



INDOKEM LIMITED

48th

2013-2014

**Annual
Report**

CORPORATE INFORMATION**BOARD OF DIRECTORS:**

Mr. Mahendra K. Khatau	-	Chairman & Managing Director
Ms. Leelabai K. Khatau	-	Non Executive Director
Mr. S. Rajagopalan	-	Independent Director
Mr. Kailash Pershad	-	Independent Director
Mr. B. G. Sontakke	-	Independent Director
Mrs. Asha M. Khatau	-	Non Executive Director

Rohan R. Gavas	-	Company Secretary
----------------	---	-------------------

M/s. Sheth Doctor & Associates. Chartered Accountants	-	Auditors
--	---	----------

Union Bank Of India Bank of India	-	Banker
--------------------------------------	---	--------

REGISTERED OFFICE:

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

Tel. No. : 6123 6767 / 6123 6711

Email : secretarial@indokem.co.in
iklsecretarial@gmail.com

Website : www.indokem.co.in

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

Unit No.1, Luthra Indl. Premises,
Andheri-Kurla Road, Safed Pool,
Andheri (East), Mumbai – 400 072.

Tel. No. : 2851 5606 / 2851 5644.

Email : sharexindia@vsnl.com

Website : www.sharexindia.com

CONTENTS**PAGES**

Notice	02
Directors' Report	16
Management Discussion & Analysis	23
Corporate Governance Report	25
Declaration on Code of Conduct	33
Certificate on Corporate Governance	33
Auditors' Report	34
Balance Sheet	38
Profit & Loss Account	39
Cash Flow Statement	40
Notes to Financial Statement	42

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.

Annual General Meeting (AGM)

Date: September 30, 2014 at 4.00 p.m.

Venue: At the Registered Office

INDOKEM LIMITED**(CIN: L31300MH1964PLC013088)****Registered Office:** "Khatau House", Plot No.410/411, Mogul Lane, Mahim, Mumbai - 400 016**NOTICE**

NOTICE is hereby given that the FORTY EIGHTH Annual General Meeting of the members of Company will be held on Tuesday, 30th September, 2014 at 4.00 PM 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 Financial Statements of the Company for the year ended 31st March, 2014 including the Balance Sheet as on 31st March, 2014, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date together with the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mrs. Asha M. Khatau (DIN NO. 00063944) who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers herself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Meeting, for 3 (Three) consecutive years till the conclusion of the 51st Annual General Meeting of the Company and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and of the Companies (Audit and Auditors) Rules, 2014, M/s. Sheth Doctor & Associates, Chartered Accountants (Firm Registration No. 124822W), be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till three consecutive years until the conclusion of the 51st Annual General Meeting of the Company, subject to rectification by the shareholders annually, at such remuneration as shall be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS:

4. **Appointment of Shri Kailash Pershad as Independent Director:**

To appoint Shri Kailash Pershad (DIN NO.00503603) as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri Kailash Pershad (DIN NO 00503603), a Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to 31st March, 2019."

5. Appointment of Shri Rajagopalan Sesha as Independent Director:

To appoint Shri Rajagopalan Sesha (DIN NO.00289643) as an Independent Director and in this regard to consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri Rajagopalan Sesha (DIN NO. 00289643), a Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to 31st March, 2019.”

6. Appointment of Shri Bhalchandra Gopinath Sontakke as Independent Director:

To appoint Shri Bhalchandra Gopinath Sontakke (DIN NO.01225753) as an Independent Director and in this regard to consider and, if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment & Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) & Clause 49 of the Listing Agreement, Shri Bhalchandra Gopinath Sontakke (DIN NO. 01225753), a Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to 31st March, 2019.”

7. Borrowings / Financial Assistance:

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

“RESOLVED THAT pursuant to Section 180(1)(c) and other applicable provisions, if any, of Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) (‘Act’) and the applicable rules made thereunder, consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as ‘the Board’, which term shall include its Committee(s) constituted/to be constituted for the purpose) to borrow any sum or sums of monies and/or to receive/avail of financial assistance or to undertake financial obligation in any form, from time to time, from any one or more of the Financial Institutions, Banks, Funds and/or from any one or more other persons, firms, bodies corporate, mutual funds or entities, whether by way of loans, advances, deposits or bills discounting, issue of debentures, bonds, financial arrangement or obligations or otherwise and whether unsecured or secured by mortgage, charge, hypothecation, lien or pledge of the Company’s assets and

properties, whether immovable or movable or stock-in-trade (including raw materials, stores, spare parts and components in stock or in transit) or work in progress and all or any of the undertakings of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company may exceed the paid up share capital of the Company and its free reserves, PROVIDED THAT the total amounts so borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) and outstanding at any point of time shall not exceed ₹ 100 crores (Rupees one hundred crores) over and above the aggregate of the paid up share capital of the Company and its free reserves as prevailing from time to time, exclusive of interest and other charges, and the Board be and is hereby authorized to execute/cause to execute such agreements, debenture trust deeds, indentures of mortgage, deeds of hypothecation/charge, lien, promissory notes and other deeds and instruments or writings containing such conditions and covenants and to do/cause to do all acts, deeds, matters and things in this regard as the Board may think fit and proper."

8. Creation of Charge for Borrowings / Financial Assistance availed:

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

"RESOLVED THAT consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as 'the Board', which term shall include its Committee(s) constituted for the purpose) to create mortgages/charges on all or any of the movable and/or immovable properties and assets, both present and future, or on the whole or substantially the whole of the undertaking or undertakings of the Company, exclusively or ranking pari-passu with or second or subservient or subordinate to the mortgages/charges, if any, already created or to be created in future by the Company, for securing any loans and/or advances and/or issue of debentures/ bonds and/or guarantees and/or any financial assistance or obligations obtained/ undertaken/ made or that may be obtained/ undertaken/made by the Company and/or any one or more of its subsidiary/ group companies, both present and that which may be established or acquired by the Company in future, in India or abroad, with power to take over the management, business and undertaking of the Company in certain events of default, on such terms and conditions and at such times and in such form and manner as the Board may deem fit, so that the total outstanding amount at any time so secured shall not exceed the amounts consented by the Company by the Resolution passed at this meeting pursuant to Section 180(1)(c) of the Companies Act, 2013 or upto the higher amount/s as may be so consented by the Company from time to time in future, together with interest thereon, and further interest, costs, charges, expenses, remuneration and other monies payable in connection therewith AND THAT this consent shall also be the consent of the members under and as contemplated by Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the applicable rules made thereunder;

RESOLVED FURTHER THAT the Board be and is hereby authorized to and cause to prepare, finalise, approve and execute on behalf of the Company all documents, deeds, agreements, declarations, undertakings & writings as may be necessary and/or expedient for giving effect to the foregoing resolution and to vary and/or alter the terms and conditions of the security created/to be created as aforesaid as it may deem fit and generally to do and/or cause to do all acts, deeds matters and things as may

be necessary, proper, expedient or incidental for the purpose of giving effect to this resolution.”

9. Transactions with Related Parties u/s 188 of the Companies Act, 2013

To consider and if thought fit, to pass with or without modification the following as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions of the Companies Act, 2013, read with the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the shareholders of the Company be and is hereby accorded for entering into related party transactions by the Company with effect from 1st April, 2014 upto the maximum per annum amounts as appended below:

Maximum Value Of Contract/Transaction (Per Annum) w.e.f. 01.04.2014 (₹ In Crores)			
Name of Related Parties / Companies	Transaction defined u/s 188(1) of Companies Act, 2013		
	Sale, purchase or supply of any goods, materials	Leasing of property of any kind	Availing or rendering of any services or Appointment of any agent for purchase or sale of goods, materials, services or property
On actual basis, Exempted being in the ordinary course of business and on arm's length basis. (Subject to a maximum of amount p.a. as mentioned against the name of the company)			
Samudra Dye-Chem Pvt. Ltd.	3	0.25	5
Spiweld Chemtrade Pvt. Ltd.	3	0.25	5
Shubhlabh Chemicals Pvt. Ltd.	3	0.25	5
Textomax Chemicals Pvt. Ltd.	3	0.25	5
Formost Chemicals Pvt. Ltd.	3	0.25	5
Chemron Texchem Pvt. Ltd.	3	0.25	5
Asha Marine Products Pvt. Ltd.	1	0.25	1
Emerald Capital Services Pvt. Ltd.	1	0.25	1
Vindhyapriya Holdings Pvt. Ltd.	1	0.25	1
Khatau Leasing & Finance Company Pvt. Ltd.	1	0.25	1
Prism Plantations Pvt. Ltd.	1	0.25	1
Khatau Holding & Trading Company Pvt. Ltd.	1	0.25	1
Prerana Leasing & Finvest Pvt. Ltd.	1	0.25	1
MKK Holdings Pvt. Ltd.	1	0.25	1
Priyanilgiri Holdings Pvt. Ltd.	1	0.25	1
Refnol Resins & Chemicals Ltd.	10	0.25	1
PARTNERSHIP FIRM:			
Orchard Acres	3	0.25	1
Directors/KMP's/Relatives of Directors & KMP's/Other Firms & Companies in which director have some interest as per the provisions of section 2(76) of the Companies Act, 2013			
Mr. Mahendra K. Khatau	-	0.25	10
Ms. Leelabai K. Khatau	-	0.25	3
Mrs. Asha M. Khatau	-	0.25	3
Mr. Manish M. Khatau	-	0.25	5
Ms. Priya M. Khatau	-	0.25	5
*Chief Financial Officer	-	-	0.50
*Company Secretary	-	-	0.50
*Managing Director	-	-	2

*Any Contract between the Company & person appointed / designated as Company Secretary, Chief Financial Officer and Managing Director

Any Contract or transaction with all the above parties for Selling or otherwise disposing of, or buying, property of any kind to be on market value and on arm lengths relationship basis only.

RESOLVED FURTHER THAT the Board of Directors of the Company, be and are hereby authorized to execute the documents, deeds or writings required to be executed in relation to the transfer and vesting of the Business Undertakings and other incidental documents, make applications to regulatory and governmental authorities for the purposes of obtaining all approvals, consents, permissions and sanctions required by the Company and to do all acts and deeds to give effect to this resolution.”

For **Indokem Limited.**

by Order of the Board

Place: Mumbai

Date: 14th August, 2014.

Rohan R. Gavas

(Company Secretary)

Registered Office :

“KHATAU HOUSE”, MOGUL LANE,
MAHIM, MUMBAI 400 016

NOTES:

- 1) A member entitled to attend and vote at the Annual General Meeting (“the Meeting”) is entitled to appoint a proxy to attend and to vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company may appoint a single person as proxy. However, such person shall not act as a proxy for any other person or shareholder.
- 2) Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting. Further the identity/signature of the Members holding shares in electronic/demat form is liable for verification with the specimen signatures furnished by NSDL/CDSL.
- 3) The Explanatory Statement pursuant to section 102 of the Companies Act, 2013 is annexed hereto.
- 4) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- 5) The Company has already notified closure of the Register of Members and Share Transfer Books thereof from 20th September, 2014 to 30th September, 2014 (both days inclusive).
- 6) Relevant documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except Saturdays

between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.

- 7) Mrs. Asha M. Khatau retires by rotation at the ensuing Annual General Meeting and is eligible for Re-appointment. Approval of shareholders is also being sought for the appointment of Mr. Kailash Pershad, Mr. Rajagopalan Sesha and Mr. Bhalchandra G. Sontakke as Independent Directors to hold office for five consecutive years for a term upto 31st March, 2019. The information to be provided for these Directors under Clause 49 of the Listing Agreement is given in the Report on Corporate Governance forming part of the Annual Report.
- 8) Members are requested to bring their Attendance Slip alongwith their copy of the Annual Report to the Meeting.
- 9) Section 72 of the Companies Act, 2013 provides for Nomination by the shareholders of the Company in the prescribed forms which are available on the website of the Company 'www.indokem.co.in'. Shareholders are requested to avail this facility.
- 10) Over the years, as a result of allotment of shares arising out of earlier mergers, it is possible that multiple folios have been created. We request you to consolidate multiple folios existing in the same names and in identical order. Many of the shareholders have already done so. In case you decide to consolidate your folios, you are requested to forward your share certificates to the Company's Share Transfer Agent.
- 11) Members are requested to note that in case of transfers, deletion of name of deceased shareholder, transmission and transposition of names in respect of shares held in physical form, submission of photocopy of PAN Card of the transferee(s), surviving holder(s), legal heir(s) and joint holder(s) respectively, along with necessary documents at the time of lodgement of request for these transactions, is mandatory.
- 12) Members who have not registered their e-mail addresses so far or who would like to change their email address already registered, are requested to register / update their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically. Members holding shares in electronic form are requested to register their email address / update the same with their respective Depository Participants.
- 13) Voting through electronic means Pursuant to Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide its members the facility to exercise their right to vote at the 48th Annual General Meeting (AGM) by electronic means. The business may be transacted through e-voting Services provided by Central Depository Services (India) Limited (CDSL).

THE INSTRUCTIONS FOR SHAREHOLDERS VOTING ELECTRONICALLY ARE AS UNDER:

- i) The voting period begins on 23rd September, 2014 at 10.00 am and ends on 24th September, 2014 at 5.00 pm. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 1st September, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- iii) Click on Shareholders.
- iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v) Next enter the Image Verification as displayed and Click on Login.
- vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

- viii) After entering these details appropriately, click on "SUBMIT" tab.
- ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly