

**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, 30<sup>th</sup> 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 31<sup>st</sup> 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 44<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> 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 1<sup>st</sup> April, 2013 for the remaining period of his tenure i.e. upto 31<sup>st</sup> 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 44<sup>th</sup> Annual General Meeting dated 30<sup>th</sup> September, 2010 shall remain in force and effect.

**RESOLVED FURTHER THAT** the Remuneration Committee held on 8<sup>th</sup> 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 44<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> 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 44<sup>th</sup> Annual General Meeting dated 30<sup>th</sup> 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 20<sup>th</sup> September, 2013 to 30<sup>th</sup> 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 29<sup>th</sup> 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 30<sup>th</sup> September, 2010 for a further term of five years w.e.f. 1<sup>st</sup> April, 2010 to 31<sup>st</sup> 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 8<sup>th</sup> 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 1<sup>st</sup> April, 2013 to 31<sup>st</sup> 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 1<sup>st</sup> April, 2013 to 31<sup>st</sup> 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 30<sup>th</sup> 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 8<sup>th</sup> 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 8<sup>TH</sup> 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  | <b>Ms. Leela K. Khatau</b>  | <b>Mr. S. Rajagopalan</b>   |
|---|-----------------------------|---|
| Date of Birth   | 13 <sup>th</sup> June, 1932 | 2 <sup>nd</sup> 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<br>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 affective 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 / Mediclaim 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 31<sup>st</sup> March, 2013 and the Balance Sheet as on the date which is for 6 months (01.10.2012 to 31.03.2013):

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

**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 31<sup>st</sup> 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(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 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 1<sup>st</sup> April, 2013 to 31<sup>st</sup> 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:

|   | <b>31.03.2013(6 Months)</b><br>(01.10.12 to 31.03.13) | <b>30.09.2012(18 Months)</b><br>(01.04.11 to 30.09.12) |
|---|---|--|
| I) EXPENDITURE IN FOREIGN EXCHANGE CAPITAL    |   | ₹ 000  |
| 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:  | <u>8,536</u>  | <u>3,16,93</u>   |
| II) EARNINGS IN FOREIGN EXCHANGE              |   |  |
| F.O.B. VALUE OF EXPORTS                       | <u>1,54,39</u>  | <u>7,20,49</u>   |

**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 31<sup>st</sup> March, 2013; 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 6 months under review.

**ACKNOWLEDGEMENT:**

Your Directors place on records their appreciation for the co-operation and assistance given 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 co-operation

For and on behalf of the Board

Place : Mumbai  
Date : 8th August, 2013

**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.

Presently Company is concentrating on Trading Activities which has resulted in reduction in consumption of energy.

**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 there are some processing activities carried out the consumptions of energy will be taken care of.

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

As company is concentrating on Trading Activities it 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:**

There is no such major technology absorption by the Company.

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

|   | <b>Current Year<br/>2012-2013<br/>(6 Months)</b> | <b>Previous Year<br/>2011-2012<br/>(18 Months)</b> |
|---|--|--|
| 1. <b>Foreign exchange earned</b><br>Export of goods on FOB basis | 15439  | 72049  |
| 2. <b>Outgo of foreign exchange</b><br>CIF value of Imports       | 8489   | 29810  |
| 3. <b>Expenditure in foreign currencies</b>                       | 47   | 1883   |

For and on behalf of the Board

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

**Place :** Mumbai

**Date :** 8<sup>th</sup> August, 2013.

**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 theyear ended<br>31.03.2013(6 Months) | For theyear ended<br>30.09.2012(18 Months) |
|--|----|---|--|
| <b>A. Power and Fuel Consumption :</b>                     |    |   |  |
| 1. Electricity   |    |   |  |
| (a) Purchased Units (₹000 unit)                            |    | 53  | 37   |
| Total amount (₹ 000)                                       |    | 540                                       | 315  |
| Cost per unit – (₹/Unit)                                   |    | 10.19                                     | 8.51                                       |
| (b) Own Generation   |    |   |  |
| (i) Through Diesel<br>Generator Set :                      |    |   |  |
| Units generated/Lakhs                                      |    | -   | -  |
| Units per Ltr. of Diesel Oil                               |    |   |  |
| Cost – ₹ / Unit  |    |   |  |
| (ii) Through Steam Turbine/Generator                       |    | -   | -  |
| 2. Coal (specify quality and where used)                   |    | -   | -  |
| 3. Furnace Oil Quantity – Ltrs.                            |    | 6589                                      | -  |
| Total amount – ₹ in Lakhs                                  |    | 2.94                                      | -  |
| Average rate – ₹ / Per Ltr.                                |    | 44.63                                     | -  |
| 4. Others/internal generation Gas – (000 NM <sup>3</sup> ) |    | -   | -  |
| Total amount – (₹ 000)                                     |    |   |  |
| Average rate – (₹/NM <sup>3</sup> )                        |    |   |  |
| <b>B. Production / Consumption of:</b>                     |    |   |  |
|  |    | <b>For theyear ended</b>                  | <b>For theyear ended</b>                   |
|  |    | 31.03.2013                                | 30.09.2012                                 |
|  |    | (6 Months)                                | (18 Months)                                |
| Products   |    |   |  |
| <b>Dyes</b>  | MT | 117.489                                   | 466  |
| <b>Electricity</b>   | MT | -   | -  |
| <b>Gas</b>   | MT | -   | -  |

**FORM B**

**Form for disclosure of particulars with respect to absorption**

Since the Factory at Ankleshwar is not operational and Company is mainly concentrating on Trading Activities there are no Research & Development Activities and Expenditure in the Company.

- |  |   |
|--|---|
| 1. Specific areas in which the Research & Development carried out by the Company | Due to the above reason there are no Research & Development Activities carried out by the Company |
| 2. Benefits derived as a result of the above R & D                               | Not Applicable.   |
| 3. Future plan of action ensures profitability to the Company.                   | Company would like to concentrate on Trading Activities which                                     |
| 4. Expenditure on R & D  |   |
| a) Capital   | Nil   |
| b) Recurring   | Nil   |
| c) Total   | Nil   |
| d) Total R & D expenditure as a percentage of total turnover                     | Nil   |
| 5. Technology absorption, adaptation and innovation                              | Due to the above reason there is no technology absorption by the Company.                         |

For and on behalf of the Board

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

Place: Mumbai  
Date: 8th August, 2013

**MANAGEMENT DISCUSSION AND ANALYSIS**

The Global Economy is still struggling especially European countries and America and the effect of this global scenario is slowly affecting Indian economy, the inflation rate is high and the industrial production growth has come down substantially. Although some signs of a downturn are visible in the current year, we will be able to fight back and restore our higher growth.

**PERFORMANCE:**

The current financial year is for 6 months and the company has improved its turnover, especially on export front and has shown improvement. Despite maintaining its turnover, the company recorded a loss in the year that has been due to various factors such as rising cost of material, slackness in the market, depreciation of the rupee resulting in higher costs of imports, escalating fuel, inflation and slow growth in the economy has a negative impact on the performance of the company. In spite of all these challenges your Company has withstood the pressure and reported comparatively better business.

**INTERNAL CONTROL SYSTEM:**

The Company has appropriate internal control systems for business processes with regard to its operations, financial reporting and compliance with applicable laws and regulations.

**HUMAN RESOURCE MANAGEMENT**

Your Company has valued both experience and fresh talent, and takes pride in the commitment, competence and dedication shown by its employees in all areas of business and is conscious of the importance of environmentally clean and safe operations. Upgradation of technical skills training is periodically given to employees as per identified requirements while employees are encouraged to participate in personality development, soft skills enhancement programmes etc. especially for the marketing and technical staff.

**RISK MANAGEMENT:**

The Risk Management and Control Systems are considered to be in balance with Indokem's risk profile and appetite, although such systems can never provide absolute assurance. Indokem's Risk Management and Control Systems are subject to continuous review and adaptations in order to remain in balance with its growing business size and changes in its risk profile.

**SAFE HARBOUR CLAUSE:**

Statements in the Management Discussion and Analysis describing the Company's objectives and expectations may be "forward looking statement" within the meaning of applicable securities laws and regulations. These statements are based on certain assumptions and reasonable expectation of future events. Actual results could however differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand/ supply, price conditions in the domestic and overseas market in which the Company operates, changes in the Government regulations and tax structure, economic developments within India and the countries with which the Company has business contacts and other factors such as litigation and industrial relations.

**CONCLUSION:**

Though the company cannot assess its success on short term profits and financial performance is the main factor to overall success, we with entire system are keen in improving our performance of every individual employee just as much as we are doing for improving our every product.

For and on behalf of the Board

Place : Mumbai  
Date : 8th August, 2013

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

**REPORT ON CORPORATE GOVERNANCE**

Effective corporate governance practices constitute the strong foundations on which successful commercial enterprises are built to last. The Company's philosophy on corporate governance oversees business strategies & ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

**1. Philosophy on Corporate Governance:**

Indokem's Corporate Governance philosophy encompasses not only regulatory and legal requirements but also strives to enhance shareholders' value through :

- good strategic direction
- sound business decisions
- prudent financial management
- high standards of ethics throughout the organisation
- ensuring transparency and professionalism in all decision making processes relating to transactions of the Company.

Your Company has adopted a Code of Conduct for members of the Board as well as senior management and has received confirmations from all concerned regarding their adherence to the said Code.

Pursuant to Clause 49 of the Listing Agreement, a confirmation from the Managing Director of the Company regarding compliance with the Code by all members of the Board and senior management is forming part of this Annual Report. The full text of the Code is displayed on the Company's website [www.indokem.co.in](http://www.indokem.co.in).

Your Company has adopted a Code of Conduct for Prevention of Insider Trading as per SEBI (Prohibition of Insider Trading) Regulations, 1992. All the Directors, employees at senior management level and other specified employees who could have access to the unpublished price sensitive information of the Company are governed by the Code. During the year under review, there has been due compliance with SEBI (Prohibition of Insider Trading) Regulations, 1992.

In terms of Clause 49 of the Listing Agreement executed with the Stock Exchange, the details of Compliance are as follows :-

**2. Composition of Board:****a) Composition and Category of Directors:**

As at March 31, 2013, the strength of the Board was 6 members with Mr. Mahendra K. Khatau as Chairman & Managing Director and 5 Non Executive Directors. Out of five Non-Executive Directors, three are Independent Directors & two Directors are Non Independent Director. Except the Managing Director, all other Directors are eligible to retire by rotation as per the provisions of the Companies Act, 1956. Ms. Leela K. Khatau and Mr. S. Rajagopalan who are retiring by rotation and being eligible for reappointment and their brief profile are given in the Notice which forms part of this annual report.



The Composition of the Board and other relevant details relating to the Directors are depicted in the table given below:

| Name of the Director   |                                    | Attendance particulars |          | No. of other directorships and committee (memberships other than Indokem Limited) |            |   |
|------------------------|------------------------------------|------------------------|----------|---|------------|---|
|                        |                                    | Board Meeting          | Last AGM | Other Directorships#  | Committee@ |   |
|                        |                                    |                        |          |   | M          | C |
| Mr. Mahendra K. Khatau | Chairman & Managing Director       | 2                      | Yes      | 4   | -          | - |
| Ms. Leela Khatau       | Non-Executive Director             | 2                      | No       | 1   | -          | - |
| Mr. Kailash Pershad    | Non-Executive Independent Director | 2                      | Yes      | 1   | -          | - |
| Mr. S. Rajagopalan     | Non-Executive Independent Director | 1                      | No       | 1   | 1          | 2 |
| Mr. B.G. Sontakke      | Non-Executive Independent Director | 2                      | Yes      | 1   | 2          | - |
| Mrs. Asha M. Khatau    | Non-Executive Director             | 2                      | Yes      | 3   | -          | - |

# Directorships in Private Limited Companies excluded;

@ comprises of Audit and Investors' Grievance Committee of Public Limited Companies;

**b) Meeting and Attendance:** Two Board Meetings were held during the financial year ended 31<sup>st</sup> March, 2013 (6 months), viz. on 9<sup>th</sup> November, 2012 and 11<sup>th</sup> February, 2013.

**c) Board Agenda:** The Board meetings are scheduled well in time and Board members are given a notice of at least seven days before the meeting date. The Board members are provided with well structured and comprehensive agenda papers. All major agenda items are backed by in-depth background information and analysis, wherever possible, to enable the Board to take appropriate & informed decisions.

**3. Audit Committee:**

**a) Terms of Reference:** The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements entered into with the Stock Exchanges read with Section 292A of the Companies Act, 1956. The Audit Committee is responsible for overseeing the Company's financial reporting process by providing direction to audit function and monitor the scope and quality of internal and statutory audits. Terms of Reference of Audit Committee are broadly as under:

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true & fair position & that sufficient & credible information is disclosed.
- Recommending the appointment of Statutory and Cost Auditors and fixation of their audit fees.
- Reviewing the Audit Report / Cost Audit Report
- Reviewing the financial statements and draft audit report, including the quarterly/half-yearly financial information.
- Reviewing with the management the annual financial statements focusing primarily on:
  - any changes in accounting policies and practices;
  - major accounting entries based on exercise of judgment by management;
  - reviewing audit report and comments;
  - significant adjustments arising out of audit;
  - the going concern assumption;

- compliances with accounting standards, stock exchange and legal requirements concerning financial statements;
- any related party transactions as per Accounting Standard.
- Reviewing the Company's financial and risk management policies.
- Disclosure of contingent liabilities.
- Reviewing with the management, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit functions.
- Reviewing compliances as regards the Company's Whistle Blower Policy.

The previous Annual General Meeting (AGM) of the Company was held on 28th December, 2012.

- b) Composition of Audit Committee:** The Audit Committee presently comprises of Mr. Kailash Pershad, Chairman, besides, Mr. M. K. Khatau, Mr. S. Rajagopalan and Mr. B.G. Sontakke. Two-thirds of the members of audit committee are independent directors. All of them have financial and accounting knowledge. Mr. Rohan Gavas, Company Secretary is the Secretary of the Committee. Chief Financial Officer, Statutory Auditors and Cost Auditor attend meetings by invitation.
- c) Attendance:** Two meetings were held during the financial year ended 31<sup>st</sup> March, 2013 viz. on 9<sup>th</sup> November, 2012 & 11<sup>th</sup> February, 2013. Composition of the Audit Committee & attendance of each Director at these meetings are as follows:

| Name of the Director | Designation | No. of Meetings Attended |
|----------------------|-------------|--------------------------|
| Mr. Kailash Pershad  | Chairman    | 2                        |
| Mr. S. Rajagopalan   | Member      | 1                        |
| Mr. M.K. Khatau      | Member      | 2                        |
| Mr. B.G. Sontakke    | Member      | 2                        |

**4. Remuneration Committee:**

- a)** Remuneration Committee was constituted by the board to recommend / review the remuneration package of the Whole Time Director / Chairman and Managing Director. The Constitution of Committee comprises the following 3 Non-Executive Independent Directors.

| Name of Directors   | Designation |
|---------------------|-------------|
| Mr. Kailash Pershad | Chairman    |
| Mr. S. Rajagopalan  | Member      |
| Mr. B.G. Sontakke   | Member      |

There was no meeting of the Remuneration Committee during the financial year 2012-2013 (6 months).

**b) Remuneration of Directors**

**Revision of Remuneration of Shri Mahendra K. Khatau**

Remuneration Committee and Board of Directors of the Company approved the revision of remuneration of Mr. M. K. Khatau, Chairman and Managing Director of the Company upto ₹ 2.50 Lacs per month in their meeting held on 08.08.2013 subject to the approval of members in ensuing Annual General Meeting. Further disclosures pursuant to schedule XIII Part B (IV) are as follows:

- (i) Remuneration Package and their elements:** Details of Remuneration Package is mentioned in the Explanatory Statement of the Notice forming part of this Annual Report.

- (ii) **Details of Fixed Components and Performance Linked Incentives:** Apart from the fixed components as mentioned in the Explanatory Statement of the Notice forming part of this Annual Report there is no performance linked in Incentives.
- (iii) **Service Contracts, Notice Period, Severance Fees:** Shri Mahendra K. Khatau is appointed as Chairman and Managing Director for a period of 5 years w.e.f. 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March, 2015 and with the notice period of 3 months and no severance fees.
- (iv) **Stock Option Details:** There are no stock option details given by the Company. Except mentioned above there are no variable components (Performance Linked Incentive) in the salary / remuneration of Mr. M. K. Khatau and that his appointment was made for a period of 5 years w.e.f. 01.04.2010 in the Annual General Meeting held on 30.09.2010 and that there is no stock option issued by the Company to any of its Directors. 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

| Remuneration :-                        | ₹ In Lacs   |
|--|-------------|
| Managing Director :                    | 8.25        |
| Non Executive Directors (Sitting Fees) | 0.31        |
| <b>Total</b>                           | <b>8.56</b> |

Managing Director has a service contract of five years, with a notice period of three months by either party.

**c) Remuneration of Non-Executive Directors**

| Name of Director    | Sitting Fees Paid (₹) |                         |
|---------------------|-----------------------|-------------------------|
|                     | Board Meeting         | Audit Committee Meeting |
| Ms. Leela Khatau    | 4,000                 | -                       |
| Mr. Kailash Pershad | 4,000                 | 4,000                   |
| Mr. S. Rajagopalan  | 2,000                 | 2,000                   |
| Mr. B.G. Sontakke   | 4,000                 | 4,000                   |
| Mrs. Asha M. Khatau | 4,000                 | -                       |

**5. Shareholders' Committee:**

- a) **Share Transfer Committee** The Committee comprises of an Executive Director and a Non-Executive Independent Director. Mr. M.K. Khatau is the Chairman, Mrs. Leela K. Khatau and Mr. B.G. Sontakke are the other members of the Committee. The Committee looks into the issues relating to Shareholders, including transfer, transmission and transposition of shares, issue of duplicate share certificates and other related matters. The Committee meets to approve the share transfers and transmissions from time to time.
- b) **Shareholders' Grievance Committee** The Committee presently consists of three Non-Executive Independent Directors and an Executive Director. This Committee specifically looks into the redressal of shareholders' and investors' complaints with a primary objective to improve investor relations. The Committee met two times during the financial year 2012-2013 (6 months) viz. on 9<sup>th</sup> November, 2012 and 11<sup>th</sup> February, 2013. Composition of the committee and attendance of each Director at these meetings are as follows:

| Name of the Director | Designation | No. of Meetings Attended |
|----------------------|-------------|--------------------------|
| Mr. B.G. Sontakke    | Chairman    | 2                        |
| Ms. Leela Khatau     | Member      | 2                        |
| Mr. M.K. Khatau      | Member      | 2                        |

**c) Compliance officer**

Mr. Rohan R. Gavas, Company Secretary is the Compliance Officer pursuant to clause 47 (a) of the Listing Agreement with Stock Exchanges.

**d) Details of complaints/correspondences received & resolved during the year**

|   |     |
|---|-----|
| Number of correspondences received from Share holders | Nil |
| Number of correspondences redressed                   | Nil |
| Number of complaints/correspondences not resolved     | Nil |

**6. General Body Meeting Held During The Last Three Years**

| AGM                     | Date                     | Venue                                   | Special Resolution Passed  |
|-------------------------|--------------------------|---|--|
| 44 <sup>th</sup><br>AGM | 30.09.2010<br>at 4.00 pm | Khatau House, Mahim,<br>Mumbai-400 016. | <ul style="list-style-type: none"> <li>• Appointment of Mr. Mahendra Kishore Khatau as Chairman &amp; Managing Director of the Company.</li> <li>• Appointment of Mrs. Asha M. Khatau &amp; Mr. B.G. Sontakke as Directors of the Company.</li> <li>• Amendment of Articles of Association for the minimum number of Directors to 4 instead of 6.</li> <li>• Appointment of Mr. Manish M. Khatau as Vice President-Corporate Strategies U/s 314 of Companies Act, 1956.</li> </ul> |
| 45 <sup>th</sup><br>AGM | 29.09.2011<br>at 4.00 pm | Khatau House, Mahim,<br>Mumbai-400 016. | There was no Special Resolution passed during the year.  |
| 46 <sup>th</sup><br>AGM | 28.12.2012<br>at 4.00 pm | Khatau House, Mahim,<br>Mumbai-400 016. | There was no Special Resolution passed during the year.  |

**7. Resolution passed through Postal Ballot:**

During the year, no resolutions were passed through Postal Ballot.

**8. Code of Conduct:**

At the Board Meeting, held on 8th August, 2013, the Board approved the Code of Conduct applicable to the Directors and the senior management personnel. This Code of Conduct is available on the website of the Company: [www.indokem.co.in](http://www.indokem.co.in) All the Directors and Senior Management Personnel affirmed their compliance with the Code of Conduct. A declaration to this effect signed by the Chairman and Managing Director forms a part of this Report.

**9. Key Information:**

Key information such as annual operating plans, budgets, quarterly working results, minutes of audit committee & other committees are made available to the Directors.

The Board is informed of all affairs including materials, financial and commercial decisions from time to time.

**10. CEO Certification:**

The Chairman and Managing Director has given a certificate to the Board as contemplated in Clause 49 of the Listing Agreement.

**11. Disclosures:**

- a) The Company has not entered into any pecuniary transactions with its promoters or directors except as disclosed in the Accounts.
- b) The Company has followed the Guidelines of Accounting Standards laid down by the Central Government and The Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.
- c) During the last three years, there were no penalties or strictures imposed on the Company either by the Stock Exchanges or by SEBI or any statutory authority for non-compliance on any matter related to capital markets.
- d) The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. The Board periodically discusses the significant business risks identified by the management and the mitigation process being taken up.
- e) During the year under review, the Company has not raised any funds from public issue, rights issue or preferential issue.

**12. Risk Management:**

The process of identification & evaluation of various risks inherent in the business environment and the operations of the Company and initiation of appropriate measures for prevention and/or mitigation of the same are dealt with by the concerned operational heads under the overall supervision of the Managing Directors of the Company. The Audit Committee periodically reviews the adequacy and efficacy of the overall risk management system.

**13. Web Site:**

The Company Web Site : [www.indokem.co.in](http://www.indokem.co.in)

Queries relating to Investors Grievances may be addressed to e-mail: [secretarial@indokem.co.in](mailto:secretarial@indokem.co.in) / [iklsecretarial@gmail.com](mailto:iklsecretarial@gmail.com)

**14. Compliance:**

The Board reviews periodically compliance reports of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non compliances, if any.

**15. Means of Communication:**

- a) The quarterly results are published in 2 News papers circulated at Mumbai:
  - i) Business Standard (English), and
  - ii) Tarun Bharat (Marathi).
- b) The financial results, shareholding pattern, Annual Reports and other investors related information are posted on the Company's website : [www.indokem.co.in](http://www.indokem.co.in).
- c) The report on Corporate Governance forms part of the Annual Report of the Company and the Certificate from a Practicing Chartered Accountant confirming compliance is enclosed herewith.
- d) A report on Management Discussion & Analysis is also a part of the Company's Annual Report.

**16. General Shareholder Information:**

a) Annual General Meeting

Date : 30th September, 2013.  
 Time : 4.00 p.m.  
 Venue : Khatau House, Mogul Lane, Mahim, Mumbai-016.

**b) Financial Calendar**

Results for the Quarter Ending on : Tentative date of declaration.  
 30th June, 2013 : 8th August, 2013.  
 30th September, 2013 : 2nd week of November, 2013.  
 31st December, 2013 : 2nd Week of February, 2014.  
 31st March, 2014 (Audited) : 2nd week of May, 2014.  
 A.G.M. for the Year ended 31.03.2014 : Last Week of September, 2014.

**c) Period of Book Closure**

: 20th September, 2013 to 30th September, 2013  
 (Both days inclusive)

**d) Listing on Stock Exchanges:**

Bombay Stock Exchange Limited, P. J. Towers, Dalal Street, Mumbai-400001.

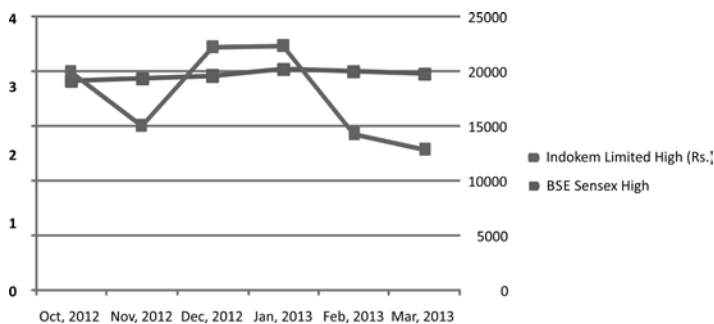
**e) Stock Code:**

Bombay Stock Exchange Limited : 504092

**f) Market Information:**

Market price data- monthly high / low of Company's Equity shares & Sensex during the last financial year.

| Month          | Indokem Limited. |           | BSE Sensex |           |
|----------------|------------------|-----------|------------|-----------|
|                | High (Rs.)       | Low (Rs.) | High       | Low       |
| October, 2012  | 3.18             | 2.15      | 19,137.29  | 18,393.42 |
| November, 2012 | 2.40             | 2.08      | 19,372.70  | 18,255.69 |
| December, 2012 | 3.56             | 2.00      | 19,612.18  | 19,149.03 |
| January, 2013  | 3.57             | 2.38      | 20,203.66  | 19,508.93 |
| February, 2013 | 2.29             | 1.81      | 19,966.69  | 18,793.97 |
| March, 2013    | 2.06             | 1.53      | 19,754.66  | 18,568.43 |



**g) Registrar and Transfer Agent**

M/s. Sharex Dynamic (India) Pvt. Ltd,  
 Unit No.1, Luthra Industrial 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

**h) Share Transfer System**

Securities lodged for transfer at the Registrar’s office are normally processed within 15days from the date of lodgment, if the documents are proper in all respect. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 15 days. Any queries in respect of share transfer and transmission are dealt with by the share transfer committee and the shareholder’s grievances committee.

| Sr. No | Category  | No. of Shares held | % of Shareholding |
|--------|---|--------------------|-------------------|
| 1.     | Promoters   | 17346839           | 70.812            |
| 2.     | Banks / Financial Institutions and Insurance Cos. | 58775              | 0.240             |
| 3.     | Private Corporate Bodies                          | 301617             | 1.231             |
| 4.     | Indian Public /HUF/Clearing Members               | 6781815            | 27.684            |
| 5.     | NRIs / OCBs / Foreign nationals                   | 8142               | 0.033             |
|        | <b>Total</b>                                      | <b>24497188</b>    | <b>100.00</b>     |

**j) Distribution of Shareholding as on 31.03.2013:**

| No. of Equity Shares Held | No. of Shareholders | Percentage of Shareholders | No. of Shares   | Percentage of Shares |
|---------------------------|---------------------|----------------------------|-----------------|----------------------|
| Up to – 5000              | 25086               | 94.47                      | 3150834         | 12.86                |
| 5001 – 10000              | 878                 | 3.31                       | 693195          | 2.83                 |
| 10001 – 20000             | 304                 | 1.14                       | 454423          | 1.86                 |
| 20001 – 30000             | 98                  | 0.37                       | 246665          | 1.01                 |
| 30001 – 40000             | 36                  | 0.14                       | 129925          | 0.53                 |
| 40001 – 50000             | 28                  | 0.11                       | 135309          | 0.55                 |
| 50001 - 100000            | 64                  | 0.24                       | 455399          | 1.86                 |
| 100001 and above          | 60                  | 0.23                       | 19231438        | 78.50                |
| <b>Total</b>              | <b>26554</b>        | <b>100.00</b>              | <b>24497188</b> | <b>100.00</b>        |

The total shareholding held in the electronic form as on 31/03/2013 is 85.88% with NSDL & CDSL.

\* **Depositories** : Central Depository Services (India) Ltd. (CDSL)  
National Securities Depository Ltd. (NSDL)

\* **ISIN** : INE716FO1012

**k) Outstanding GDRs / ADRs**

No such GDRs / ADRs / Warrants or any convertible instruments were issued and outstanding.

**l) Address for Correspondence**

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

**17) Status of Compliance with Non-Mandatory Requirements**

Your Company continuously strives towards improving its Corporate governance practices. Whilst your Company is fully compliant with the mandatory requirements of the Clause 49 of the listing Agreement, the adoption of non mandatory requirements under Clause 49 of the listing agreement are reviewed by the Board from time to time. The status of non mandatory requirement is as follows:

**a) Office space for Non-Executive Chairman**

The Company has an Executive Chairman and therefore the issue of providing office to Non-Executive Chairman does not arise. The Company has no specific tenure specified for Independent Directors. The tenure of certain Independent Directors exceeds the period of 9 years.

**b) Shareholder' rights to receive financial results**

The financial results of the Company for every quarter are published in the newspapers and are also put on the Company's website [www.indokem.co.in](http://www.indokem.co.in).

**c) Status of Compliance with Non-Mandatory Requirements**

Your Company continuously strives towards improving its Corporate governance practices. Whilst your Company is fully compliant with the mandatory requirements of the Clause 49 of the listing Agreement, the adoption of non mandatory requirements under Clause 49 of the listing agreement are reviewed by the Board from time to time. The status of non mandatory requirement is as follows:

**d) Office space for Non-Executive Chairman**

The Company has an Executive Chairman and therefore the issue of providing office to Non-Executive Chairman does not arise. The Company has no specific tenure specified for Independent Directors. The tenure of certain Independent Directors exceeds the period of 9 years.

**e) Shareholder' rights to receive financial results**

The financial results of the Company for every quarter are published in the newspapers and are also put on the Company's website [www.indokem.co.in](http://www.indokem.co.in).

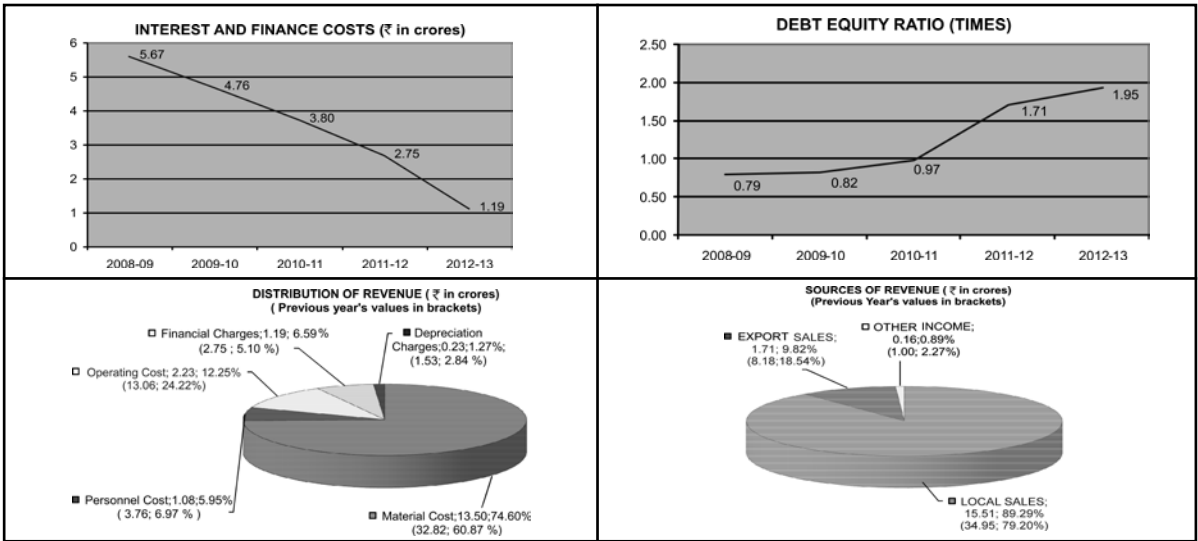
For and on behalf of the Board

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

Place : Mumbai

Date : 8th August, 2013.





### DECLARATION ON CODE OF CONDUCT

To  
The Members of Indokem Limited

This is to confirm that Board has laid down a code of conduct for all Board members and senior management of the Company. It is further confirmed that all directors and senior management personnel of the Company have affirmed compliance with the code of conduct of the Company as at 31<sup>st</sup> March, 2013, as envisaged in clause 49 in the Listing Agreement with stock exchanges.

Place : Mumbai  
Date : 8th August, 2013

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

### CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of Indokem Limited,

We have examined the compliance of conditions of Corporate Governance by **Indokem Limited**, for the year ended 31<sup>st</sup> March, 2013 (6 Months), as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Sheth Doctor & Associates**.  
Chartered Accountants  
(Firm Registration No. 124822W)

Place : Mumbai  
Date : 8th August, 2013

**Paresh S. Doctor**  
Membership No. 36056

**INDEPENDENT AUDITORS' REPORT**

**The Members of  
INDOKEM LIMITED**

**Report on the Financial Statements**

1. I have audited the accompanying financial statements of INDOKEM LIMITED (the "company"), which comprises Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss Account and also the Cash Flow Statement of the Company for the period then ended, and a summary of significant accounting policies and other explanatory information, which I have signed under reference to this report.

**Managements' Responsibility for the Financial Statements**

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("The Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

3. My responsibility is to express an opinion on these financial statements based on my audit. I have conducted the audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

**Basis for Qualified Opinion**

6. The Inventories of the company at Ankleshwar Plant are subject to physical verification and has been valued at ₹ 412.17 Lacs after making provision of ₹ 45.11 Lacs for obsolescence etc. as certified by management only (Refer Sl. No. 3(b) of Note No.26). In the absence of stock records, physical verification, or any audit evidence for such inventory, the same has been accepted as certified by management only even though Ankleshwar Plant operations have already been discontinued since 16th July, 2009 and currently the same is under process of dismantling. Further there are no records or physical verification of Fixed Assets lying at the said Plant amounting to ₹ 481.23 Lacs and the same has been accepted as certified by management only.

**Qualified Opinion**

7. In our opinion and to the best of our information and according to the explanations given to us, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2013
  - (b) In the case of the Profit and Loss Account, of the Loss for the period ended on that date : and
  - (c) In the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

**Emphasis of Matter**

8. I draw attention to following Sl. Nos. given in Note No.26 of the financial statements, which describe the uncertainty related to the final outcome of the respective events:
  - a) No.4a Re: No provision is made for further penal interest on Loan balance from the bank as already settled pursuant to One Time Settlement in last year for failure to repay the same as per terms of settlement.

- b) No.4b Re: Unadjusted old debit balances under debtors amounting to ₹346.19 lacs are not provided for since the company is in the process of recovering these amounts.

Our opinion is not qualified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

9. As required by the Companies (Auditor's Report) order ,2003,as amended by 'the Companies (Auditor's Report) (Amendment)Order,2004' ("The Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act and on the basis of such checks as I considered appropriate and according to information and explanation given to me, I give in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the Order.
10. As required under provisions of section 227(3) of the Companies Act, 1956 I report that :
- I have obtained all the information and explanations which to the best my knowledge and belief were necessary for the purpose of audit;
  - In my opinion proper books of accounts as required by law have been kept by the Company so far as appears from my examination of those books.
  - The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
  - In my opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act.
  - On the basis of representations received from the directors as on March 31, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31,2013 from being appointed as a director in terms of clause (g) of sub-section of Section 274 of the Act.

**For Sheth Doctor & Associates  
Chartered Accountants  
(Firm Regn No. 124822W)**

**Paresh S. Doctor**  
Proprietor

Membership No. 36056

Place :Mumbai.

Dated : 13th May, 2013

**ANNEXURE TO THE AUDITORS' REPORT**

**(REFERRED TO IN THE REPORT OF EVEN DATE OF THE AUDITORS TO THE MEMBERS OF INDOKEM LIMITED ON THE ACCOUNTS FOR THE PERIOD ENDED 31<sup>st</sup> MARCH 2013)**

- Except for fixed assets at Ankleshwar plant as separately referred in SI.no.3(a) of Note no.26,**  
The Company has maintained fixed assets register during the year. The Company has programme for physical verification of its fixed assets which in my opinion is reasonable having regard to the size of the Company and the nature of its fixed assets.
- Inventories:  
**Except for Inventories at Ankleshwar Plant as separately referred in SI No.3(b) of Note No 26**
  - Inventories have been physically verified at the year end by the management. In my opinion, the frequency of verification is reasonable.
  - In my opinion, the procedures of physical verification of inventories by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material.
- The Company had taken loan from three (three) Directors amounting to ₹ 768.03 lacs (₹ 768.53 lacs) covered in the register maintained under section 301 of the Companies Act, 1956. The Company has granted loans to five (five) Companies covered in the register maintained u/s. 301 of the Companies Act, 1956 amounting to ₹ 127.02 lacs (₹159.00 lacs), Maximum outstanding amount ₹ 127.02 lacs (₹159.00 lacs) during the year.

- b) In my opinion, the rate of interest and other terms and conditions on which loans have been taken from directors listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company. The Company has not charged interest on the Loans given to Companies.
- c) There are no stipulations, attached to the loans for its repayment.
- 4. In my opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, packing materials, plant and machinery, equipment and other assets and with regards to sale of goods. During the course of my audit we have not observed any continuing failure to correct major weakness in the internal control procedures.
- 5. a) According to the information and explanations given to me, I am of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b) In my opinion and according to the information and explanation given to me, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 6. The Company has not accepted any deposits from the public within the meaning of sections 58A & 58AA of the Act and the rules framed thereunder.
- 7. In my opinion and according to the information & explanations given to me, the company has internal audit system during the period. However, the same is not commensurate with the size of the business of the Company and needs to be strengthened.
- 8. The Company, according to the information and explanations given to me, is maintaining accounts and records prescribed by the Central Government under section 209 (1)(d) of the Companies Act, 1956, and I am of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. I have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 9. a) Regarding depositing of undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Professional Tax and Property Tax with appropriate authorities, there were delays. Arrears outstanding in respect of all such statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable amounts to ₹ 154.22 lacs (₹ 111.66 lacs),
- b) As at March 31 2013, according to the records of the Company and the information and explanations given to me, the following are the particulars of disputed dues (provided / considered contingent liability as appropriate) on account of sales tax, income tax, customs duty, wealth tax, excise duty and cess matters that have not been deposited.

| Name of the Statute | Nature of Dues | Amount involved (₹ in Lacs) | Forum where the dispute is pending |
|---------------------|----------------|-----------------------------|------------------------------------|
| Sales Tax Act       | Sales Tax      | 17.42                       | Tribunal                           |
| Sales Tax Act       | Sales Tax      | 13.07                       | Commissioner (Appeals)             |
| Income Tax Act      | Income Tax     | 115.41                      | Commissioner (Appeals)             |
| Service Tax Act     | Service Tax    | 2.78                        | Commissioner (Appeals)             |

- 10. The Company has incurred cash loss in the current year as also in the immediately preceeding financial year and the accumulated losses are more than 50% of its net worth as at 31<sup>st</sup> March 2013.

11. Based on the examination of books of accounts and related records and according to the information and explanations provided to me, the Company has defaulted in repayment of dues to Bank and Financial Institutions. Out of total dues, a sum of ₹ 1410.00 lacs (₹ 1410.00 lacs) and interest ₹ 74.02 is found overdue and in default.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In my opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
14. In my opinion and according to the information and explanations given to me, the Company is not dealer or trader in securities.
15. The Company has given guarantees amounting to ₹ 570 lacs (₹ 1030 lacs) for loans taken by others from banks and financial institution (as referred in Note No. 26 (1e) of Annual Accounts) and terms and conditions are not prima facie prejudicial to the interest of the company.
16. In my opinion and according to the information and explanations given to me, no Term Loan has been raised during the year.
17. According to the information and explanations given to me and on an overall examination of the Balance Sheet of the Company, I report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets.
18. The Company has not made any preferential allotment of shares during the year to parties and Companies covered in the register maintained under Section 301 of the Act.
19. The Company has not raised any funds by way of debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. During the course of my examination of the books of accounts carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to me, I have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have I been informed of such case by the management.

**For Sheth Doctor & Associates**  
**Chartered Accountants**  
**(Firm Regn No. 124822W)**

**Paresh S Doctor**  
Proprietor  
Membership No. 36056

Place : Mumbai.  
Dated : 13th May, 2013

**BALANCE SHEET AS AT 31ST MARCH, 2013 (6 MONTHS)**

(₹ in '000)

|   | Note No. | As at 31st March 2013 (Six Months) | As at 30th Sept., 2012 (Eighteen Months) |
|---|----------|------------------------------------|--|
| <b>A EQUITY AND LIABILITIES</b>                                 |          |                                    |  |
| <b>1 Shareholders' funds</b>                                    |          |                                    |  |
| (a) Share capital   | 2        | 24,49,72                           | 24,49,72                                 |
| (b) Reserves and surplus  | 3        | (13,01,74)                         | (12,16,22)                               |
|   |          | <b>11,47,98</b>                    | <b>12,33,50</b>                          |
| <b>2 Non-current liabilities</b>                                |          |                                    |  |
| (a) Long-term borrowings  | 4        | 8,06,52                            | 6,98,93                                  |
| (b) Other long-term liabilities                                 | 5        | 2,01,12                            | 1,97,80                                  |
| (c) Long-term provisions  | 6        | 55,49                              | 61,20                                    |
|   |          | <b>10,63,13</b>                    | <b>9,57,93</b>                           |
| <b>3 Current liabilities</b>                                    |          |                                    |  |
| (a) Short-term borrowings                                       | 7        | 14,10,00                           | 14,10,00                                 |
| (b) Trade payables  | 8        | 8,65,43                            | 8,68,11                                  |
| (c) Other current liabilities                                   | 9        | 8,03,84                            | 7,48,25                                  |
|   |          | <b>30,79,27</b>                    | <b>30,26,36</b>                          |
|   |          | <b>52,90,38</b>                    | <b>52,17,79</b>                          |
| <b>TOTAL</b>  |          |                                    |  |
| <b>B ASSETS</b>   |          |                                    |  |
| <b>1 Non-current assets</b>                                     |          |                                    |  |
| <b>(a) Fixed assets</b>   |          |                                    |  |
| (i) Tangible assets   | 10       | 23,48,39                           | 23,13,77                                 |
| (ii) Intangible assets  | 11       | 58,35                              | 72,36                                    |
| (iii) Capital work in progress                                  |          | 20,75                              | 13,39                                    |
|   |          | <b>24,27,49</b>                    | <b>23,99,52</b>                          |
| (b) Non-current investments                                     | 12       | 3,99,60                            | 3,99,80                                  |
| (c) Long-term loans and advances                                | 13       | 3,57,06                            | 4,08,23                                  |
| (d) Other non Current assets                                    | 14       | 9,96                               | 13,43                                    |
|   |          | <b>7,66,62</b>                     | <b>8,21,46</b>                           |
| <b>2 Current assets</b>   |          |                                    |  |
| (a) Inventories   | 15       | 8,35,35                            | 8,45,36                                  |
| (b) Trade receivables   | 16       | 11,36,75                           | 10,66,39                                 |
| (c) Cash and cash equivalents                                   | 17       | 62,64                              | 40,56                                    |
| (d) Short-term loans and advances                               | 18       | 50,83                              | 39,12                                    |
| (e) Other current assets  | 19       | 10,70                              | 5,38                                     |
|   |          | <b>20,96,27</b>                    | <b>19,96,81</b>                          |
|   |          | <b>52,90,38</b>                    | <b>52,17,79</b>                          |
| <b>TOTAL</b>  |          |                                    |  |
| See accompanying notes forming part of the financial statements | 26       |                                    |  |

As per our report attached.

**For Sheth Doctor & Associates**

Chartered Accountants  
(Firm Regn. No 124822W)

**For and on behalf of the Board of Directors**

**Paresh S. Doctor**  
Membership No 36056

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

**Leela K. Khatau**  
Director

**Rohan R. Gavas**  
Company Secretary

Place : Mumbai  
Date :13.05.2013

**PROFIT AND LOSS FOR THE PERIOD 01/10/2012 TO 31/03/2013**

|   |          | (₹ in '000)   |  |
|---|----------|---|--|
|   | Note No. | For the period<br>01/10/2012<br>to 31/03/2013<br>(Six Months) | For the period<br>01/04/2011<br>to 30/09/2012<br>(Eighteen Months) |
| <b>A CONTINUING OPERATIONS</b>  |          |   |  |
| 1 Revenue from operations (gross)   | 20       | 17,44,81  | 43,66,99   |
| Less: Excise duty   |          | <u>12,81</u>  | <u>21,75</u>   |
| Revenue from operations (net)   |          | 17,32,00  | 43,45,24   |
| 2 Other income  | 21       | <u>5,85</u>   | <u>98,22</u>   |
| 3 <b>Total revenue</b>  |          | <u><b>17,37,85</b></u>  | <u><b>44,43,46</b></u>   |
| 4 Expenses  |          |   |  |
| (a) Cost of materials consumed  |          | 13,50,02  | 32,82,20   |
| (b) Employee benefits expense   | 22       | 1,07,66   | 3,76,37  |
| (c) Finance costs   | 23       | 1,19,29   | 2,70,82  |
| (d) Depreciation & amortisation expense   |          | 22,97   | 1,53,75  |
| (e) Other expenses  | 24       | <u>2,09,72</u>  | <u>8,78,43</u>   |
| <b>Total expenses</b>   |          | <u><b>18,09,66</b></u>  | <u><b>49,61,57</b></u>   |
| 5 Profit / (Loss) before tax  |          | <u><b>(71,81)</b></u>   | <u><b>(5,18,11)</b></u>  |
| 6 Tax expense:  |          |   |  |
| (a) Current tax expense relating to prior years                                   |          | -   | 10   |
| (b) Net current tax expense   |          | -   | 10   |
| 7 <b>Profit / (Loss) from continuing operations</b>                               |          | <u><b>(71,81)</b></u>   | <u><b>(5,18,01)</b></u>  |
| <b>B DISCONTINUING OPERATIONS</b>   |          |   |  |
| 8 i Profit / (Loss) from discontinuing operations (before tax)                    | 25       | (13,71)   | (4,32,61)  |
| ii Gain on settlement of liabilities attributable to the discontinuing operations |          | -   | 3,26   |
| 9 <b>Profit / (Loss) from discontinuing operations</b>                            |          | <u>(13,71)</u>  | <u>(4,29,35)</u>   |
| <b>C TOTAL OPERATIONS</b>   |          |   |  |
| 10 <b>Profit / (Loss) for the year</b>  |          | <u><b>(85,52)</b></u>   | <u><b>(9,47,36)</b></u>  |
| 11 Earnings per share (of ₹ 10/- each):   |          |   |  |
| (a) Basic   |          | (0.35)  | (3.87)   |
| (b) Diluted   |          | (0.35)  | (3.87)   |
| See accompanying notes forming part of the financial statements                   | 26       |   |  |

As per our report attached.

**For Sheth Doctor & Associates**

Chartered Accountants  
(Firm Regn. No 124822W)

**For and on behalf of the Board of Directors**

**Paresh S. Doctor**  
Membership No 36056

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

**Leela K. Khatau**  
Director

**Rohan R. Gavas**  
Company Secretary

Place : Mumbai  
Date :13.05.2013

**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2013**

|   | For the period<br>01/10/2012<br>to 31/03/2013 | (₹ in '000)<br>For the period<br>01/04/2011<br>to 30/09/2012 |
|---|---|--|
| <b>PART I : CASH FLOW FROM CONTINUING OPERATIONS</b>                          |   |  |
| <b>A. Cash flow from operating activities</b>                                 |   |  |
| Net Profit/ (Loss) before Tax   | (85,52)                                       | (9,47,46)  |
| Adjustments for :   |   |  |
| Depreciation  | 22,97   | 1,53,75  |
| Finance cost  | 1,19,29                                       | 2,70,82  |
| Expenses on discontinuing operations  | 13,71   | 4,29,35  |
| Amortization of goodwill  | 13,78   | 41,33  |
| Amalgamation expenses w/off   | 3,47  | 14,55  |
| Adjustment out of capital WIP   | 4,55  | -  |
| Interest income   | (1,26)  | (10,05)  |
| Dividend income   | (4)   | (14)   |
| Provision and write-off of Debts and Advances                                 | 5,97  | 3,47,35  |
| Profit/(loss) on sale of Fixed Assets (Net)                                   | -   | 1,78,89  |
| Assets written off  | 69  | 17,08  |
| Profit on sale of investments   | -   | (9,03)   |
| Operating Income Before Working Capital changes                               | <u>97,61</u>                                  | <u>4,86,44</u>   |
| <b>Changes in working capital</b>   |   |  |
| Adjustment for increase / decrease in operating assets                        |   |  |
| Inventories   | 10,01   | 24,91  |
| Trade Receivables   | (70,38)                                       | (2,22,68)  |
| Short Term Loans and Advances   | (11,71)                                       | (2,81)   |
| Long Term Loans and Advances  | 51,17   | 7,21   |
| Other current assets  | (5,32)  | (3,58)   |
| Other non-current assets  | -   | (5,20)   |
| Adjustment for increase / decrease in operating liabilities                   |   |  |
| Trade payables  | (2,68)  | (3,85,82)  |
| Other current liabilities   | 55,59   | 2,52,80  |
| Other long term liabilities   | 3,32  | 3,86   |
| Long - term provisions  | (5,71)  | (40,82)  |
| Changes in working capital  | <u>24,29</u>                                  | <u>(3,72,13)</u>   |
| <b>Net cash flow from operating activities (A)</b>                            | <b>1,21,90</b>                                | <b>1,14,31</b>   |
| <b>B. Cash flow from investing activities</b>                                 |   |  |
| Capital expenditure on fixed assets   | (75,71)                                       | (1,63,13)  |
| Proceeds on sale of fixed assets  | -   | -  |
| Proceeds from sale of Non current investments                                 | -   | 9,72   |
| Interest received   | 1,26  | 8,37   |
| Dividend received   | 4   | 14   |
| <b>Net cash flow from investment activities (B)</b>                           | <b>(74,41)</b>                                | <b>(1,44,90)</b>   |
| <b>C. Cash flow from financing activities</b>                                 |   |  |
| Proceeds from long term borrowings  | 1,12,38                                       | 1,15,82  |
| Repayment of long term borrowings   | (4,79)  | (45,54)  |
| Proceeds from short term borrowings   | -   | -  |
| Repayment of short term borrowings  | -   | (4,12,80)  |
| Finance costs   | (1,19,29)                                     | (98,92)  |
| <b>Net cash flow from financing activities ( C )</b>                          | <b>(11,70)</b>                                | <b>(4,41,44)</b>   |
| <b>Net cash flow from continuing operations</b>                               | <b><u>35,79</u></b>                           | <b><u>(4,72,03)</u></b>                                      |
| <b>PART II : CASH FLOW FROM DISCONTINUING OPERATIONS</b>                      |   |  |
| Proceeds on sale of fixed assets  | -   | 4,95,30  |
| Expenses on discontinued operations (Net)                                     | (13,71)                                       | (4,29,35)  |
| <b>Net Cash flow from discontinuing operations</b>                            | <b><u>(13,71)</u></b>                         | <b><u>65,95</u></b>  |
| <b>Net increase/(decrease) in cash and cash equivalent (Part I+ Part II )</b> | <b>22,08</b>                                  | <b>(4,06,08)</b>   |
| Cash and cash equivalent at the end of the year                               | <b>62,64</b>                                  | <b>40,56</b>   |
| Cash and cash equivalent at the beginning of the year                         | <b>40,56</b>                                  | <b>4,46,64</b>   |
| Cash and cash equivalent comprise of :  |   |  |
| (a) cash in hand  | 2,40  | 5,59   |
| (b) balance with banks  |   |  |
| (i) in current accounts   | 37,73   | 12,49  |
| (ii) in EEFC accounts   | 57  | 55   |
| (iii) in earmarked accounts   | 21,78   | 21,78  |
| (c) Others  | 16  | 15   |

As per our report attached.

**For Sheth Doctor & Associates**

Chartered Accountants  
Firm Regn. No 124822W

**Paresh S. Doctor**  
Membership No 36056  
Place : Mumbai Date :13.05.2013

**For and on behalf of the Board of Directors**

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

**Leela K. Khatau**  
Director

**Rohan R. Gavas**  
Company Secretary



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS.****NOTE NO. 1.****NOTES TO THE FINANCIAL STATEMENTS.****Corporate Information**

The Company deals in dyes, sizing chemicals and auxiliaries used in Textile industry. It has Head Office at Mahim, Mumbai and branch offices at Ahmedabad Delhi and Coimbatore. It has godown at Dahisar Mori near Mumbai and at Ahmedabad and Coimbatore locations.

**Significant Accounting Policies****Basis of accounting and preparation of financial statements**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India, to comply with the accounting standards notified under the Companies (Accounting Standard) Rules 2006 (as amended) and the relevant provisions of the Companies Act, 1956.

The accounting statements have been prepared on accrual basis under historical cost convention.

**Use of Estimates**

The preparation of financial statements in conformity with the Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities and reported income and expenses. The management believes that the estimates used in preparation of financial statements are prudent and reasonable.

**Inventories**

Inventories of traded goods are valued on FIFO basis. Inventories of Ankleshwar Plant are valued on the estimated basis as certified by management.

**Cash and cash equivalent**

Cash comprises of cash on hand and demand deposits with banks. Cash equivalent are short term , highly liquid investments that are readily convertible into known amount of cash.

**Cash Flow statement**

Cash flows are reported using indirect method , whereby profit/(loss) before extraordinary items and tax is adjusted for effects of transactions of non-cash nature and any accruals of past and future cash receipts or payments. The cash flows from operating, investing and financing activities are segregated on the basis of available information.

**Depreciation**

Deprecation has been provided on the WDV method as per the rates prescribed in the Schedule XIV of the Companies Act 1956.

Depreciation on additions / disposal of assets during the year has been provided on pro-rata basis with reference to the date of addition/disposal.

**Revenue recognition****Sale of goods :**

Sales are recognized , net of returns and trade discounts on transfer of significant risks and rewards of the ownership to buyer. Sales include excise duty but exclude sales tax and vat.

**Other Income**

Interest income is accounted on accrual basis.

**Tangible Fixed Assets**

The tangible fixed assets are stated at cost of acquisition ( net of Cenvat credit / Value added tax ). All costs relating to the acquisition and installation, up to the date such assets are put to use, are capitalized as part of cost of the asset.

Fixed assets retired from use and held for sale are disclosed separately in the Balance Sheet.

**Intangible Assets**

Intangible assets are carried at cost.

**Foreign currency transactions**

All transactions in foreign currency are recorded at the rates of exchange prevailing on the dates when the transaction takes place.

Monetary assets and liabilities in foreign currency outstanding at the close of the year are converted in Indian currency at the appropriate rate of exchange prevailing on the date of Balance Sheet. The resultant gain/loss pertaining to revenue is recognized in the Statement of profit / loss for the year and that of pertaining to capital is adjusted to the cost of fixed asset.

**Borrowing costs**

Borrowing costs are recognized in the Statement of profit and loss in the year in which they are incurred.

**Investments**

Long Term Investments are stated at cost .

**Employees' Retirement Benefits**Short-term Employee Benefits

All Employee benefits payable within twelve months of rendering the service are recognized in the period in which the employee renders the related service.

Post Employment / Retirement Benefits

Contribution to Defined Contribution Plans such as Provident Funds etc. are charged to the Profit and Loss Account as incurred. Defined Benefit Plans – The present value of the obligation under such Plans is determined based on an actuarial valuation. Actuarial gains and losses arising on such valuation are recognized immediately in the Profit and Loss Account. In the absence of any Plan Assets, the Present Value Obligation is recognized on gross basis.

Termination Benefits

Termination Benefits are recognized as and when incurred.

**For Taxes on Income**

Provision for current tax is made based on the tax payable for the year under the Income Tax Act, 1961. Deferred tax is recognized for all timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**Provision for Contingencies**

In the opinion of the management provisions for contingencies in pursuance of AS 29 issued by the Institute of Chartered Accountants of India is not required as there exist no such liabilities unprovided for.

**Goodwill**

The goodwill is amortized over a period of five years commencing from the year in which it arises.

**Amalgamation Expenses**

Amalgamation expenses incurred during the year are amortised over a period of five successive previous years commencing from the year in which the amalgamation expenses are incurred. The balance amount of amalgamation expenses is shown under the head Miscellaneous Expenditure to the extent not written off or adjusted.

**Earning per share**

The basic and diluted earnings per share is computed by dividing the net profit/loss attributable to equity shareholders for the year, by the weighted average number of Equity shares outstanding during the year. The Company did not have any dilutive potential equity shares outstanding as at year end.

**Note 2 : Share capital**

| Particulars  | As at 31st March, 2013 |                 | As at 30th September, 2012 |           |
|--|------------------------|-----------------|----------------------------|-----------|
|  | Number of shares       | ₹ in '000       | Number of shares           | ₹ in '000 |
| <b>Authorised</b><br>2,53,00,000 (2,53,00,000) Equity Shares of ₹ 10/- each                                | <b>2,53,00,000</b>     | <b>25,30,00</b> | 2,53,00,000                | 25,30,00  |
| <b>Issued &amp; Subscribed and Fully Paid up</b><br>2,44,97,188 (2,44,97,188) Equity Shares of ₹ 10/- each | <b>2,44,97,188</b>     | <b>24,49,72</b> | 2,44,97,188                | 24,49,72  |
| <b>Total</b>   | <b>2,44,97,188</b>     | <b>24,49,72</b> | 2,44,97,188                | 24,49,72  |

**1 (a) Rights etc. attached to Equity Shares :**

The Company has only one class of equity having a face value of ₹10/- per share. Each shareholder is eligible for one vote per share held.

**1 (b) Details of shares held by the shareholders holding more than 5% of the aggregate shares in the Company:**

| Name of Shareholders                               | As at 31st March, 2013 |              | As at 30th September, 2012 |              |
|--|------------------------|--------------|----------------------------|--------------|
|  | Number of shares       | % of Holding | Number of shares           | % of Holding |
| Priyamvada Holdings Limited                        | <b>63,59,869</b>       | <b>25.96</b> | 40,59,869                  | 16.57        |
| Vindhyapriya Holdings Private Limited              | <b>32,94,588</b>       | <b>13.45</b> | 32,94,588                  | 13.45        |
| Khatau Leasing and Finance Company Private Limited | <b>38,31,215</b>       | <b>15.64</b> | 38,31,215                  | 15.64        |

**1 (c) Reconciliation of number of shares outstanding as on beginning and closing of the year.**

The Company has neither issued nor bought back any of its shares during the year and also in previous year and balance of shares at the end of the year is the same as at the beginning of the year.

**Note 3 : Reserves and surplus**

| Particulars                      | As at 31st March 2013<br>₹ in '000 | As at 30th September, 2012<br>₹ in '000 |
|----------------------------------|------------------------------------|---|
| (a) Capital Reserve              |                                    |   |
| Balance brought forward          | <b>79</b>                          | 79                                      |
|                                  | <b>79</b>                          | 79                                      |
| (b) Securities Premium Account   |                                    |   |
| Balance brought forward          | <b>10,23,77</b>                    | 10,23,77                                |
|                                  | <b>10,23,77</b>                    | 10,23,77                                |
| (c) Revaluation /Capital Reserve |                                    |   |
| Balance brought forward          | <b>1,38,77</b>                     | 1,38,77                                 |
|                                  | <b>1,38,77</b>                     | 1,38,77                                 |

**Note 3 : Reserves and surplus (Contd.)**

| Particulars   | As at 31st March 2013<br>₹ in '000 | As at 30th September, 2012<br>₹ in '000 |
|---|------------------------------------|---|
| (d) General Reserve                                     |                                    |   |
| Balance brought forward                                 | 6,47,90                            | 6,47,90                                 |
|   | <u>6,47,90</u>                     | <u>6,47,90</u>                          |
| (e) Surplus / (Deficit) in Statement of Profit and Loss |                                    |   |
| Opening balance   | (30,27,45)                         | (20,80,09)                              |
| Add: Profit / (Loss) for the year                       | (85,52)                            | (9,47,36)                               |
| Closing balance   | (31,12,97)                         | (30,27,45)                              |
| <b>Total</b>  | <u>(13,01,74)</u>                  | <u>(12,16,22)</u>                       |

**Note 4 : Long-term borrowings**

| Particulars                                 | As at 31st March 2013<br>₹ in '000 | As at 30th September, 2012<br>₹ in '000 |
|---|------------------------------------|---|
| (a) Term loans                              |                                    |   |
| From others                                 |                                    |   |
| Secured - Vehicle loan                      | 38,49                              | 90                                      |
|   | <u>38,49</u>                       | <u>90</u>                               |
| (b) Loans and advances from related parties |                                    |   |
| Unsecured                                   |                                    |   |
| Loan from Promoter                          | 5,77,68                            | 5,57,68                                 |
| Loan from Directors                         | 1,90,35                            | 1,40,35                                 |
|   | <u>7,68,03</u>                     | <u>6,98,03</u>                          |
| <b>Total</b>                                | <u>8,06,52</u>                     | <u>6,98,93</u>                          |

**Note : Details of Security & Terms of Repayment**

- i) Vehicle Loans is repayable in monthly installments, last installment due on 20th January, 2014 and 10th November 2017 and are secured against specific vehicles
- ii) Loans from related parties are generally of Long term nature. However no repayment schedule is specified.

**Note 5 : Other long-term liabilities**

| Particulars                | As at 31st March 2013<br>₹ in '000 | As at 30th September, 2012<br>₹ in '000 |
|----------------------------|------------------------------------|---|
| (a) Others :               |                                    |   |
| Security deposits received | 2,01,12                            | 1,97,80                                 |
| <b>Total</b>               | <u>2,01,12</u>                     | <u>1,97,80</u>                          |

**Note :** Considering the long term relation with customers all security deposits received from them are treated as long term, although company has no right to defer the payment of the same beyond 1 year.

**Note 6 : Long-term provisions**

| Particulars                          | As at 31st March 2013<br>₹ in '000 | As at 30th September,2012<br>₹ in '000 |
|--------------------------------------|------------------------------------|--|
| Provision for employee benefits:     |                                    |  |
| Provision for gratuity (net)         | 39,17                              | 44,08                                  |
| Provision for leave salary           | 9,34                               | 10,14                                  |
| Provision for super annuation scheme | 6,98                               | 6,98                                   |
| <b>Total</b>                         | <b>55,49</b>                       | <b>61,20</b>                           |

**Note 7 : Short-term borrowings**

| Particulars                   | As at 31st March 2013<br>₹ in '000 | As at 30th September,2012<br>₹ in '000 |
|-------------------------------|------------------------------------|--|
| (a) Loans repayable on demand |                                    |  |
| From banks                    |                                    |  |
| Secured                       | 14,10,00                           | 14,10,00                               |
| <b>Total</b>                  | <b>14,10,00</b>                    | <b>14,10,00</b>                        |

Note:

(i) As per one time settlement with bank and repayable within 12 months, the Company has not repaid first instalment of ₹13.50 crores which was due on 30th September 2012. The borrowing is secured against assets at Ankleshwar factory and premises at Mumbai.

**Note 8 : Trade payables**

| Particulars            | As at 31st March 2013<br>₹ in '000 | As at 30th September,2012<br>₹ in '000 |
|------------------------|------------------------------------|--|
| <b>Trade payables:</b> |                                    |  |
| Other than Acceptances | 8,65,43                            | 8,68,11                                |
| <b>Total</b>           | <b>8,65,43</b>                     | <b>8,68,11</b>                         |

**Note 9 : Other current liabilities**

| Particulars  | As at 31st March 2013<br>₹ in '000 | As at 30th September,2012<br>₹ in '000 |
|--|------------------------------------|--|
| (a) Current maturities of long term debt<br>(Refer Note i below)   | 11,10                              | 3,33                                   |
| (b) Interest accrued and due on borrowings   | 1,48,16                            | 70,50                                  |
| (c) Income received in advance   | 8,53                               | 8,53                                   |
| (d) Other payables   |                                    |  |
| (i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.) | 1,86,75                            | 2,06,61                                |
| (ii) Trade / security deposits received  | 39,57                              | 39,30                                  |
| (iii) Advances from customers  | 3,98,79                            | 3,95,48                                |
| (iv) Temporary overdrawn bank balances   | 10,94                              | 24,50                                  |
| <b>Total</b>   | <b>8,03,84</b>                     | <b>7,48,25</b>                         |

Note (i): Current maturities of long-term debt (Refer Point (i) in Note 4 for details of security and guarantee)

**Note 9 : Other current liabilities (Contd.)**

| Particulars                           | As at 31st March 2013<br>₹ in '000 | As at 30th September, 2012<br>₹ in '000 |
|---------------------------------------|------------------------------------|---|
| (a) Secured loans repayable on demand |                                    |   |
| Secured                               | 11,10                              | 3,33                                    |
| <b>Total</b>                          | <b>11,10</b>                       | <b>3,33</b>                             |

**Note10 : Fixed assets - Tangible**

(₹ in '000)

| TANGIBLE ASSETS             | GROSS BLOCK             |           |                       | DEPRECIATION / AMORTISATION |                         |  |                        | NET BLOCK             |                       |                            |
|-----------------------------|-------------------------|-----------|-----------------------|-----------------------------|-------------------------|--|------------------------|-----------------------|-----------------------|----------------------------|
|                             | As at 1st October, 2012 | Additions | Disposal/ Adjustments | As at 31st March 2013       | As at 1st October, 2012 | Depreciation / Amortisation expense for the period | Disposals/ Adjustments | As at 31st March 2013 | As at 31st March 2013 | As at 30th September, 2012 |
| (a) Land                    |                         |           |                       |                             |                         |  |                        |                       |                       |                            |
| Freehold                    | 1,26,37                 | -         | -                     | 1,26,37                     | -                       | -  | -                      | -                     | 1,26,37               | 1,26,37                    |
| Leasehold                   | 14,82,55                | -         | -                     | 14,82,55                    | 88,03                   | 5,15   | -                      | 93,18                 | 13,89,37              | 13,94,52                   |
| (b) Buildings               |                         |           |                       |                             |                         |  |                        |                       |                       |                            |
| Own use                     | 9,61,64                 | 7,15      | -                     | 9,68,79                     | 4,64,60                 | 7,40   | -                      | 4,72,00               | 4,96,79               | 4,97,03                    |
| (c) Plant and Equipment     | 16,18,11                | 5,22      | 6,55                  | 16,16,78                    | 14,01,41                | 1,06   | 2,13                   | 14,00,34              | 2,16,44               | 2,16,71                    |
| (d) Furniture & Fixtures    | 57,02                   | 47        | -                     | 57,49                       | 15,36                   | 3,60   | -                      | 18,96                 | 38,53                 | 41,66                      |
| (e) Vehicles                | 45,78                   | 49,59     | -                     | 95,37                       | 32,05                   | 4,34   | -                      | 36,39                 | 58,98                 | 13,72                      |
| (f) Office Equipment        | 33,82                   | 84        | 54                    | 34,12                       | 20,21                   | 1,98   | 52                     | 21,67                 | 12,45                 | 13,60                      |
| (g) Electrical Installation | 12,18                   | -         | -                     | 12,18                       | 2,02                    | 71   | -                      | 2,72                  | 9,46                  | 10,16                      |
| <b>Total</b>                | 43,37,47                | 63,27     | 7,09                  | 43,93,66                    | 20,23,70                | 24,22  | 2,65                   | 20,45,26              | 23,48,39              | 23,13,77                   |
| Previous year               | 75,84,84                | 1,49,74   | 33,97,11              | 43,37,47                    | 45,81,01                | 1,48,54  | 27,05,85               | 20,23,70              | 23,13,77              | -                          |

**Note:**

Adjustments includes excess depreciation write back of earlier years ₹ 2,01,555/- and the same has been considered in depreciation for the year

WDV of ankleshwar fixed assets held for disposal

Land - ₹ 9,25,86,188/-

Building - ₹ 2,82,26,645/-

Plant & Machinery - ₹ 1,98,96,326/-

**Note11 : Fixed assets - Intangible**

(₹ in '000)

| INTANGIBLE ASSETS     | GROSS BLOCK            |           |          | DEPRECIATION / AMORTISATION |                        |  |                   | NET BLOCK             |                       |                           |
|-----------------------|------------------------|-----------|----------|-----------------------------|------------------------|--|-------------------|-----------------------|-----------------------|---------------------------|
|                       | As at 1st October 2012 | Additions | Disposal | As at 31st March 2013       | As at 1st October 2012 | Depreciation / Amortisation expense for the period | Other adjustments | As at 31st March 2013 | As at 31st March 2013 | As at 30th September 2012 |
| (a) Goodwill          | 1,37,78                | -         | -        | 1,37,78                     | 68,89                  | 13,78  | -                 | 82,67                 | 55,11                 | 68,89                     |
| (b) Computer software | 8,68                   | 53        | -        | 9,21                        | 5,21                   | 76   | -                 | 5,97                  | 3,24                  | 3,47                      |
| <b>Total</b>          | 1,46,46                | 53        | -        | 1,46,99                     | 74,10                  | 14,54  | -                 | 88,63                 | 58,35                 | 72,36                     |
| Previous year         | 1,37,78                | 8,68      | -        | 1,46,46                     | 27,56                  | 46,55  | -                 | 74,10                 | 72,36                 | -                         |

**Note 12 : Non-current investments**

| Particulars  | As at 31st March, 2013<br>₹ in '000 | As at 30th September, 2012<br>₹ in '000 |
|--|-------------------------------------|---|
| <b>Investments (At cost):</b>  |                                     |   |
| <b>A. Trade UnQuoted</b>   |                                     |   |
| (a) Investment in equity shares of other entities<br>Bharuch Eco-Aqua Infrastructure Ltd.<br>6,05,000 equity shares of ₹10/- each<br>(Prv. Yr. 6,05,000) | 60,50                               | 60,50                                   |
| <b>Total - Trade (A)</b>   | <b>60,50</b>                        | <b>60,50</b>                            |
| <b>B. Other Investments</b>  |                                     |   |
| (a) Investment in equity shares of other entities  |                                     |   |
| <b>Quoted</b>  |                                     |   |
| Development Credit Bank Ltd. -<br>1,200 equity shares of ₹10/- each (Prv. Yr. 1,200)   | 18                                  | 18                                      |
| <b>UnQuoted</b>  |                                     |   |
| Gujarat Small Industrial Corporation Ltd. -<br>600 equity shares of ₹ 10/- each (Prv. Yr. 600)   | 6                                   | 6                                       |
| United Easter & Nitrochem Ltd. -<br>30,000 equity shares of ₹ 10/- each (Prv. Yr. 30,000)  | 1                                   | 1                                       |
| Surya Krupa Finance Ltd. -<br>3,000 equity shares of ₹ 10/- each (Prv. Yr. 3,000)  | 1                                   | 1                                       |
| Indokem Exports Ltd. -<br>42,006 equity shares of ₹10/- each (Prv. Yr. 42,006)   | 11,19                               | 11,19                                   |
| Bharat Chemical & Fertilizers Ltd. -<br>50 equity shares of ₹10/- each (Prv. Yr. 50)   | 1                                   | 1                                       |
| Mafatal Engineering Ltd. -<br>25 equity shares of ₹ 100/- each (Prv. Yr. 25)   | 2                                   | 2                                       |
|  | <b>11,48</b>                        | <b>11,48</b>                            |
| (b) Investment in Government Securities<br>N S C - 7 years (Prv. Yr. 20000)  | -                                   | 20                                      |
|  | -                                   | 20                                      |
| (c) Investment in Debentures   |                                     |   |
| <b>UnQuoted</b>  |                                     |   |
| Priyamvada Holding Ltd. -<br>2,00,000 optionally convertible debenture face value<br>₹ 100/- each  | 1,00                                | 1,00                                    |
| Indokem Exports Ltd. -<br>19,800 optionally convertible debenture face value<br>₹ 100/- each   | 19,80                               | 19,80                                   |
| Khatau Holding & Trading Co. P. Ltd. -<br>50,000 optionally convertible debenture face value<br>₹ 100/- each   | 1                                   | 1                                       |
| Khatau Capacitors P. Ltd. -<br>3,06,846 optionally convertible debenture face value<br>₹ 100/- each  | 3,06,84                             | 3,06,84                                 |
|  | <b>3,27,65</b>                      | <b>3,27,65</b>                          |
| <b>Total - Other Investments (B)</b>   | <b>3,39,13</b>                      | <b>3,39,33</b>                          |
| <b>Total - (A+B)</b>   | <b>3,99,63</b>                      | <b>3,99,83</b>                          |
| Less: Provision for diminution in value of investments   | 3                                   | 3                                       |
| <b>Total</b>   | <b>3,99,60</b>                      | <b>3,99,80</b>                          |
| Aggregate Book value of Quoted Investment ₹  | <b>1,80,00</b>                      | <b>1,80,00</b>                          |
| Aggregate Market value of Quoted Investment ₹  | <b>5,11,80</b>                      | <b>5,27,40</b>                          |

**Note 13 : Long-term loans and advances**

| Particulars   | As at 31st March 2013<br>₹ in '000 | As at 30th September,2012<br>₹ in '000 |
|---|------------------------------------|--|
| Unsecured Considered good otherwise stated                              |                                    |  |
| (a) Security deposits   | 84,19                              | 84,23                                  |
| (b) Loans and advances to related parties (refer S.no 17 of note no 26) | 1,27,02                            | 1,58,39                                |
| (c) Taxes Paid in advance (net of provisions)                           | 14,31                              | 8,98                                   |
| (d) Balances with government authorities                                |                                    |  |
| Sales tax paid  | 10,41                              | 10,41                                  |
| Export incentive receivable   | 5,59                               | 5,59                                   |
|   | <u>16,00</u>                       | <u>16,00</u>                           |
| (e) Other loans and advances  |                                    |  |
| Advances receivable in cash or kind                                     | 1,15,54                            | 1,40,64                                |
| Advance to suppliers  | 17,54                              | 16,37                                  |
| Less: Provision for doubtful advance to suppliers                       | (17,54)                            | (16,37)                                |
| <b>Total</b>  | <b>3,57,06</b>                     | <b>4,08,23</b>                         |

**Note 14 : Other non current assets**

| Particulars                           | As at 31st March 2013<br>₹ in '000 | As at 30th September,2012<br>₹ in '000 |
|---------------------------------------|------------------------------------|--|
| (a) Unamortised expenses              |                                    |  |
| (i) Misc Exp. To the extent not w/off | 9,96                               | 13,43                                  |
| <b>Total</b>                          | <b>9,96</b>                        | <b>13,43</b>                           |

**Note 15 : Inventories**

(At lower of cost and net realisable value)

| Particulars                   | As at 31st March 2013<br>₹ in '000 | As at 30th September,2012<br>₹ in '000 |
|-------------------------------|------------------------------------|--|
| (a) Raw materials             | 23,68                              | 26,31                                  |
| (b) Work-in-progress          | 2,79,78                            | 3,10,87                                |
| (c) Finished goods            | 96,96                              | 1,07,73                                |
| (d) Traded goods              | 3,87,09                            | 3,48,00                                |
| Goods-in-transit              | 33,28                              | 38,64                                  |
| (e) Stores and spares         | 5,88                               | 6,19                                   |
| (f) Others - packing material | 8,68                               | 7,62                                   |
| <b>Total</b>                  | <b>8,35,35</b>                     | <b>8,45,36</b>                         |

Note : Refer Note No. 26 (3b) for valuation of inventories at Ankleshwar plant



**Note 16 : Trade receivables**

| Particulars   | As at 31st March 2013<br>₹ in '000 | As at 30th September,2012<br>₹ in '000 |
|---|------------------------------------|--|
| Trade receivables outstanding for a period exceeding six months from the date they were due for payment |                                    |  |
| Secured considered good   | 37                                 | 22                                     |
| Unsecured   |                                    |  |
| Considered good   | 7,58,21                            | 7,96,73                                |
| Considered doubtful   | 3,54,21                            | 3,49,41                                |
| Less: Provision for doubtful trade receivables  | (3,54,21)                          | (3,49,41)                              |
|   | <u>7,58,58</u>                     | <u>7,96,95</u>                         |
| Other trade receivables   |                                    |  |
| Secured considered good   | 33,60                              | 32,92                                  |
| Unsecured   |                                    |  |
| Considered good   | 3,44,57                            | 2,36,52                                |
|   | <u>3,78,17</u>                     | <u>2,69,44</u>                         |
| <b>Total</b>  | <u><b>11,36,75</b></u>             | <u><b>10,66,39</b></u>                 |

**Note 17 : Cash and cash equivalents**

| Particulars                                     | As at 31st March 2013<br>₹ in '000 | As at 30th September,2012<br>₹ in '000 |
|---|------------------------------------|--|
| (a) Cash on hand                                | 2,41                               | 5,59                                   |
| (b) Balances with banks                         |                                    |  |
| (i) In current accounts                         | 37,73                              | 12,49                                  |
| (ii) In earmarked funds (margin money accounts) | 21,78                              | 21,78                                  |
| (iii) In EEFC accounts                          | 57                                 | 55                                     |
| (iv) In deposit accounts                        | 15                                 | 15                                     |
| <b>Total</b>                                    | <u><b>62,64</b></u>                | <u><b>40,56</b></u>                    |

**Note 18 : Short-term loans and advances**

| Particulars                              | As at 31st March 2013<br>₹ in '000 | As at 30th September,2012<br>₹ in '000 |
|--|------------------------------------|--|
| Unsecured, considered good               |                                    |  |
| (a) Loans and advances to employees      | 2,07                               | 2,51                                   |
| (b) Security deposits                    | 3,06                               | 2,55                                   |
| (c) Prepaid expenses                     | 6,56                               | 4,43                                   |
| (d) Balances with government authorities |                                    |  |
| (i) Cenvat credit receivable             | 3,79                               | 5,45                                   |
| (ii) Export incentive receivable         | 3,50                               | 2,69                                   |
| (e) Advance to suppliers                 | 31,85                              | 21,49                                  |
| <b>Total</b>                             | <u><b>50,83</b></u>                | <u><b>39,12</b></u>                    |

**Note 19 : Other current assets**

| Particulars                            | As at 31st March 2013<br>₹ in '000 | As at 30th September,2012<br>₹ in '000 |
|--|------------------------------------|--|
| (a) Accruals                           |                                    |  |
| Interest receivable on margin money    | 2,28                               | 1,68                                   |
| (b) Others                             |                                    |  |
| (i) Contractually reimbursable expense | 8,42                               | 3,70                                   |
| <b>Total</b>                           | <b>10,70</b>                       | <b>5,38</b>                            |

**Note 20 : Revenue from operations**

| Particulars  | For the period<br>01/10/2012 to 31/3/2013<br>₹ in '000 | For the period<br>01/04/2011 to 30/09/2012<br>₹ in '000 |
|--|--|---|
| a) Sale of products (Refer Note (i) below)           | 17,35,11   | 43,35,16  |
| b) Sale of services (Refer Note (ii) below)          | 2,65   | 13,81   |
| c) Other operating revenues (Refer Note (iii) below) | 7,05   | 18,02   |
| Less:  | 17,44,81   | 43,66,99  |
| d) Excise duty                                       | 12,81  | 21,75   |
| <b>Total</b>   | <b>17,32,00</b>  | <b>43,45,24</b>   |

**Note:**

| Particulars                                      | For the period<br>01/10/2012 to 31/3/2013<br>₹ in '000 | For the period<br>01/04/2011 to 30/09/2012<br>₹ in '000 |
|--|--|---|
| (i) Sale of products comprises :                 |  |   |
| Synthetic Organic Dyestuff and Textile Chemicals | 17,35,11   | 43,35,16  |
| Total - Sale of products                         | 17,35,11   | 43,35,16  |
| (ii) Sale of services comprises:                 |  |   |
| Service charges earned                           | -  | 6,00  |
| Recovery of office expenses                      | 2,65   | 7,81  |
| Total - Sale of services                         | 2,65   | 13,81   |
| (iii) Other operating revenues comprise:         |  |   |
| Freight, octroi, insurance & handling charges    |  |   |
| Recovered  | 3,93   | 5,18  |
| Sale of scrap                                    | 1  | 1,31  |
| Duty drawback                                    | 3,11   | 11,53   |
| Total - Other operating revenues                 | 7,05   | 18,02   |

**Note 21 : Other income**

| Particulars   | For the period<br>01/10/2012 to 31/3/2013<br>₹ in '000 | For the period<br>01/04/2011 to 30/09/2012<br>₹ in '000 |
|---|--|---|
| (a) Interest income (Refer note no.1)   | 1,26   | 10,05   |
| (b) Dividend earned<br>From Long term Investments (others)  | 4  | 14  |
| (c) Net Gain on Sale of Long term investments<br>(Subsidiary)   | -  | 9,03  |
| (d) Net gain on foreign currency transactions and<br>translation (other than considered as finance cost)            | 2,90   | 54,49   |
| (e) Other non-operating income (net of expenses<br>directly attributable to such income)<br>(Refer Note (ii) below) | 1,65   | 24,51   |
| <b>Total</b>  | <b>5,85</b>  | <b>98,22</b>  |

**Notes :**

| Particulars   | For the period<br>01/10/2012 to 31/3/2013<br>₹ in '000 | For the period<br>01/04/2011 to 30/09/2012<br>₹ in '000 |
|---|--|---|
| (i) Interest income comprises:<br>Interest from banks on:<br>Deposits   | 13   | 23  |
| Margin money  | 67   | 1,93  |
| Interest on income tax refund   | -  | 7,87  |
| Interest - others   | 46   | 2   |
| <b>Total - Interest income</b>  | <b>1,26</b>  | <b>10,05</b>  |
| (ii) Other non-operating income comprises:<br>Rental income from others | 1,59   | 5,97  |
| Provision no longer required  | 6  | 17,62   |
| Misc. income  | -  | 92  |
| <b>Total - Other non-operating income</b>                               | <b>1,65</b>  | <b>24,51</b>  |

**Note 22 : Employee benefits expense**

| Particulars                                | For the period<br>01/10/2012 to 31/3/2013<br>₹ in '000 | For the period<br>01/04/2011 to 30/09/2012<br>₹ in '000 |
|--|--|---|
| Salaries, wages & bonus                    | 1,01,30  | 3,32,27   |
| Contributions to provident and other funds | 3,38   | 11,09   |
| Staff welfare expenses                     | 4,75   | 13,89   |
| Gratuity expenses                          | (1,77)   | 19,12   |
| <b>Total</b>                               | <b>1,07,66</b>   | <b>3,76,37</b>  |

**Note 23 : Finance costs**

| Particulars  | For the period<br>01/10/2012 to 31/3/2013<br>₹ in '000 | For the period<br>01/04/2011 to 30/09/2012<br>₹ in '000 |
|--|--|---|
| (a) Interest expense on:                               |  |   |
| (i) Borrowings   | 1,04,43  | 2,27,78   |
| (ii) Others  |  |   |
| - Interest on delayed / deferred payment of income tax | 4,79   | 9,28  |
| - Interest on delayed payment of Prof. Tax/ ESIC       | -  | 1,25  |
| - Interest on delayed payment of Credit Card           | -  | 49  |
| - Interest on long term security deposit               | 8,59   | 27,28   |
| (b) Other borrowing costs                              | 1,48   | 4,74  |
| <b>Total</b>   | <b>1,19,29</b>   | <b>2,70,82</b>  |

**Note 24 : Other expenses**

| Particulars                                      | For the period<br>01/10/2012 to 31/3/2013<br>₹ in '000 | For the period<br>01/04/2011 to 30/09/2012<br>₹ in '000 |
|--|--|---|
| <b>MANUFACTURING EXPENSES</b>                    |  |   |
| Electricity, power and fuel                      | 12,90  | 19,00   |
| Water charges                                    | 75   | 14  |
| Repairs and maintenance - Buildings              | 2,72   | 9,23  |
| Repairs and maintenance - Machinery              | 9,54   | 4,79  |
| Repairs and maintenance - Others                 | 3,30   | 12,67   |
| Security charges                                 | 2,46   | 8,36  |
| <b>SELLING AND DISTRIBUTION</b>                  |  |   |
| Freight and forwarding                           | 16,87  | 38,23   |
| Sales commission                                 | 12,66  | 47,62   |
| Sales discount and sales returns                 | 28,86  | 79,20   |
| Advertisement and Sales promotion expenses       | 3,81   | 9,37  |
| Export Expenses                                  | 44   | 2,39  |
| <b>ESTABLISHMENT EXPENSES</b>                    |  |   |
| Rent including lease rentals                     | 7,89   | 9,81  |
| Insurance  | 2,31   | 2,98  |
| Rates and taxes                                  | 4,45   | 5,30  |
| Communication                                    | 7,39   | 18,86   |
| Travelling and conveyance                        | 14,48  | 64,25   |
| Printing and stationery                          | 4,34   | 8,94  |
| Motor car expenses                               | 6,53   | 14,56   |
| Donations and contributions                      | 1  | 4   |
| Legal and professional                           | 27,76  | 46,47   |
| Payments to auditors (Refer Note (i) below)      | 1,62   | 4,64  |
| Provision for doubtful debtors                   | 4,80   | 3,47,35   |
| Provision for doubtful advances                  | 1,17   | -   |
| Amortisation of good will                        | 13,78  | 41,33   |
| Amalgamation expenses                            | 3,47   | 14,55   |
| Assets written off                               | 69   | 17,08   |
| Sales tax paid                                   | -  | 57  |
| Prior period items (net) (Refer Note (ii) below) | 1,09   | 1,66  |
| Sundry balance write off                         | 69   | 1,32  |
| Miscellaneous expenses                           | 12,94  | 47,72   |
| <b>Total</b>                                     | <b>2,09,72</b>   | <b>8,78,43</b>  |

**Note 24 : Other expenses (contd.)**
**Note :**

| Particulars   | For the period<br>01/10/2012 to 31/3/2013<br>₹ in '000 | For the period<br>01/04/2011 to 30/09/2012<br>₹ in '000 |
|---|--|---|
| (i) Payments to the auditors comprises (net of service tax input credit, where applicable): |  |   |
| As auditors - statutory audit   | 1,01   | 3,57  |
| For tax audit   | 28   | 84  |
| For other services  | 33   | 23  |
| <b>Total</b>  | <b>1,62</b>  | <b>4,64</b>   |
| (ii) Details of Prior period items (net)  |  |   |
| Prior period expenses   | 1,91   | 2,05  |
| Prior period income   | (82)   | (39)  |
| <b>Total</b>  | <b>1,09</b>  | <b>1,66</b>   |

**Note 25 : Expenses on discontinuing operations**

| Particulars                                | For the period<br>01/10/2012 to 31/3/2013<br>₹ in '000 | For the period<br>01/04/2011 to 30/09/2012<br>₹ in '000 |
|--|--|---|
| Drainage cess                              | -  | 57  |
| Workers compensation A/c                   | 64   | 1,72,28   |
| Loss on sale of fixed asset                | -  | 1,78,89   |
| Factory union compensation A/c             | -  | 19,84   |
| P F damages                                | -  | 1,69  |
| Property tax                               | 6,40   | 14,94   |
| Watch & ward                               | 1,96   | 13,56   |
| Interest cost                              | -  | 3,75  |
| Contributions to provident and other funds | -  | 3,77  |
| Repairs and maintenance - Buildings        | 4,70   | 4,88  |
| Water charges                              | 1  | 89  |
| Insurance                                  | -  | 61  |
| Sales tax paid                             | -  | 16,93   |
| <b>Total</b>                               | <b>13,71</b>   | <b>4,32,61</b>  |

## NOTE NO.26

1. **Contingent Liabilities:**

- a) Disputed Income Tax demand on appeal ₹ 115.41 lacs (₹.21.89 lacs).
  - b) Sales Tax demand amounting to ₹ 30.49 lacs (₹ 30.49 lacs), under appeal.
  - c) Interest demand on Service Tax ₹ 2.78 lacs (₹ 2.78 lacs)
  - d) Claims against the Company not acknowledged as debts ₹ 84.25 lacs (₹ 90.16 lacs )
  - e) Guarantees given by the Company:
    - i) On account of guarantee given on behalf of Indokem Exports Limited, ₹ Nil (₹ 230.00 lacs) in respect of facilities availed from a bank. Amount outstanding as at 31st March, 2013 was ₹ Nil (₹ 131.43 lacs).
    - ii) On account of guarantee given to a bank on behalf of Indokem Overseas Limited for Credit facility of ₹ Nil (₹ 225.00 lacs).
    - iii) The Company has given Corporate guarantee for ₹ 570.00 lacs (₹ 570.00 lacs) as counter guarantee against the facilities availed by M/s. Khatau Leasing & Finance Co. Pvt. Ltd and M/s. Khatau Holdings & Trading Co. Pvt. Ltd towards working capital facilities from Bank.
    - iv) To Sales Tax Authorities (New Delhi) towards registration of Shubhlabh Chemicals Pvt. Ltd. and Khatau Agrotech Ltd. amount totaling to ₹ Nil (₹ 5.00 lacs).
  - f) Custom Duty, if any payable in the event of non-fulfilment of export obligations in respect of Advance License availed amounting to ₹ 36.77 lacs (₹ 33.91 lacs).
2. The audited financial result for the accounting period is for 6 months and that of previous year is for 18 months and hence not comparable.
  3.
    - a) The written down value of Factory Building and Plant at Ankleshwar held for disposal is ₹ 481.23 lacs as against the scrap value remaining to be adjusted amounting to ₹ 353.60 lacs. The Company has discontinued providing depreciation on these fixed assets from the date they have been held for disposal.
    - b) Inventories at Ankleshwar Plant could not be physically verified and has been valued at ₹ 412.17 lacs after writing off a sum of ₹ 45.11 lacs for obsolescence on the basis of technical evaluation by management. The said plant is under process of dismantlation.
  4.
    - a) Secured Loan represents amount of ₹ 14.10 crores due to bank pursuant to One Time Settlement reached last year. The Company has not repaid any amount during the year and provided interest of ₹ 74.02 lacs as per agreed rate at the time of settlement. In the absence of any further information and in the opinion of management the validity of terms of settlement is not changed and no provision of penal interest is required.
    - b) As regards the old debtors amounting to ₹ 346.19 lacs , since the Company is in process of recovering these amounts, no provision has been made for doubtful debtors.
  5. In the opinion of the Board, the current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business. The provision for depreciation, and all known liabilities are adequate and not in excess of the amounts considered reasonably necessary. No personal expenses have been charged to revenue accounts.
  6. In the absence of necessary information relating to the suppliers registered as Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006, the Company has not been able to identify such suppliers and disclose the information required under the said Act relating to them.

7. In the opinion of the management no provision for impairment in the value of fixed assets of Ankleshwar factory is necessary considering excess of realizable value of such fixed assets as against its carrying amounts in the books of accounts on overall basis.
8. In view of continuous losses, no provision has been made for Deferred Tax Asset (Net) arising out of carry forward losses, depreciation etc. as per prudential norms for recognition as specified in Accounting Standard No 22 on Accounting for taxes on income as issued by the Institute of Chartered Accountants of India.

9. Earnings Per Share

|  | <b>March 2013</b> | Sept. 2012 |
|--|-------------------|------------|
| Net Profit /(Loss) for the year (₹ in Lacs)                                  | <b>(85.53)</b>    | (947.36)   |
| Weighted average number of equity Shares for EPS computation (No. of Shares) | <b>244,97,188</b> | 244,97,188 |
| Earnings per share (₹)   | <b>(0.35)</b>     | (3.87)     |

10. Directors remuneration:

Remuneration paid to directors including Managing Directors and Executive Director

|                                  | <b>March 2013</b>  | Sept. 2012<br>(₹ in Lacs) |
|----------------------------------|--------------------|---------------------------|
| Salary                           | <b>6.60</b>        | 19.80                     |
| Contribution to provident funds* | <b>0.54</b>        | 1.62                      |
| Perquisites                      | <b>1.11</b>        | 3.33                      |
| Directors sitting fees           | <b>0.32</b>        | 0.94                      |
|                                  | <u><b>8.57</b></u> | <u>25.69</u>              |

\*Excludes provision for Gratuity, where the actuarial valuation is done on overall Company basis

Note: Statement showing computation of net profit in accordance with Section 349 read with section 198 of Companies Act 1956 for the purpose of computation of commission payable to Managing Director / Executive Director has not been disclosed as no commission is payable to them in view of loss as per computation under section 349 of the Companies Act 1956

11. Interest paid on loans includes a sum of ₹ 28.96 Lacs (₹ 80.77 lacs) paid to Directors.

12. Related Party Disclosure: (Details restricted to transactions during the year only)

**(A) Particulars of Associate Companies**

| Name of the Related Party                  | Nature of Relationship |
|--|------------------------|
| 1 Refnol Resin and Chemicals Ltd.          | Associate Company      |
| 2 Khatau Leasing and Finance Co. Pvt. Ltd. | Associate Company      |
| 3 Vindhya Priya Holdings Pvt. Ltd.         | Associate Company      |
| 4 Emerald Capital Services Pvt. Ltd.       | Associate Company      |
| 5 Priyanilgiri Holdings Pvt. Ltd.          | Associate Company      |
| 6 Khatau Holdings & Trading Co. Pvt. Ltd.  | Associate Company      |
| 7 MKK Holdings Pvt. Ltd.                   | Associate Company      |
| 8 Indokem Exports Ltd.                     | Associate Company      |
| 9 Indokem Overseas Ltd.                    | Associate Company      |
| 10 Priyamvada Holdings Ltd.                | Associate Company      |
| 11 Asha Marine Products Pvt. Ltd.          | Associate Company      |
| 12 Prerana Leasing and Finance Pvt. Ltd.   | Associate Company      |
| 13 Prism Plantations Pvt. Ltd.             | Associate Company      |

**(B) Key Management Personnel and their relatives**

|                        |  |
|------------------------|--|
| 1. Mr. M. K. Khatau    | Chairman and Managing Director                         |
| 2. Mrs. Leela K Khatau | Mother of Mr. M. K. Khatau and Director of the Company |
| 3. Mrs. Asha M Khatau  | Spouse of Mr. M. K. Khatau and Director of the Company |
| 4. Mr. Manish M Khatau | Son of Mr. M. K. Khatau                                |

**(C) Transactions with Associate Companies**

(₹ in Lacs)

|  | Associate Companies<br>(Current year) | Associate Companies<br>(Pre. Yr) |
|--|---------------------------------------|----------------------------------|
| 1. Purchase of Finished and Unfinished Goods | 122.63                                | 349.72                           |
| 2. Sales of goods                            | 7.44                                  | 15.63                            |
| 3. Recovery of Expenses                      | (0.90)                                | -                                |
| 4. Guarantees & Collaterals Given            | 570.00                                | 800.00                           |
| 5. O/s Balances included in Balance sheet    |                                       |                                  |
| Long Term Borrowings                         | 768.03                                | 698.03                           |
| Loans and Advances                           | 127.02                                | 159.00                           |
| Debtors                                      | 3.75                                  | 1.05                             |
| Deposit Received                             | (35.00)                               | (35.00)                          |
| Creditors                                    | (184.04)                              | (270.15)                         |

**(D) Details of Transactions Relating to the Key Management Personnel and their Relatives**

(₹ in Lacs)

|  |        |
|--|--------|
| 1 Managerial Remuneration *                | 8.25   |
| 2 Remuneration *                           | 1.83   |
| 3 Reimbursement of Expenses                | 1.12   |
| 4 Interest                                 | 28.96  |
| 5 Loan Taken (Outstanding at the year end) | 768.03 |
| 6 Director Sitting Fees                    | 0.08   |

\*Excludes provision for Gratuity, where the actuarial valuation is done on overall Company basis



**13 . Disclosure pursuant to Accounting Standard – 15 “ Employee Benefits”**
Defined Benefit Plan Disclosures

(₹ in Lacs)

| Sr. No. | PARTICULARS  | GRATUITY      |               | LEAVE BENEFITS |               | TOTAL         |               |
|---------|--|---------------|---------------|----------------|---------------|---------------|---------------|
|         |  | 2012-13       | 2012-13       | 2012-13        | 2012-13       | 2012-13       | 2012-13       |
| I       | Components to Employer Expense   |               |               |                |               |               |               |
| a       | Current Service Cost   | 1.23          | 4.19          | 0.57           | 1.71          | 1.80          | 5.90          |
| b       | Interest Cost  | 1.75          | 6.45          | 0.40           | 1.51          | 2.15          | 7.96          |
| c       | Past service cost  | (0.10)        | 0.12          | (0.34)         | -             | (0.44)        | 0.12          |
| d       | Excess Provision reversed  | -             | (22.85)       | -              | (3.08)        | -             | (25.93)       |
| e       | Actuarial (Gain) / Loss  | (4.65)        | 8.36          | (1.04)         | (0.66)        | (5.69)        | 7.70          |
| f       | Total expense / (gain) recognized in the Profit & Loss a/c                 | <b>(1.77)</b> | <b>(3.73)</b> | <b>(0.40)</b>  | <b>(0.52)</b> | <b>(2.17)</b> | <b>(4.25)</b> |
| II      | Net Asset/(Liability) recognized in Balance Sheet as at 31.3.13            |               |               |                |               |               |               |
| a       | Present value of obligation as at 31.3.13(30.9.12)                         | 39.17         | 44.07         | 9.34           | 10.14         | 48.51         | 54.21         |
| b       | Fair value of plan Assets as at 31.3.13(30.9.12)                           | Nil           | Nil           | Nil            | Nil           | Nil           | Nil           |
| c       | (Asset)/Liability recognized in Balance Sheet                              | 39.17         | 44.07         | 9.34           | 10.14         | 48.51         | 54.21         |
| III     | Change in Defined Benefit Obligation (DBO) during year ended as on 31.3.13 |               |               |                |               |               |               |
| a       | Present value of obligation as at 30.9.12* (31.3.11)                       | 44.18         | 56.67         | 10.48          | 12.43         | 54.65         | 69.10         |
| b       | Current service cost   | 1.23          | 4.19          | 0.57           | 1.71          | 1.80          | 5.90          |
| c       | Interest cost  | 1.75          | 6.45          | 0.40           | 1.51          | 2.15          | 7.96          |
| d       | Past service cost  | (0.10)        | 0.12          | (0.34)         | 0             | (0.44)        | 0.12          |
| e       | Actuarial (Gain)/Loss  | (4.65)        | 8.36          | (1.04)         | (0.66)        | (5.69)        | 7.70          |
| f       | Benefits Paid  | (3.23)        | (31.72)       | (0.74)         | (4.85)        | (3.98)        | (36.57)       |
| g       | Present value of obligation as at 31.3.13                                  | 39.17         | 44.07         | 9.34           | 10.14         | 48.51         | 54.21         |

\*Note :- Opening liabilities are after considering amount of liability transferred for an employee transferred from a Group company .

14. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(₹ In lacs)

|                                      | 31st March 2013<br>( 6 Months) | 30th September 2012<br>(18 Months) |
|--------------------------------------|--------------------------------|------------------------------------|
| Value of Imports on C.I.F. basis     | 84.89                          | 298.10                             |
| Expenditure in Foreign Exchange :    |                                |                                    |
| - Cash Discount                      | 0.39                           | -                                  |
| - Travelling Expenses                | -                              | 17.66                              |
| - Foreign Bank Charges               | 0.08                           | 0.51                               |
| - Consultancy Charges                | -                              | 0.66                               |
| Earnings in Foreign Exchange :       |                                |                                    |
| F.O.B. value of exports in aggregate | 154.39                         | 720.49                             |

15. Statement of Carrying values of Assets and Liabilities of discontinued operations.

| Assets                    | (₹ in Lacs)    |
|---------------------------|----------------|
| i) Fixed Assets (Net)     | 1407.09        |
| ii) Stock                 | 412.17         |
| iii) Other Current Assets | 48.73          |
| <b>Total Assets</b>       | <b>1867.99</b> |
| <b>Liabilities</b>        |                |
| i) Sundry Creditors       | 55.32          |
| ii) Statutory Liabilities | 53.70          |
| iii) Advance Received     | 358.09         |
| <b>Total Liabilities</b>  | <b>467.11</b>  |

Previous year's figures have been regrouped / rearranged wherever necessary.

As per our report attached.

**For Sheth Doctor & Associates**

Chartered Accountants  
(Firm Regn. No 124822W)

**Paresh S. Doctor**  
Membership No 36056

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

**Leela K. Khatau**  
Director

**Rohan R. Gavas**  
Company Secretary

Place : Mumbai  
Date :13.05.2013

# **INDOKEM LIMITED**



**47<sup>th</sup> Annual Report 2012-2013  
(For 6 Months)**

# INDOKEM LIMITED

## **DIRECTORS:**

MR. MAHENDRA K. KHATAU  
MS. LEELABAI K. KHATAU  
MR. S. RAJAGOPALAN  
MR. KAILASH PERSHAD  
MR. B. G. SONTAKKE  
MRS. ASHA MAHENDRA KHATAU

CHAIRMAN & MANAGING DIRECTOR

## **COMPANY SECRETARY:**

ROHAN R. GAVAS

## **BANKER:**

UNION BANK OF INDIA  
BANK OF INDIA

## **AUDITORS:**

M/S. SHETH DOCTOR & ASSOCIATES.

## **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](mailto:secretarial@indokem.co.in)  
[iklsecretarial@gmail.com](mailto:iklsecretarial@gmail.com)  
WEBSITE: [www.indokem.co.in](http://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](mailto:sharexindia@vsnl.com)  
WEBSITE: [www.sharexindia.com](http://www.sharexindia.com)

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### **Annual General Meeting (AGM)**

Date: September 30, 2013 at 4.00 p.m.  
Venue: At the Registered Office

## **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.

# INDOKEM LIMITED

(Formerly: Khatau Junker Limited)

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

## ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

Full Name of the Member Attending .....

Full name of the First Joint Holder .....  
(To be filled in if first named joint-holder does not attend the meeting)

Name of Proxy .....  
(To be filled in if Proxy Form has been duly deposited with the Company)

I hereby record my presence at the Forty-Seventh Annual General Meeting held at Khatau House, Plot No.410/411, Mogul Lane, Mahim (W), Mumbai-400016 on Monday, 30<sup>th</sup> September, 2013 at 4.00 p.m.

|                             |  |
|-----------------------------|--|
| Regd. Folio / Client ID No. |  |
| DP ID No.                   |  |
| No. of Shares held          |  |

Member's Proxy's Signature

(To be signed at the time of handing over this slip)

# INDOKEM LIMITED

(Formerly: Khatau Junker Limited)

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

## PROXY FORM

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ being member(s) of the above named Company, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our proxy to vote for me/us on my/our behalf at the 47th Annual General Meeting of the Company to be held at Khatau House, Plot No. 410/411, Mogul Lane, Mahim (West), Mumbai - 400 016 on Monday, 30th day of September, 2013 at 4.00 p.m. or at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

|                             |  |
|-----------------------------|--|
| Regd. Folio / Client ID No. |  |
| DP ID No.                   |  |
| No. of Shares held          |  |

### Notes:

1. The proxy form should be deposited at the Registered Office of the Company not less than forty-eight hours before the time for holding the Annual General Meeting.
2. The form should be signed across the stamp to enforce the validity.
3. A proxy need not be a member of the Company.

Please  
Affix  
Revenue  
Stamp  
₹ 1/-

## BOOK - POST

*If undelivered please return to*

**INDOKEM LIMITED**

Khatau House, Plot No. 410 / 411

Mogul Lane, Mahim, Mumbai – 400 016.

# Indokem Limited

Registered Office :  
"KHATAU HOUSE", Ground Floor,  
Mogul Lane, Mahim (West),  
Mumbai - 400 016.

Phone : 61236767  
Fax : 61236718  
Website : www.indokem.co.in

## FORM A

### FORMAT OF COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILED WITH THE STOCK EXCHANGE

|   |   |  |
|---|---|--|
| 1 | Name of Company   | M/S. INDOKEM LIMITED.  |
| 2 | Annual financial statements for the year ended  | 31.03.2013.  |
| 3 | Type of Audit Qualification   | Please refer Para 6 of Independent Auditors Report at Page No. 26 of Annual Report   |
| 4 | Frequency of Qualification  | Since from 2009 – 2010 to 2012-2013.   |
|   | Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report: | Management Response:-<br>Please refer Audit Observation in Directors Report on Page No.9 – (Annual Report Copy Enclosed).                      |
|   | Additional comments from the board/audit committee chair:   | As mentioned above.  |
| 5 | To be signed by-  |    |
|   | Chairman & Managing Director  | Mahendra K. Khatau   |
|   | CFO / Accounts Head   | <br>Mukund Nagpurkar  |
|   | Auditor of the Company  | <br>Paresh S. Doctor  |
|   | Audit Committee Chairman  | <br>Mahendra K. Khatau<br>(For Audit Committee / Director) |