

Registered Office: "Khatau House", Plot No. 410/411, Mogul Lane, Mahim, Mumbai – 400 016.

NOTICE

NOTICE is hereby given that the Forty-Seventh Annual General Meeting of the members of Indokem Limited will be held on Monday, 30th September, 2013 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 31st March, 2013 (6 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 Ms. Leela K. Khatau who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr. S. Rajagopalan 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.

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution :

In partial modification of special resolution passed by the shareholders at the 44th Annual General Meeting held on 30th September, 2010.

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 302, 309 read with Schedule XIII (Part II, Section II, Part B) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof), and subject to such approvals as may be required, due to no profits/inadequacy of profits consent and approval of the Members of the Company be and is hereby accorded for revising the existing remuneration of Mr. Mahendra K. Khatau, Chairman & Managing Director of the Company with effect from 1st April, 2013 for the remaining period of his tenure i.e. upto 31st March, 2015 on the revised remuneration upto the limit of ₹ 2,50,000/- per month as set out in the Explanatory Statement annexed to this notice.

RESOLVED FURTHER THAT except revision of remuneration as modified above the other terms and conditions accorded by the members in their 44th Annual General Meeting dated 30th September, 2010 shall remain in force and effect.

RESOLVED FURTHER THAT the Remuneration Committee held on 8th August, 2013 has approved the revision of Remuneration of Mr. Mahendra K. Khatau, Chairman and Managing Director of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to take all actions and steps expedient or desirable to give effect to this resolution".

6. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution :

In partial modification of special resolution passed by the shareholders at the 44th Annual General Meeting held on 30th September, 2010.

"RESOLVED THAT pursuant to Section 314 of the Companies Act, 1956 and any other applicable provisions, if any, consent of the members of the Company be and is hereby approved for revising the salary of Mr. Manish M. Khatau, Vice President-Corporate Strategy, son of Mr. Mahendra K. Khatau, Chairman and Managing Director upto the limit of ₹ 1,50,000/- per month.

RESOLVED FURTHER THAT except revision of remuneration as modified above the other terms and conditions accorded by the members in their 44th Annual General Meeting dated 30th September, 2010 shall remain in force and effect".

Place: Mumbai
Date: 8th August, 2013

Registered Office: "KHATAU HOUSE",
MOGUL LANE, MAHIM, MUMBAI 400 016

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

Rohan R. Gavas
(Company Secretary)

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 – 400 016 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 20th September, 2013 to 30th September, 2013 (both days inclusive).
- (4) 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.

For **Indokem Limited.**
By Order of the Board

Place: Mumbai
Date: 8th August, 2013

Rohan R. Gavas
Company Secretary

Registered Office:

"KHATAU HOUSE", MOGUL LANE,
MAHIM, MUMBAI – 400 016.

ANNEXURE TO NOTICE, EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

ITEM NO.5 Revision of Remuneration of Shri Mahendra K. Khatau, Chairman & Managing Director and Abstract and Memorandum Under Section 302 of the Companies Act, 1956.

The Board of Directors of the Company at their Meeting held on 29th January, 2010 had recommended the reappointment of Shri Mahendra K. Khatau, Chairman & Managing Director of the Company and the same has been approved by the Members at the Annual General Meeting held on 30th September, 2010 for a further term of five years w.e.f. 1st April, 2010 to 31st March, 2015.

Now as per the revised draft agreement to be entered into by the Company with Chairman & Managing Director, it has been discussed & approved by the Board & Remuneration Committee in the meeting held on 8th August, 2013 to increase the remuneration to ₹ 2,50,000/- per month, subject to the approval of the members. The revision of remuneration will be effective from 1st April, 2013 to 31st March, 2015, the other terms and conditions will remain the same. Further, the details/disclosure required pursuant to Schedule XIII of the Companies Act, 1956 are annexed to this notice.

A. Period: From 1st April, 2013 to 31st March, 2015.

B. Overall Remuneration:

The remuneration payable to him shall be as follows:

- (i) Salary: ₹ 1,20,000/- per month with annual increment of such amount as may be decided by the Board.

(ii) Perquisites: Perquisites are classified into as follows:

- **Housing:**
Rent Free Furnished Accommodation owned or leased / rented. In case the Company provides no accommodation, Mr. Khatau shall receive house rent allowance of ₹ 50,000/- (Rupees Fifty Thousand Only) per month.
- **Housing Maintenance Allowance:** ₹ 20,000/- (Rupees Twenty Thousand Only) p.m.
- **Reimbursement of gas, electricity, water charges and furnishing upto ₹ 15,000/- p.m.**
- **Medical Reimbursement:**
Reimbursement of expenses incurred by Mr. Khatau for himself and his family subject to ceiling of one month's salary in a year (₹ 1,20,000/- p.a.) or two month salary over a period of two years.
- **Leave Travel Concession:**
Leave Travel Allowance for himself and his family is ₹ 1,20,000/- p.a. once in a year in accordance with rules of the Company.
- **Personal Accident Insurance / Mediclaim Policies:**
In accordance with the rules of the Company, however the premium thereof not to exceed ₹ 17,400/- for both the policies.
- **Club Fees:**
Fees of the maximum two clubs. No admission and life membership fees shall be paid.
- **Car, Driver and Telephone:**
The Company will provide a Car with Driver and Telephone at the residence of Mr. Khatau. The provision of car for use on Company's business and Telephone at residence will not be considered as perquisite. Personal long distance calls and use of car for private purposes shall be billed by the Company to Mr. Khatau.
- **Earned Leave:**
One basic salary as per the rules of the company for encashment of leave, for a maximum of 60 days at the end of the tenure will be permissible, which shall not be included in the computation of minimum remuneration.
- **Company's contribution towards Provident Fund as per the rules of the company.**
- **Gratuity not exceeding half a month's salary for each completed year of service. The aforesaid perquisites stated shall not be included in the computation of minimum remuneration.**

The revised Draft Agreement between the Company and Shri Mahendra K. Khatau is available for inspection at the Registered Office of the Company during the business hours on any working day.

Except Shri Mahendra K. Khatau, Ms. Leela K. Khatau and Mrs. Asha M. Khatau none of the directors are interested directors in the resolution of Item No. 5.

Further terms and conditions detailed in the Explanatory Statement Item No. 5 of the notice be also considered as an abstract under section 302 of the Companies Act, 1956 for revising Remuneration of Shri. Mahendra K. Khatau, Chairman and Managing Director of the Company.

ITEM NO.6 Revision of Salary of Shri Manish M. Khatau

Mr. Manish M. Khatau, son of Shri Mahendra K. Khatau, has been appointed as Vice President-Corporate Strategies of the Company w.e.f. 21.12.2009, on a Basic Salary and other allowances aggregating to ₹ 49,000/- per month and the same has been approved by the Members at the Annual General Meeting of the Company held on 30th September, 2010.

Since he is providing value addition and increase in the sales of the company, it has been discussed and decided to revise the Salary of Mr. Manish M. Khatau, Vice President-Corporate Strategies by the Board of Directors in their Meeting held on 8th August, 2013 subject to the approval of the members be increased upto ₹ 1,50,000/- per month.

Since Mr. Manish M. Khatau is son of Mr. Mahendra K. Khatau, Chairman and Managing Director of the Company, consent of Members pursuant to Section 314 of the Companies Act, 1956 is required.

Except Mr. Mahendra K. Khatau, Mrs. Asha M. Khatau and Ms. Leela K. Khatau (relatives of Mr. Manish M. Khatau) none of the directors are interested in the resolution of Item No. 6.

For **Indokem Limited.**

By Order of the Board

Place: Mumbai

Date: 8th August, 2013

Rohan R. Gavas

Company Secretary

(ANNEXURE TO NOTICE DATED 8TH AUGUST, 2013)

Details of Directors seeking re-appointment at the forthcoming Annual General Meeting

(Pursuant to Clause 49 of the Listing Agreement)

Name of the Director	Ms. Leela K. Khatau	Mr. S. Rajagopalan
Date of Birth	13 th June, 1932	2 nd June, 1939
Qualifications	B.A.	BCOM, AICWA
Expertise	Industrialist	Over 38 Years Experience with leading manufacturing companies in the areas of Accounts, Finance & Audit
Directorships held in other public companies including private companies which are subsidiaries of public companies (excluding foreign and private companies)	Priyamvada Holdings Limited	Refnol Resins and Chemicals Limited
Memberships / Chairmanships of Committees across all companies	NIL	Audit Committee Refnol Resins & Chemicals Ltd.
No. of Shares held in Indokem Limited	80883	NIL

To,
The Shareholders of
Indokem Limited

ABSTRACT AND MEMORANDUM UNDER SECTION 302 OF THE COMPANIES ACT, 1956

The Board of Directors of the Company at their Meeting held on 29th January, 2010 had recommended the reappointment of Shri Mahendra K. Khatau, Chairman & Managing Director of the Company which was recommended by Remuneration Committee at its meeting held on 29th January, 2010 and approved by the Members at the Annual General Meeting held on 30th September, 2010 for a further term of five years w.e.f. 1st April, 2010 to 31st March, 2015.

Now as per the revised draft agreement to be entered into by the Company with Chairman & Managing Director, it has been discussed & approved by the Board & Remuneration Committee in the meeting held on 8th August, 2013 to increase the remuneration to Rs. 2,50,000/- per month, subject to the approval of the members and such other approvals as may be necessary in this regard. The revision of remuneration will be effective from 1st April, 2013 to 31st March, 2015, the other terms and conditions will remain the same.

As required under section 302 of The Companies Act, 1956, ("the Act") an Abstract of Terms of Appointment together with the Memorandum of Concern or Interest is set out herein below:

Designation : Chairman and Managing Director

Period : Appointment was made for 5 years commencing from 01.04.2010 to 31.03.2015 and revision of remuneration will be effective from 01.04.2013 to 31.03.2015

A. Overall Remuneration:

The remuneration payable to him shall be as follows:

- (i) Salary: Rs. 1,20,000/- per month with annual increment of such amount as may be decided by the Board.
- (ii) Perquisites: Perquisites are classified into as follows:
 - Housing: Rent Free furnished Accommodation owned or leased / rented. In case the Company provides no accommodation, Mr. Khatau shall receive house rent allowance of Rs. 50,000/- (Rupees Fifty Thousand Only) per month.
 - Housing Maintenance Allowance: Rs. 20,000/- (Rupees Twenty Thousand Only) p.m.
 - Reimbursement of gas, electricity, water charges and furnishing upto Rs. 15,000/- p.m.
 - Medical Reimbursement: Reimbursement of expenses incurred by Mr. Khatau for himself and his family subject to ceiling on one month's salary in a year (Rs. 1,20,000/- p.a.) of two month salary over a period of two years.
 - Leave Travel Concession: Leave Travel Allowance for himself and his family is Rs. 1,20,000/- p.a. once in a year in accordance with rules of the Company.
 - Personal Accident Insurance / Medclaim Policies:

In accordance with the rules of the Company, however the premium thereof not to exceed Rs. 17,400/- for both the policies.

- Club Fees: Fees of the Clubs subject to a two clubs. No admission and life membership fees shall be paid.
- Car, Driver and Telephone: The Company will provide a Car with Driver and Telephone at the residence of Mr. Khatau. The provision of car for use on Company's business and Telephone at residence will not be considered as perquisite. Personal long distance calls and use of car for private purposes shall be billed by the Company to Mr. Khatau.
- Earned Leave: On full pay & allowance and perquisite as per the rules of the Company. Encashment of leave for a maximum of 60 days at the end of the tenure will be permissible, which shall not be included in the computation of minimum remuneration.
- Company's contribution towards Provident Fund to the extent it is not taxable under Income Tax Act, 1961.
- Gratuity not exceeding half a month's salary for each completed year of service. The aforesaid perquisites stated shall not be included in the computation of minimum remuneration.

Inspection

The Abstract of the terms and conditions in respect of reappointment of Shri Mahendra K. Khatau, Chairman and Managing Director is available for inspection at the Registered Office of the Company during the business hours on any working day.

Memorandum of Interest:

Except Shri Mahendra K. Khatau, Ms. Leela K. Khatau and Mrs. Asha M. Khatau none of the directors are interested directors.

By Order of Board of Directors
For **Indokem Limited**

Place: Mumbai
Date: 8th August, 2013

Rohan Gavas
(Company Secretary)

Registered Office:
410/411, Khatau House, Mogul Lane,
Mahim, Mumbai, 400 016.

STATEMENT PURSUANT TO SCHEDULE XIII PART B OF THE COMPANIES ACT, 1956, FOR REVISION OF REMUNERATION OF MR. MAHENDRA K. KHATAU:
I. GENERAL INFORMATION:

- **Nature of Industry:** Processing and Trading of Textile Dyes and Chemicals.
- **Date or expected date of commencement of commercial production:** December, 1964.
- **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** Not Applicable.
- **Financial performance based on given indicators:** Company has improved its turnover especially on Export Front and has shown improvement.
- **Export performance and net foreign exchange collaborations:** Company has succeeded in achieving its Export Sales of ₹ 170.78 Lacs in the Current Financial Year (6 Months) and that there are no Foreign Collaboration of the Company.
- **Foreign investments or collaborators, if any:** Not Applicable.

II. INFORMATION ABOUT THE APPOINTEE:

- **Background details:** Chairman and Managing Director.
- **Past Remuneration:** ₹ 1,50,000/- per month.
- **Recognition or awards:** N.A.
- **Job profile and his suitability:** Chairman and Managing Director of the Company since 1988 and has good control over the business and administration
- **Remuneration proposed:** ₹ 2,50,000/- per month.
- **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin):** ₹ 15 to 20 Lacs per month.
- **Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:** Promoter and Investor.

III. OTHER INFORMATION:

- **Reasons of loss or inadequate profits:** Due to high inflation, increase in import cost and market competitions, Company is unable to earn profits.
- **Steps taken or proposed to be taken for improvement:** Company is concentrating on product development on high margin textile chemicals.
- **Expected increase in productivity and profits in measurable terms:** Considering the existing environment company is expecting a growth of 10% to 12% in future.

IV. DISCLOSURES:

- **The shareholders of the company shall be informed of the remuneration package of the managerial person:** Refer Explanatory Statement, Item No.5 in the Notice.

DIRECTORS' REPORT

To,
The Members,

Your Directors are pleased to present the Forty Seventh Annual Report of the Company together with its Audited Profit and Loss Account for the year ended 31st March, 2013 and the Balance Sheet as on the date which is for 6 months (01.10.2012 to 31.03.2013):

FINANCIAL RESULTS

	For the period ended 31.03.2013 (6 Months)	(₹ in Lacs) For the period ended 30.09.2012 (18 Months)
Income	17,37.85	44,45.40
Profit / (Loss) before Interest, Depreciation and Taxes	56.74	(5,19.14)
Less : Interest	119.29	2,74.57
Depreciation	22.97	1,53.75
Profit / (Loss) Before tax	(85.52)	(9,47.46)
Add : Provision for Wealth Tax / FBT	Nil	Nil
Add : Excess / Short provision for tax in respect of earlier year	Nil	0.10
Profit / (Loss) After Tax	(85.52)	(9,47.36)
Less : Amount drawn from Capital Reserve	-	-
Profit / (Loss) brought forward from last year	(30,27.45)	(20,80.09)
Surplus / Loss carried to Balance Sheet	(31,12.97)	(30,27.45)

BUSINESS OPERATIONS, FUTURE PROSPECTS & CHANGE IN FINANCIAL YEAR.

Inflationary pressure on costs and economic slowdown affecting the demand continued to be a challenge during the current financial year also. Despite the presence of these adverse factors, your company could achieve a turnover of ₹ 1722.30 Lacs (for six months). This was possible mainly due to quality of the products and use of latest technology.

The management is hopeful of increasing the turn over both local and export during the next year by adopting effective marketing techniques .The cost control measures are likely to increase the margins

Shareholders have already 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 Company is in the process of disposal of the same and expecting some good proposals in the near future.

EXPORTS:

The Company has achieved Export Sales of ₹ 170.78 Lacs for the Current Financial Year (for 6 months) as compared to the previous year's sale of ₹ 817.89 Lacs (for 18 months).

DIVIDEND:

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

SUBSIDIARY COMPANY:

The Company has no subsidiary. Hence, the statement pursuant to section 212 of the Companies Act, 1956 relating to Subsidiary Companies is not given and the standalone balance sheet for the year ended 31st March, 2013 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 Ministry of Corporate 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, Ms. Leela K .Khatau and Mr. S. Rajagopalan, Directors retires 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.

Further it has been approved by the Remuneration Committee and Board of Directors in their meeting held on 08.08.2013 to revise the remuneration of Mr. M. K. Khatau, Chairman and Managing Director of the Company upto ₹ 2.50 Lacs per month subject to the approval of members in ensuing Annual General Meeting. Further, disclosure required pursuant to Schedule XIII and Listing Agreement are annexed to the Notice which form part of this 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(1B) 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 Audit Qualification on the records and valuation of inventory and fixed assets at Ankleshwar Plant is given in Note No.26 (Additional Information to the Financial Statements) Para No. 3 which is self explanatory.

COST AUDITOR:

Pursuant to Section 233B of the Companies Act, 1956, M/s. Deodhar & Associates, Cost Accountants, Mumbai, are appointed as Cost Auditor for the financial year 1st April, 2013 to 31st March, 2014.

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, from part of the Annual Report.

Disclosure under Schedule XIII, Part II, Section II, Part B (IV) is given separately in Corporate Governance Report which forms part of this 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:

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.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

	31.03.2013(6 Months) (01.10.12 to 31.03.13)	30.09.2012(18 Months) (01.04.11 to 30.09.12)
I) EXPENDITURE IN FOREIGN EXCHANGE CAPITAL		
Value of Imports on C.I.F. basis Raw Material	8,489	2,98,10
Travelling	-	1,766
Foreign Bank Charges	8	51
Consultancy Charges	-	66
Cash Discount	39	-
Total:	8,536	3,16,93
II) EARNINGS IN FOREIGN EXCHANGE		
F.O.B. VALUE OF EXPORTS	1,54,39	7,20,49

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.