



50th

Annual Report
2015-16

INDOKEM LIMITED

INDOKEM LIMITED

BOARD OF DIRECTORS:

Shri. Mahendra K. Khatau
Mr. Manish M. Khatau
Smt. Leela K. Khatau
Smt. Asha M. Khatau
Shri. Kailash Pershad
Shri. S. Rajagopalan
Shri. B. G. Sontakke

Chairman & Managing Director
Whole-Time Director (Appointed w.e.f. 01.03.2016)
Non-Executive Director (Resigned w.e.f. 29.01.2016)
Non-Executive Director
Non-Executive Independent Director
Non-Executive Independent Director
Non-Executive Independent Director

KEY MANAGERIAL PERSONNEL:

Shri. Mukund R. Nagpurkar
Mr. Bhavik B. Parekh

Chief Financial Officer
Company Secretary & Compliance Officer

AUDITORS:

M/s. Sheth Doctor and Associates

BANKERS:

HDFC Bank Limited
AXIS Bank Limited
Bank Of India
Indian Overseas Bank

REGISTRAR & SHARE TRANSFER AGENT:

Sharex Dynamic (India) Private Ltd
Unit No. 1, Luthra Industrial Estate,
Andheri-Kurla Road, Safed Pool,
Andheri (East), Mumbai- 400 072
Email: sharexindia@vsnl.com
Website: www.sharexindia.com

REGISTERED OFFICE:

Plot No: 410/411, Khatau House
Mogul Lane, Mahim (West)
Mumbai - 400 016
Tel No.: 6123 6767 / 6123 6711
Email: iklsecretarial@gmail.com
Website: www.indokem.co.in

CONTENTS	PAGES
Notice of Annual General Meeting	2-13
Directors' Report	14-33
Management Discussion and Analysis Report	34-37
Corporate Governance Report	38-52
Secretarial Audit Report	53-54
Independent Auditors' Report	55-59
Balance Sheet	60-60
Statement of Profit and Loss	61-61
Cash Flow Statement	62-63
Notes to the Financial Statement	64-85

Annual General Meeting (AGM)

Day, Date & Time: Friday, 30th September, 2016 at 4.00 P.M.

Venue: Plot No. 410/411, Khatau House, Mogul Lane, Mahim (West), Mumbai - 400 016.

Indokem Limited

(CIN: L31300MH1964PLC013088)

Regd. Office: Plot No: 410/411, Khatau House, Mogul Lane, Mahim (West), Mumbai: 400 016**NOTICE**

NOTICE is hereby given that the **FIFTIETH Annual General Meeting** of the members of the Company will be held on Friday, 30th September, 2016 at 4.00 P.M. at Registered Office of the Company situated at Plot No. 410/411, Khatau House, Mogul Lane, Mahim (West), Mumbai - 400 016 to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the Financial Year ended 31st March, 2016 including the Balance Sheet as at 31st March, 2016 and the Statement of Profit and Loss and the Cash Flow Statement as on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Smt. Asha Mahendra Khatau (DIN: 00063944), who retires by rotation at this Annual General Meeting and being eligible and has offered herself for re-appointment.
3. To ratify the appointment of Statutory Auditors of the Company to carry on the Statutory Audit for the Financial Year 2016-17 and in this regard, to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT in accordance with the provisions of Section 139 and any other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to Articles of Association, the members hereby ratifies the appointment of M/s. Sheth Doctor and Associates, Chartered Accountants, Mumbai (Firm Registration Number- 124822W) as Statutory Auditors of the Company to hold office as such from the conclusion of 50th Annual General Meeting till the conclusion of 51st Annual General Meeting of the Company at such remuneration as may be fixed by the Board of Directors.”

SPECIAL BUSINESS:**4. Appointment of Whole-Time Director of the Company:**

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification or re-enactment thereof) read with Schedule-V of the Companies Act, 2013 the consent of the members of the Company be and is hereby accorded to appoint Mr. Manish M Khatau as, as Whole-Time Director of the Company designated as Executive Director of the Company for the period of five years with effect from 1st March, 2016 , as well as the payment of salary, commission and perquisites (hereinafter referred to as “remuneration”), upon the terms and conditions as set out below with liberty and authority of the Board of Directors to alter and vary the terms and conditions of the said appointment from time to time within the scope of Schedule V of the Companies Act, 2013 or any amendments thereto or re-enactment thereof as may be agreed to between the Board of Directors and Mr. Manish M. Khatau.

“RESOLVED THAT all the Directors and Key Managerial Personnel of the Company be and are hereby severally authorised to do all such acts, deeds and things, including but not limiting to filing of the necessary forms and documents with the Registrar of Companies and other regulatory authorities, and to do all such acts, deeds and things as may be necessary to give effect to the foregoing resolution.”

5. Transactions with the Related Parties under Section 188 of Companies Act, 2013:

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

“RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force), consent of the Members of the Company be and is hereby accorded for entering into related party transactions for the financial year 2016-17 with the parties and upto the limits as stated herein below:

Maximum value of Contract/ Transaction (per annum)				(₹ In Crores)
Sr. No.	Name of Related Parties	Transaction defined u/s 188 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)				
1.	Samudra Dye-Chem Private Limited	3	0.25	5
2.	Spiweld Chemtrade Private Limited	3	0.25	5
3.	Textomax Chemicals Private Limited	3	0.25	5
4.	Formost Chemicals Private Limited	3	0.25	5
5.	Chemron Texchem Private Limited	3	0.25	5
6.	Priyamvada Holdings Limited	3	0.25	5
7.	Asha Marine Products Private Limited	1	0.25	1
8.	Emerald Capital Services Private Limited	1	0.25	1
9.	Vindhyapriya Holdings Private Limited	1	0.25	1
10.	Khatau Leasing & Finance Company Private Limited	1	0.25	1
11.	Prism Plantations Private Limited	1	0.25	1
12.	Khatau Holding & Trading Company Private Limited	1	0.25	1
13.	Prerana Leasing & Finvest Private Limited	1	0.25	1
14.	MKK Holdings Private Limited	1	0.25	1
15.	Priyanilgiri Holdings Private Limited	1	0.25	1
16.	Refnol Resins & Chemicals Limited	10	0.25	1

PARTNERSHIP FIRMS:

1.	Orchard Acres	10	0.25	1
2.	D. M. Khatau & 3 Brothers	3	0.25	1

Directors/ KMPs/ Relatives of Directors & KMPs/ Other Firms & Companies in which Director have some interest as per the provisions of Section 2(76) of the Companies Act, 2013.

1.	Shri. Mahendra K. Khatau	-	0.25	10
2.	Smt. Asha M. Khatau	-	0.25	3
3.	Mr. Manish M. Khatau	-	0.25	5
4.	Ms. Priya M. Khatau	-	0.25	5
5.	*Chief Financial Officer	-	-	0.50
6.	*Company Secretary	-	-	0.50
7.	*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 arms lengths relationship basis.

RESOLVED FURTHER THAT all the Directors and Key Managerial Personnel of the Company be and are hereby severally authorised to do all such acts deeds and things, including but not limiting to filing of the necessary forms and documents with the Registrar of Companies and other regulatory authorities, and to do all such acts deeds and things as may be necessary to give effect to the foregoing resolutions.”

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

Sd/-

**Bhavik B. Parekh
Company Secretary**

**Place: Mumbai
Date: 10th August, 2016**

NOTES:

1. **A Member entitled to attend and vote at the Annual General Meeting (‘AGM’) is entitled to appoint a proxy to attend and to vote on a poll instead of himself/herself and the proxy need not be a member of the Company.**
2. **A person can act as a proxy on behalf of members’ upto and not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as Proxy and such person shall not act as a Proxy for any other person or shareholder. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight (48) Hours before the commencement of the Annual General Meeting. Members may please note that a Proxy does not have the right to speak at the Meeting and can vote only on poll.**

During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, members would be entitled to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than three (3) days written notice is given to the Company.

3. **Corporate members are requested to send in advance, duly certified copy of the Board Resolution/ Power of Attorney authorizing their representative to attend the Annual General Meeting.**

4. The Register of Members and Share Transfer Books of the Company will remain closed from 24th September, 2016 to 30th September, 2016 (both days inclusive) for the purpose of Annual General Meeting.
5. Only registered members of the Company or any proxy appointed by such registered member may attend the Annual General Meeting (AGM) as provided under the provisions of the Companies Act, 2013.
6. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 forms part of the Notice.
7. All documents referred to in the Notice and the Explanatory Statement annexed hereto, are open for inspection upto two days prior to the said meeting, at the Registered Office of the Applicant Company between 11.00 a.m. and 1.00 p.m. on all working days of the Applicant Company (except Saturdays, Sundays and Government Holidays).
8. Members are informed that in case of joint holders attending the meeting, only such joint holders whose name stands first in the Register of Members of the Applicant Company in respect of such joint holding will be entitled to vote.
9. With a view to help us serve the members better, members who hold shares in identical names and in the same order of names in more than one folio are requested to write the Company to consolidate their holdings in one folio.
10. Members, who still hold share certificates in physical form, are advised to dematerialize their shareholding to avail the numerous benefits of dematerialization, which includes easy liquidity, ease of trading and transfer, savings in stamp duty and elimination of any possibility of loss of documents and bad deliveries.
11. Alteration, if any, made in the Form of Proxy should be initialed.
12. To support the Green Initiative of the Government, Electronic copy of the Annual Report for the year ended 31st March, 2016 will be sent to members whose mail IDs are available with the Depository Participant(s). Members who have not registered their email address, physical copy of the Annual Report 2015-16 will be sent in the permitted mode. Accordingly by virtue of the above we request the members of the Company to kindly register/update their email address with their respective Depository Participants, where shares are held in electronic form. If, however, shares are held in physical form, members are advised to register/update their e-mail address with our Share Transfer Agent at **sharexindia@vsnl.com**
13. The Company has been maintaining, inter alia, the following statutory registers at its registered office which are open for inspection in terms of the applicable provisions of the Companies Act, 2013 by members and others specified below:
 - i) Registers of contracts or arrangements in which Directors are interested under Section 189 of the Companies Act, 2013, on all working days during business hours. The said Registers shall also be produced at the commencement of Annual General Meeting of the Company and shall remain open and accessible during the continuance of the meeting to a person having the right to attend the meeting.
 - ii) Registers of Directors and Key Managerial Personnel (KMP) and their shareholding under Section 170 of the Companies Act, 2013, on all working days during business hours. The said Registers shall be kept open for inspection at the annual general meeting of the Company and shall be made accessible to a person attending the meeting.
14. Members/ Proxies are requested to bring their attendance slip duly filled and signed for attending the meeting along with their copy of Annual Report to the meeting. Proxies are requested to bring their identity proof at the meeting for the purpose of identification.
15. The Securities and Exchange Board of India (SEBI) has made it mandatory for every participant in the securities/ capital market to furnish Income Tax Permanent Account Number (PAN) for transactions involve transfer of shares. Therefore members holding shares in physical form are requested to furnish

their PAN along with self- attested photocopy of PAN Card to the Share Transfer Agent. Members holding shares in demat form are requested to register the details of their PAN with their DPs.

16. Pursuant to Section 72 of the Companies Act, 2013, members holding shares in physical form are advised to file nomination in the prescribed Form SH-13 with the Company's share transfer agent. In respect of shares held in electronic/demat form, the members may please contact their respective depository participant.
17. Members may note that the Notice of the 50th Annual General Meeting and the Annual Report for 2015-16 will also be available on the Company's website www.indokem.co.in. The physical copies of the aforesaid documents will also be available at the Company's Registered Office situated at Plot No. 410/411, Khatau House, Mogul Lane, Mahim (West), Mumbai- 400 016 for inspection between 11.00 a.m. and 1.00 p.m. on all working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: iklsecretarial@gmail.com.
18. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the members to exercise their rights to vote at the 50th Annual General Meeting of the Company by electronic means through remote e- voting facility provided by Central Depository Services (India) Limited) (CDSL).
19. The facility for voting through Ballot Paper shall be made available at the Annual General Meeting (AGM) and the members attending the meeting who have not cast their vote by remote E-voting shall be able to exercise their right at the meeting through ballot paper.
20. The members who have cast their vote by remote e-voting prior to the Annual General Meeting may also attend the Annual General Meeting but shall not be entitled to cast their vote again.
21. Route map for directions to the venue of the meeting is provided in the Annual Report.

THE INSTRUCTIONS FOR SHAREHOLDERS VOTING ELECTRONICALLY ARE AS UNDER:

- (i) The voting period begins on 27th September, 2016, (9.00 a.m.) till 29th September, 2016 (5.00 p.m.). During this period the shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 23rd September, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) 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.**
- (vi) Next enter the Image Verification as displayed and **Click on Login.**
- (vii) 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.

- (viii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <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 8 digits of the sequence number in the PAN field. In case the sequence 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 sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (ix) After entering these details appropriately, click on **“SUBMIT”** tab.
- (x) 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 recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant **<Company Name>** on which you choose to vote.
- (xiii) On the voting page, you will see **“RESOLUTION DESCRIPTION”** and against the same the option **“YES/NO”** for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the **“RESOLUTIONS FILE LINK”** if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on **“SUBMIT”**. A confirmation box will be displayed. If you wish to confirm your vote, click on **“OK”**, else to change your vote, click on **“CANCEL”** and accordingly modify your vote.
- (xvi) Once you **“CONFIRM”** your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on **“Click here to print”** option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on **Forgot Password** & enter the details as prompted by the system.
- (xix) **Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xx) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to **www.evotingindia.com** and register themselves as Corporates.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to **helpdesk.evoting@cdslindia.com**.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be emailed to **helpdesk.evoting@cdslindia.com** and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at **www.evotingindia.com**, under help Section or write an email to **helpdesk.evoting@cdslindia.com**.

Please Note that:

1. The voting period begins on Tuesday, 27th September, 2016 at 9.00 a.m. and ends on Thursday, 29th September, 2016 at 5.00 p.m. During this period shareholder of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date which is Friday, 23rd September, 2016, may cast their vote electronically. The voting rights of shareholders shall be in proportion to their shares in the paid up equity share capital of the Company as on this cut-off date. The e-voting module shall be disabled by CDSL for voting after 5.00 p.m. on 29th September, 2016.
2. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at **www.evotingindia.co.in** under help Section or write an email to **helpdesk.evoting@cdslindia.com**.
3. Mrs. Samita Tanksale, Practicing Company Secretary (Membership No. CP10763) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
4. The Scrutinizers shall within a period of not exceeding three (3) working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in employment of the Company and forward her report of the votes cast in favour or against, to the Chairman or to any Director or officer who may be authorized by the Chairman for this purpose.
5. The Results shall be declared on or after the Annual General Meeting (AGM). The Results declared along with the Scrutinizer's Report shall be placed on the Company's website **www.indokem.co.in** and on the website of CDSL shall also be communicated to the Stock Exchanges. The resolution shall be deemed to be passed at the Annual General Meeting of the Company scheduled to be held on 30th September, 2016.

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

**Place: Mumbai
Date: 10th August, 2016**

**Sd/-
Bhavik B. Parekh
Company Secretary**

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