lacs.

**DIVIDEND :**

Due to absence of profits your Directors do not recommend any dividend for the year under consideration.

**SUBSIDIARY COMPANY :**

The Company has sold its total holdings of Equity in its Subsidiary, Kapsales Electricals Limited on 06.04.2011 and it is no more subsidiary of Indokem Limited as at the end of the Financial Year. Hence, the statement pursuant to section 212

of the Companies Act, 1956 relating to Subsidiary Companies is not given as well as the standalone balance sheet for the year ended 30<sup>th</sup> September, 2012 is prepared accordingly.

**FIXED DEPOSITS :**

The Company has not accepted any fixed deposit during the year and no amount on account of principal or interests on Fixed Deposits was outstanding as on the date of Balance Sheet.

**BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE :**

Information pursuant to Department of Company Affairs Notification relating to the Balance Sheet Abstract and Company's General Business Profile is given in the Annual Report for the information of the Shareholders.

**INSURANCE :**

All properties and insurable interest of the Company including buildings, plant and machineries, stores and spares have been adequately insured.

**DIRECTORS :**

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. B.G. Sontakke and Mrs. Asha M. Khatau, Directors retire by rotation and are eligible for re-appointment. The Board recommends their reappointment.

Brief resume of the Directors proposed to be reappointed, nature of their expertise in specific functional areas and names of public limited companies in which they hold directorships and memberships/chairmanships of Board Committees, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, are provided in the Notice forming part of the Annual Report.

**AUDITORS :**

M/s. Sheth Doctor & Associates, Chartered Accountants, Auditors of the Company, hold office until conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits under section 224(IB) of the Companies Act, 1956. The Audit Committee of the Board has recommended the re-appointment of M/s. Sheth Doctor & Associates, Chartered Accountants as Auditors of the Company.

**AUDITORS OBSERVATIONS :**

Explanation for Auditors Qualification on Inventory Records of Ankleshwar Plant is given in Note No.26 (Additional Information to the Financial Statements) Para No. 5(B) which is self explanatory.

**COST AUDITOR :**

Pursuant to Section 233B of the Companies Act, 1956, M/s. Deodhar & Associates, Cost Accountant, Mumbai, is appointed as Cost Auditor for the financial year 1<sup>st</sup> October, 2012 to 31<sup>st</sup> March, 2013, for our organic and inorganic chemicals products.

**CORPORATE GOVERNANCE & MANAGEMENT'S DISCUSSIONS AND ANALYSIS :**

Corporate Governance as required by Listing Agreement with the Stock Exchanges, the report on Management Discussions and Analysis, Corporate Governance as well as the Auditors Certificate regarding compliance of conditions of Corporate Governance, form part of the Annual Report.

Further, a separate Management Discussion & Analysis Report is also enclosed with this report.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :**

Since our factory at Ankleshwar is closed from 16<sup>th</sup> July, 2009, there are no manufacturing/ production activities hence there is no consumption of energy and technology absorption. However, pursuant to the provisions of Section 217(1)(e)

of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, prescribed particulars as applicable is annexed hereto as Annexure 'A' and forms part of this Report. Particular with regard Foreign Exchange are as follows:

#### FOREIGN EXCHANGE EARNINGS AND OUTGO :

The details of expenditure and earning in foreign currencies during the period under review are as under:

		₹ '000	
I) EXPENDITURE IN FOREIGN EXCHANGE CAPITAL		30.09.2012 (18 Months) (01.04.11 to 30.09.12)	31.03.2011 (12 Months) (01.04.10 to 31.03.11)
	Value of Imports on C.I.F. basis Raw Material	2,98,10	1,33,00
	Travelling	1,766	6,09
	Foreign bank charges	51	95
	Consultancy charges	66	—
	Total:	3,16,93	1,40,04
II) EARNINGS IN FOREIGN EXCHANGE			
	F.O.B. VALUE OF EXPORTS		
	Total:	7,20,49	1,21,72

#### PARTICULARS OF EMPLOYEES :

None of the employees of the Company fall under the provision of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, during the year under report.

#### DIRECTORS' RESPONSIBILITY STATEMENT :

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors state that:

- 1) In the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures in the Financial Statements.
- 2) The Directors selected such accounting policies 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 for the Financial Year ended 30<sup>th</sup> September, 2012; and of the profit or loss of the Company for that period.
- 3) Proper and sufficient care has been taken 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.
- 4) The annual accounts have been prepared on a going concern basis.

#### INDUSTRIAL RELATIONS :

The industrial relations remained cordial during the year under review.

#### ACKNOWLEDGEMENT :

Your Directors records their appreciation of the co-operation and assistance extended by Financial Institution, Banks and Government Authorities as well as Valued Customers from time to time. They also record their appreciation of the devoted services rendered by the Executives, Staff Members and Workers of the Company.

The Directors also wish to place on record their gratitude to the Members for their continued support and confidence.

For and on behalf of the Board

Mumbai  
Date: 09.11.2012

**Mahendra K. Khatau**  
Chairman & Managing Director



## ANNEXURE 'A'

Statement pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

Since the Factory at Ankleshwar is closed from 16th July, 2009 and considering present financial and economic issues the company is presently concentrating on Trading Activities including minor job work activities and hence there are no major productions / consumptions activities of the company. However efforts have been made to resolve the same.

**A. Conservation of Energy****a. Energy Conservation measures taken :****I) Electrical Energy:**

- i) Regular preventive/predictive maintenance of electrical system is carried out to ensure minimal losses.
- ii) Regular upgradation in electrical system is done so as to minimize electrical consumption.

**II) Furnace Oil/LDO Consumption:**

Considering the above issue there are no major consumption of Furnace Oil / Light Diesel Oil. However as and when the production will be increased measures to reduce the consumptions of energy will be taken care of.

**b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy :**

Presently company concentrating on Trading Activities which has resulted in reduction in consumption of energy. However, as and when production will be increased modern equipments will be used to reduce the consumption of the same.

**c. Impact of the measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production :**

Due to negligible consumption there is no special impact

**d. Total energy consumption and energy consumption per unit of production.**

As per Form 'A' of the Annexure.

**B. Technology Absorption:**

Since the factory where manufacturing activities used to take place is shut down from 16th July, 2009 there is no such technology absorption by the Company.

**C. Foreign Exchange Earnings and Outgo :**

	(₹ 000)	
	<b>Current Year 2011-2012 (18 Months)</b>	<b>Previous Year 2010-2011 (12 Months)</b>
1. <b>Foreign exchange earned</b> Export of goods on FOB basis	72049	12172
2. <b>Outgo of foreign exchange</b> CIF value of Imports	29810	13300
3. <b>Expenditure in foreign currencies</b>	1883	704

For and on behalf of the Board

Mumbai  
9<sup>th</sup> November, 2012

**Mahendra K. Khatau**  
Chairman & Managing Director

**FORM A**

Statement showing particulars as per section 217(1)(e) of the Companies Act, 1956 read with the (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988.

**Form for disclosure of particulars with respect to conservation of energy.**

		For the year ended 30.09.2012 (18 Months)	For the year ended 31.03.2011 (12 Months)
<b>A. Power and Fuel Consumption :</b>			
1.	Electricity		
(a)	Purchased Units (000 unit)	37	—
	Total amount (₹ 000)	315	—
	Cost per unit (₹ / Unit)	8.51	—
(b)	Own Generation		
(i)	Through Diesel Generator Set :		
	Units generated/Lakhs	N.A.	—
	Units per Ltr. of Diesel Oil		
	Cost – ₹ / Unit		
(ii)	Through Steam Turbine/Generator	N.A.	—
2.	Coal (specify quality and where used)	N.A.	—
3.	Furnace Oil Quantity – M.T.	N.A.	—
	Total amount – ₹ in Lakhs		
	Average rate – ₹ / M.T.		
4.	Others/internal generation Gas – (000 NM <sup>3</sup> )	N.A.	—
	Total amount – (₹ 000)		
	Average rate – (₹/NM <sup>3</sup> )		
<b>B. Production / Consumption of:</b>			
		For the year ended 30.09.2012 (18 Months)	For the year ended 31.03.2011 (12 Months)
Products			
Dyes	MT	466	—
Electricity	MT	—	—
Gas	MT	—	—