



INDOKEM LIMITED

49th

Annual Report

2014 - 15

INDOKEM LIMITED

DIRECTORS:

| | |
|-----------------------------|---|
| MR. MAHENDRA K. KHATAU | CHAIRMAN & MANAGING DIRECTOR |
| MS. LEELABAI KISHORE KHATAU | NON-EXECUTIVE WOMAN DIRECTOR |
| MRS. ASHA MAHENDRA KHATAU | NON-EXECUTIVE WOMAN DIRECTOR |
| MR. S. RAJAGOPALAN | NON-EXECUTIVE INDEPENDENT DIRECTOR |
| MR. KAILASH PERSHAD | NON-EXECUTIVE INDEPENDENT DIRECTOR |
| MR. B. G. SONTAKKE | NON-EXECUTIVE INDEPENDENT DIRECTOR |
| MR. MUKUND R. NAGPURKAR | CHIEF FINANCIAL OFFICER |
| MS. SUGANDHA VAIDYA | COMPANY SECRETARY & COMPLIANCE OFFICER (Resigned w.e.f. 19.09.2015) |

AUDITORS:

M/S. SHETH DOCTOR & ASSOCIATES.

Audit Committee

Mr. Kailash Pershad, Chairman
Mr. B. G. Sontakke
Mr. S. Rajagopalan
Mr. Mahendra K. Khatau

Nomination And Remuneration Committee

Mr. B. G. Sontakke, Chairman
Mr. Kailash Pershad
Mr. S. Rajagopalan

Stakeholders Relationship Committee

Mr. B. G. Sontakke, Chairman
Mr. Kailash Pershad
Mr. S. Rajagopalan

Share Transfer Committee

Mr. Mahendra K. Khatau, Chairman
Ms. Leelabai K. Khatau
Mr. B. G. Sontakke

Committee of Board of Directors

Mr. Mahendra Khatau, Chairman
Ms. Leelabai K. Khatau
Mrs. Asha M. Khatau

BANKERS:

HDFC BANK LTD.
AXIS BANK LTD.
BANK OF INDIA
INDIAN OVERSEAS BANK

REGISTERED OFFICE:

KHATAU HOUSE, PLOT NO. 410/411,
MOGUL LANE, MAHIM (WEST),
MUMBAI – 400 016.
TEL. NO.: 6123 6767 / 6123 6711
EMAIL: iklsecretarial@gmail.com
WEBSITE: www.indokem.co.in

REGISTRAR & SHARE TRANSFER AGENT:

SHAREX DYNAMIC (INDIA) PVT. LTD,
UNIT NO.1, LUTHRA INDL. PREMISES,
ANDHERI-KURLA ROAD, SAFED POOL,
ANDHERI (EAST), MUMBAI – 400 072.
EMAIL: sharexindia@vsnl.com
WEBSITE: www.sharexindia.com

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Annual General Meeting (AGM)

Date: December 21, 2015 at 4.00 P.M.

Venue: The Matunga Mitra Mandal Hall,
The Karnataka Housing Co-op. Society Ltd.,
Mogul Lane, Mahim (West), Mumbai – 400 016.

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 7 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

(CIN:L31300MH1964PLC013088)

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

NOTICE is hereby given that the FORTY NINTH Annual General Meeting of the Members of the Company will be held on Monday, 21st December, 2015 at 4.00 P.M. at The Matunga Mitra Mandal Hall, The Karnataka Housing Co-op. Society Ltd., Mogul Lane, Mahim (West), (next to Ganga Vihar Restaurant), Mumbai – 400 016 to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the Financial Year ended 31st March, 2015 including the Balance Sheet as at 31st March, 2015 and the Statement of Profit and Loss and the Cash Flow Statement as on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Ms. Leelabai Kishore Khatau (DIN: 00063807), who retires by rotation at this Annual General Meeting and being eligible and has offered herself for re-appointment.
3. To ratify the appointment of Statutory Auditors of the Company to carry on the Statutory Audit for the financial year 2015-16 and in this regard, to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Section 139 and 142 along with other applicable provisions, if any, of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014, pursuant to the recommendations of the Audit Committee of the Board of Directors and pursuant to the resolution passed by the members at the 48th Annual General Meeting (AGM) held on 30th September 2014, the appointment of M/s. Seth Doctor & Associates, Chartered Accountants, Mumbai – registered with the Institute of Chartered Accountants of India vide Registration No. 124822W, as the Statutory Auditors of the Company to conduct the Statutory Audit for the Financial year 2015-16 and to hold office from the conclusion of this meeting upto the conclusion of the next Annual General Meeting of the Company, be and is hereby ratified and that the Board of Directors be and is hereby Authorised to fix the remuneration in consultation with the auditors."

SPECIAL BUSINESS:**4. Re-appointment of Managing Director of the Company:**

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

"RESOLVED THAT in accordance with the provisions of Section 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013 and the rules made there under, including any statutory modifications and re-enactments thereof, the consent of the Members of the Company be and is hereby accorded to re-appoint Mr. Mahendra K. Khatau as the Managing Director (DIN: 00062794) of the Company for a period of five years w.e.f. 01.04.2015 on such terms and conditions and on remuneration as recommended by the Nomination and Remuneration Committee of the Board and approved by the Board of Directors of the Company.

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

5. To alter the Articles of Association of the Company:

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

"RESOLVED THAT, pursuant to the provisions of Section 5 and Section 14 of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 (including any statutory modifications(s) or re-enactments thereof, for time being in force), the draft regulations contained in the Articles of Association submitted to

this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

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

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

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

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

| Maximum value of Contract/ Transaction (per annum) | | ₹ In Crores | | |
|--|--|--|---------------------------------|--|
| S.No. | Name of Related Parties | Transaction defined u/s 188 of Companies Act, 2013 | | |
| | | Sale , purchase or supply of any goods, materials | Leasing of property of any kind | Availing or rendering of any services or Appointment of any agent for purchase or sale of goods, materials, services or property |
| On actual basis, Exempted being in the ordinary course of business and on arm's length basis. (Subject to a maximum of amount p.a. as mentioned against the name of the Company) | | | | |
| 1. | Samudra Dye-Chem Private Limited | 3 | 0.25 | 5 |
| 2. | Spiweld Chemtrade Private Limited | 3 | 0.25 | 5 |
| 3. | Textomax Chemicals Private Limited | 3 | 0.25 | 5 |
| 4. | Formost Chemicals Private Limited | 3 | 0.25 | 5 |
| 5. | Chemron Texchem Private Limited | 3 | 0.25 | 5 |
| 6. | Priyamvada Holdings Limited | 3 | 0.25 | 5 |
| 7. | Asha Marine Products Private Limited | 1 | 0.25 | 1 |
| 8. | Emerald Capital Services Private Limited | 1 | 0.25 | 1 |
| 9. | Vindhyapriya Holdings Private Limited | 1 | 0.25 | 1 |
| 10. | Khatau Leasing & Finance Company Private Limited | 1 | 0.25 | 1 |
| 11. | Prism Plantations Private Limited | 1 | 0.25 | 1 |
| 12. | Khatau Holding & Trading Company Private Limited | 1 | 0.25 | 1 |
| 13. | Prerana Leasing & Finvest Private Limited | 1 | 0.25 | 1 |
| 14. | MKK Holdings Private Limited | 1 | 0.25 | 1 |
| 15. | Priyanilgiri Holdings Private Limited | 1 | 0.25 | 1 |
| 16. | Refnol Resins & Chemicals Limited | 10 | 0.25 | 1 |

| PARTNERSHIP FIRMS: | | | | |
|---------------------------|---------------------------|----|------|---|
| 1. | Orchard Acres | 10 | 0.25 | 1 |
| 2. | D. M. Khatau & 3 Brothers | 3 | 0.25 | 1 |

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

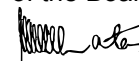
| | | | | |
|-----|--------------------------|---|------|------|
| 1. | Mr. Mahendra K. Khatau | - | 0.25 | 10 |
| 2. | Ms. Leelabai K. Khatau | - | 0.25 | 3 |
| 3. | Mrs. Asha M. Khatau | - | 0.25 | 3 |
| 4. | Mr. Manish M. Khatau | - | 0.25 | 5 |
| 5.. | Ms. Priya M. Khatau | - | 0.25 | 5 |
| 6. | *Chief Financial Officer | - | - | 0.50 |
| 7. | *Company Secretary | - | - | 0.50 |
| 8. | *Managing Director | - | - | 2 |

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

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

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

For Indokem Limited
By Order of the Board



Mahendra K. Khatau
Chairman and Managing Director

Place: Mumbai
Date: 3rd November 2015

NOTES:

- 1. A Member entitled to attend and vote at the Annual General Meeting ('AGM') is entitled to appoint a proxy to attend and to vote on a poll instead of himself/herself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight (48) Hours before the commencement of the Annual General Meeting.**
- 2. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.**
3. Corporate members intending to send their authorized representatives to attend the Annual General Meeting (AGM) are requested to send to the Company a certified true copy of their Board Resolution authorizing their representatives to attend and vote on their behalf at the AGM.
4. Only registered members of the Company or any proxy appointed by such registered member may attend the Annual General Meeting (AGM) as provided under the provisions of the Companies Act, 2013.
5. The Explanatory statement pursuant to section 102 of the Companies Act, 2013 in respect of Special Business is enclosed herewith.

6. All documents referred to in the Notice and the Explanatory Statement annexed hereto, are open for inspection upto two days prior to the said meeting, at the Registered Office of the Applicant Company between 11.00 A.M. and 1.00 P.M. on all working days of the Applicant Company (except Saturdays, Sundays and Government Holidays).
7. Members are informed that in case of joint holders attending the meeting, only such joint holders whose name stands first in the Register of Members of the Applicant Company in respect of such joint holding will be entitled to vote.
8. Alteration, if any, made in the Form of Proxy should be initialed.
9. Members may note that the Notice of the 49th Annual General Meeting and the Annual Report for 2014-15 will also be available on the Company's website www.indokem.co.in. The physical copies of the aforesaid documents will also be available at the Company's Registered Office situated at Plot No. 410/411, Khatau House, Mogul Lane, Mahim (West), Mumbai- 400 016 for inspection between 11.00 A.M. and 1.00 P.M. on all working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: iklsecretarial@gmail.com.
10. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 ('Amended Rules 2015') and Clause 35B of the Listing Agreement, the Company is pleased to provide E-voting facility to the members to enable them to exercise their right to vote on resolutions proposed to be considered at the 49th Annual General Meeting (AGM) of the Company by electronic means. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the Annual General Meeting ("remote e-voting") will be provided by Central Depository Services (India) Limited.
11. The facility for voting through Ballot Paper shall be made available at the Annual General Meeting (AGM) and the members attending the meeting who have not cast their vote by remote E-voting shall be able to exercise their right at the meeting through ballot paper.
12. The members who have cast their vote by remote e-voting prior to the Annual General Meeting may also attend the Annual General Meeting but shall not be entitled to cast their vote again.

THE INSTRUCTIONS FOR SHAREHOLDERS VOTING ELECTRONICALLY ARE AS UNDER:

- i. The voting period commences on Friday, 18th December, 2015 at 10.00 A.M. and ends on Sunday, 20th December, 2015 at 5.00 P.M. During this period the members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 14th December, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. The shareholders should log on to the e-voting website www.evotingindia.com
- iii. Click on Shareholders.
- iv. Now Enter your User ID:
 - a. For **CDSL: 16 Digits beneficiary ID;**
 - b. For **NSDL: 8 Character DP ID followed by 8 Digits Client ID;**
 - c. Members holding shares in **Physical Form** should enter **Folio Number** registered with the Company.
- v. Next enter the Image Verification as displayed and Click in Login.
- vi. If you are holding shares in Demat form and have logged in to www.evotingindia.com and voted on an earlier voting of any Company, the your existing password is to be used.
- vii. If you are a first time user follow the Steps given below:

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

- viii. After entering these details appropriately, click on **“SUBMIT”** tab.
- ix. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach **‘Password Creation’** menu wherein they are required to mandatorily enter their login password in the new password filed. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- x. Click on the **EVSN of INDOKEM LIMITED** for voting.
- xi. On the voting page, you will see **“RESOLUTION DESCRIPTION”** and against the same the option **“YES/ NO”** for voting. Select the option **YES** or **NO** as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xii. Click on the **“RESOLUTION FILE LINK”** if you wish to view the entire Resolution details.
- xiii. After selecting the resolution you have decided to vote on, click on **“SUBMIT”**. A confirmation box will be displayed. If you wish to confirm your vote, click on **“OK”**, else to change your vote, click on **“CANCEL”** and accordingly modify your vote.
- xiv. Once you **“CONFIRM”** your vote on the resolution, you will not be allowed to modify your vote.
- xv. You can also take out print of the voting done by you by clicking on **“Click here to print”** option on the Voting page.
- xvi. If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.
- xvii. Note for Non- Individual Shareholders and Custodians
 - Non- Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporate.
 - A scanned copy of the Registration Form bearing the Stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
 - After receiving the login details they have to create compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded if PDF format in the system for the scrutinizer to verify the same.

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

Please Note that:

1. The voting period begins on Friday, 18th December, 2015 at 10.00 A.M. and ends on Sunday, 20th December, 2015 at 5.00 P.M. During this period shareholder of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date which is 14th December, 2015, may cast their vote electronically. The voting rights of shareholders shall be in proportion to their shares in the paid up equity share capital of the Company as on this cut-off date. The e-voting module shall be disabled by CDSL for voting after 5.00 P.M. on 20th December, 2015.
2. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
3. Mrs. Samita Tanksale, a Practicing Company Secretary (Membership No. CP10763) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
4. The Scrutinizers shall within a period of not exceeding three (3) working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in employment of the Company and forward her report of the votes cast in favour or against, to the Chairman or to any Director or Officer who may be authorized by the Chairman for this purpose.
5. The Results shall be declared on or after the Annual General Meeting (AGM). The Results declared along with the Scrutinizer’s Report shall be placed on the Company’s website www.indokem.co.in and on the website of CDSL within two (2) days of passing of resolutions at the Annual General Meeting of the Company and communicated to the Stock Exchanges.

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

**Place: Mumbai
Date: 3rd November, 2015**

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

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013:

Item No. 4:

Re-appointment of Managing Director:

The tenure of Mr. Mahendra K. Khatau, who was appointed as the Managing Director of the Company by the Members of the Company expires on 31st of March, 2015. Company is desirous of and Mr. Mahendra K. Khatau has consented to being re-appointed as the Managing Director of the Company for a period of five years with effect from 1st of April, 2015.

Keeping in view that Mr. Mahendra K. Khatau has rich and varied experience in the Industry and has been involved in the operations of the Company over a long period of time, it would be in the interest of the Company to continue the employment of Mr. Mahendra K. Khatau as the Managing Director of the Company.

In terms of the Corporate Governance Guidelines of the Company and pursuant to the recommendation of the Remuneration Committee, which is now called as Nomination and Remuneration Committee, the Board of Directors of the Company passed a resolution on 30th January, 2015 approving re-appointment of Mr. Mahendra K. Khatau, as Managing Director of the Company for a further period of five years with effect from 1st April, 2015 upto 31st March, 2020. This is subject to the approval of the shareholders at this Annual General Meeting.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The details of remuneration payable to Mr. Mahendra K. Khatau and the terms and conditions of the re-appointment are given below:

- i) Salary: ₹ 1,80,000/- per month with annual increment of such amount as may be decided by the Board.
- ii) Rent Free furnished Accommodation owned or leased / rented. In case the Company provides no accommodation, Mr. Khatau shall receive house rent allowance of ₹ 55,000/- per month.
- iii) Housing Maintenance Allowance : ₹ 30,000/- p.m.
- iv) Reimbursement of gas, electricity, water charges & furnishing up to ₹ 25,000/- p.m.
- v) Medical Reimbursement:
Reimbursement of expenses incurred by Mr. Khatau for himself and his family subject to ceiling of ₹ 24,000/- per month.
- vi) 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.
- vii) Personal Accident Insurance / Medclaim Policies :-
In accordance with the rules of the Company, however the premium thereof not to exceed ₹ 24,982/- for both the policies.
- viii) Club Fees:-
Fees of the Clubs subject to a two clubs. No admission and life membership fees shall be paid.
- ix) Car with 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.
- x) Earned Leave:-
On full pay and 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.
- xi) Company's contribution towards Provident Fund to the extent it is not taxable under Income Tax Act, 1961.
- xii) 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 Board of Directors recommends the resolution in relation to the re-appointment of Executive Chairman and Managing Director, for the approval of the shareholders of the Company.

Notice has been received from member signifying their intention to propose appointment of Mr. Mahendra K. Khatau as Managing Director of the Company. The disclosure under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is provided at Annexure A of this Notice.

Except Ms. Leelabai K. Khatau and Mrs. Asha M. Khatau or their relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in this resolution set out at item no. 4.

I. GENERAL INFORMATION:
(1) Nature of industry:

Chemicals.

(2) Financial Performance based on given indicators:

During the year ended 31st March 2015 the Company achieved total Income of ₹ 5667.44 Lacs, a profit before depreciation and tax of ₹ 259.14 Lacs and Net Profit after tax of ₹ 82.36 Lacs. The detailed financial performance of the Company is discussed in the enclosed Annual Report for the year ended 31st March 2015.

(3) Foreign investments or Collaborators, if any:

There are no foreign investments made or collaborators in the Company.

II. INFORMATION ABOUT APPOINTEE AND OTHER INFORMATION:
(1) Background Detail

Mr. Mahendra K. Khatau (holding DIN No. 00062794) age 60 years is the promoter of the Company. He is a Commerce graduate and is associated with Company as a Director since 28th January, 1986.

Other Directorship:

1. Vindhyapriya Holdings Private Limited
2. MKK Holdings Private Limited
3. Prerana Leasing and Finvest Private Limited
4. Priyanilgiri Holdings Private Limited
5. Khatau Holdings and Trading Company Private Limited
6. Khatau Leasing and Finance Company Private Limited
7. Refnol Resins and Chemicals limited
8. Prism Plantations Private Limited
9. Mulraj Khatau and Sons Limited
10. Khatau Makanji and Company Private Limited

Chairman/Member of the following Committees:

| Sr. No. | Name of the Company | Name of the Committee | Chairman/Member |
|---------|----------------------------------|-------------------------------------|-----------------|
| 1 | Indokem Limited | Audit Committee | Member |
| 2 | Indokem Limited | Share Transfer Committee | Chairman |
| 3 | Indokem Limited | Committee of Board of Directors | Chairman |
| 4 | Refnol Resins and Chemicals Ltd. | Stakeholders Relationship Committee | Member |

(2) Past Remuneration

₹ 2,45,160/- plus retirement benefits (financial year 2014-2015).

(3) Recognition or awards

NIL

(4) Job profile and suitability

Mr. Mahendra K. Khatau (holding DIN No. 00062794) shall be responsible for the day today operation and managing the affairs of the Company under the superintendence, guidance and control of the Board. He is functioning as an Executive Chairman and Managing Director of the Company since 1st April, 1995.

(5) Remuneration proposed

As mentioned above under explanatory statement.

(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person.

Keeping in view the type of the industry, size of the Company and the responsibilities and profile of Mr. Mahendra K. Khatau, the proposed remuneration is competitive with the remuneration paid by other Companies in similar line of business to such managerial personnel.

(7) Pecuniary relationship with the Company, or relationship with the managerial personnel

Mr. Mahendra K. Khatau is a promoter of the Company and holding 6.74% equity shares in the paid-up capital of the Company. Ms. Leelabai K. Khatau, Mrs. Asha M. Khatau, Directors of the Company, may be deemed to be interested in the Resolution pertaining to the re-appointment of and remuneration payable to Mr. Mahendra K. Khatau as they are related to each other. Save and except the above, none of the other Directors or Key Managerial Personnel of the Company are, in any way, concerned or interested in the Resolution.

III. OTHER INFORMATION:**(1) Reasons of inadequate profits:**

Uncertain economic conditions, poor economic growth, high inflation, slow-down in industrial growth severely affected the markets. This had an adverse effect on profitability.

(2) Steps taken /to be taken for improvement

The Company has modernized its facilities and expanded its existing capacities of plant operations to produce more value added chemicals. The Company continues to make all efforts to recover dues from the clients by negotiations or by resorting to legal recourse.

(3) Expected increase in productivity and profits

The likelihood of a stable and decisive government at the Centre, will certainly boost the prospects for the financial year 2015-16 and the management is optimistic of achieving improvement in performance.

IV. DISCLOSURES :

The details required to be furnished under the Disclosures, are already provided wherever applicable under the Explanatory Statement and Corporate Governance Report. Mr. Mahendra K. Khatau is interested in the Resolutions as set out in the Notice which pertains to his re-appointment and remuneration payable to him.

Except Ms. Leelabai K. Khatau and Mrs. Asha M. Khatau or their relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in this resolution set out at item no. 4.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

The Board commends the Resolution as set out at Item Nos. 4 of the Notice for your approval.

Item No. 5:**To alter the Articles of Association of the Company:**

The Company had previously adopted its Articles of Association ("AOA") under the Companies Act, 1956, which contain references to specific sections of the Companies Act, 1956. With the enactment of the Companies Act, 2013, several regulations of the existing Articles of Association of the Company require alteration and/or deletion. Given this position, it is considered expedient to replace the existing Articles of Association with a new set of Articles of Association.

The new Articles of Association to be substituted in place of the existing Articles of Association are primarily based on 'Table F' of the Act which sets out the model Articles of Association for a Company Limited by Shares.

The draft of the new Articles of Association is available for inspection by the members at the registered office of the Company on all working days (except Saturdays, Sundays and public holidays) between 11:00 AM to 1:00 PM. up to the date of Annual General Meeting. The proposed new draft Articles of Association shall also be uploaded on the Company's website for perusal by the Shareholders.

None of the Directors, Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the said Special Resolution, except as shareholders of the Company.

The Board recommends the Special Resolution set out at Item No. 5 of the Notice for approval by the shareholders

Item No. 6:

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

The provisions of Section 188 (1) of the Companies Act, 2013 govern Related Party Transactions and require a Company to obtain prior approval of the Board of Directors and in case Paid up Share Capital or Transaction as may be prescribed from time to time is more, then prior approval of shareholders by way of special resolution is required.

Further, third proviso to section 188 (1) provides that nothing shall apply to any transaction entered into by the Company in its ordinary course of business other than transactions which are not on Arm's Length Basis.

Though the Company is not coming under the purview of Section 188 (1) and all transaction are on Arm's Length Basis / Ordinary Course of Business however as a good Corporate Governance, Company is seeking approval of the Members.

The provisions of section 188 (3) also provide that any contract or arrangement entered into u/s. 188 (1) may be ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into.

In the light of provisions of the Companies Act, 2013 the Board of Directors of your Company has approved the proposed transactions along with annual limits that your Company may enter into with its Related Parties (as defined under the Companies Act, 2013) for the financial year 2015-16 in the Board Meeting held on 03.11.2015.

All prescribed disclosures as required to be given under the provisions of the Companies Act, 2013 and the Companies (Meetings of Board and its Powers) Rules, 2014 are given herein below in a tabular format for kind perusal of the members.

| Maximum value of Contract/ Transaction (per annum) | | | | ₹ In Crores |
|--|--|--|----------------------------------|--|
| S.No. | Name of Related Parties | Transaction defined u/s 188 of Companies Act, 2013 | | |
| | | Sale , purchase or supply of any goods, materials | Leasing of property of any kind. | Availing or rendering of any services or Appointment of any agent for purchase or sale of goods, materials, services or property |
| On actual basis, Exempted being in the ordinary course of business and on arm's length basis. (Subject to a maximum of amount p.a. as mentioned against the name of the company) | | | | |
| 1. | Samudra Dye-Chem Private Limited | 3 | 0.25 | 5 |
| 2. | Spiweld Chemtrade Private Limited | 3 | 0.25 | 5 |
| 3. | Textomax Chemicals Private Limited | 3 | 0.25 | 5 |
| 4. | Formost Chemicals Private Limited | 3 | 0.25 | 5 |
| 5. | Chemron Texchem Private Limited | 3 | 0.25 | 5 |
| 6. | Priyamvada Holdings Limited | 3 | 0.25 | 5 |
| 7. | Asha Marine Products Private Limited | 1 | 0.25 | 1 |
| 8. | Emerald Capital Services Private Limited | 1 | 0.25 | 1 |
| 9. | Vindhyapriya Holdings Private Limited | 1 | 0.25 | 1 |
| 10. | Khatau Leasing & Finance Company Private Limited | 1 | 0.25 | 1 |

| | | | | |
|-----|--|----|------|---|
| 11. | Prism Plantations Private Limited | 1 | 0.25 | 1 |
| 12. | Khatau Holding & Trading Company Private Limited | 1 | 0.25 | 1 |
| 13. | Prerana Leasing & Finvest Private Limited | 1 | 0.25 | 1 |
| 14. | MKK Holdings Private Limited | 1 | 0.25 | 1 |
| 15. | Priyanilgiri Holdings Private Limited | 1 | 0.25 | 1 |
| 16. | Refnol Resins & Chemicals Limited | 10 | 0.25 | 1 |

PARTNERSHIP FIRMS:

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

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

| | | | | |
|-----|--------------------------|---|------|------|
| 1. | Mr. Mahaendra K. Khatau | - | 0.25 | 10 |
| 2. | Ms. Leelabai K. Khatau | - | 0.25 | 3 |
| 3. | Mrs. Asha M. Khatau | - | 0.25 | 3 |
| 4. | Mr. Manish M. Khatau | - | 0.25 | 5 |
| 5.. | Ms. Priya M. Khatau | - | 0.25 | 5 |
| 6. | *Chief Financial Officer | - | - | 0.50 |
| 7. | *Company Secretary | - | - | 0.50 |
| 8. | *Managing Director | - | - | 2 |

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

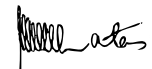
Any Contract or transaction with all the above parties for selling or otherwise disposing of, or buying, property of any kind to be on market value and on arms lengths relationship basis.

Members are hereby informed that pursuant to second proviso of section 188 (1) of the Companies Act, 2013, no member of the company shall vote on such special resolution to approve any contract or arrangement which may be entered into by the Company, if such member is a Related Party.

The Board of Directors of your Company has approved this item in the Board Meeting held on 03.11.2015. The Board of Directors is of the opinion that the transactions are on arm length basis and are in the ordinary course of business and recommends the resolution as set out in the accompanying Notice for the approval of members of the company as a Special Resolution.

Except Promoter Directors and their relatives, no other Director / KMP is concerned or interested in the Resolution.

By Order of the Board
For Indokem Limited



Mahendra K. Khatau
Chairman and Managing Director

Place: Mumbai
Date: 3rd November, 2015

ANNEXURE - A

Profile of the Directors seeking reappointment at the ensuing Annual General Meeting pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

| Name | Ms. Leelabai K. Khatau | Mr. Mahendra K. Khatau |
|---|---|--|
| Age | 83 Years | 60 Years |
| Date of Appointment | 01.02.1995 | 28.01.1986 |
| Expertise in functional Areas | Industrialist | Industrialist |
| Qualification | B.A. | B.Com |
| Names of the Companies in which he/she holds Directorships and Memberships of Committee of the Board | <p>Directorship:</p> <ol style="list-style-type: none"> 1. Asha Marine Products Private Limited 2. Emerald Capital Services Private Limited 3. Vindhyapriya Holdings Private Limited 4. MKK Holdings Private Limited 5. Prerana Leasing and Finvest Private Limited 6. Priyanilgiri Holdings Private Limited 7. Khatau Holdings and Trading Company Private Limited 8. Khatau Leasing and Finance Company Private Limited <p>Membership: Indokem Ltd.</p> <ol style="list-style-type: none"> 9. Committee of Board of Directors (Member) | <p>Directorship:</p> <ol style="list-style-type: none"> 1. Vindhyapriya Holdings Private Limited 2. MKK Holdings Private Limited 3. Prerana Leasing and Finvest Private Limited 4. Priyanilgiri Holdings Private Limited 5. Khatau Holdings and Trading Company Private Limited 6. Khatau Leasing and Finance Company Private Limited 7. Refnol Resins and Chemicals limited 8. Prism Plantations Private Limited 9. Mulraj Khatau and Sons Limited 10. Khatau Makanji and Company Private Limited <p>Membership: Indokem Ltd.</p> <ol style="list-style-type: none"> 11. Audit Committee 12. Share Transfer Committee (Chairman) 13. Committee of Board of Directors (Chairman) Refnol Resins and Chemicals Ltd. 14. Stakeholders Relationship Committee (Member) |
| Numbers of Shares held in the Company | 80883 | 1651029 |

DIRECTORS' REPORT

To,
The Members of Indokem Limited,

Your Directors have pleasure in presenting the **Forty Ninth Annual Report** together with the Audited Accounts for the Financial Year ended **31st March, 2015**.

1. Financial Results:

₹ In lacs

| PARTICULARS | For the Financial Year ended 31.03.2015 | For the Financial Year ended 31.03.2014 |
|--|---|---|
| Income | 5667.44 | 3755.13 |
| Profit/(Loss) Before Interest, Depreciation & Taxes | 410.88 | 98.43 |
| Less: Interest | 281.56 | 250.14 |
| Depreciation | 46.96 | 59.33 |
| Profit/(Loss) Before Tax | 82.36 | (211.04) |
| Add: Excess/ Short Provision for Tax in respect of earlier year | NIL | (11.84) |
| Profit/ (Loss) After Taxes | 82.36 | (222.88) |
| Profit/(Loss) Brought Forward from last year | (3335.85) | (3112.97) |
| Deprecation of earlier years | (1.73) | - |
| Surplus/Deficit carried to Reserves | (3255.22) | (3335.85) |

2. Operational Performance:

During the year 2014-15, the total sales of the Company increased from 3676.65 lacs to 5554.30 lacs.

Further pursuant to Clause 49 of Listing Agreement, detailed performance of the Company is given in Management Discussion and Analysis Report which forms part of the Directors' Report.

3. Directors and Key Managerial Personnel:

Pursuant to Rule 8(5)(iii) of the Companies (Accounts) Rules, 2014, the following details relating to Director's and Key Managerial Personnel are reported:

- Mr. Kailash Pershad (DIN: 00503603), Mr. Rajagopalan Sesha (DIN: 00289643) and Mr. B. G. Sontakke (DIN: 01225753) were ratified as Independent Directors of the Company at the previous Annual General meeting held on 30th September, 2014, in compliance with the provisions of Section 149 (4) of the Companies Act, 2013.
- Mr. Mukund Ramchandra Nagpurkar was appointed as the Chief Financial Officer of the Company on 1st of August, 2014 in compliance with the provisions of Section 203 of the Companies Act, 2013.
- Mr. Rohan Ramchandra Gavas resigned as the Company Secretary and Compliance Office of the Company on 31st January, 2015.
- Ms. Sugandha Vaidya was appointed as the Company Secretary and Compliance Officer of the Company on 9th February, 2015.
- Ms. Sugandha Vaidya resigned as the Company Secretary and Compliance Officer of the Company on 19th September, 2015.

4. Appointment of Director:

Ms. Leelabai K. Khatau, Non- Executive Director of your Company, retires by rotation and being eligible, offers herself for re-appointment. The details regarding Ms. Leelabai K. Khatau as required under clause 49 VIII E are disclosed in the notice of the Annual General Meeting. None of the other Directors are related inter se except Mr. Mahendra K. Khatau, Ms. Leelabai K. Khatau and Mrs. Asha M. Khatau who are related to each other.

5. Training and Familiarization Programme for Directors:

Pursuant to Clause 49 (II) (B) (7) of the Listing Agreement, the Company has adopted the Familiarization Programme for the Independent Directors with an aim to provide to the Independent Directors - an insight in their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc...

The Details of the Familiarization Programme for the Independent Director's are available on the website of the Company: www.indokem.co.in at link at <http://www.indokem.co.in/Policies.html>.

6. Remuneration of Directors and Key Managerial Personnel:

Pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details of remuneration of Directors and Key Managerial Personnel are as furnished in **Annexure C**.

7. Particulars of Employees:

None of the employees of the Company fall under the limits laid down in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

8. Statutory Auditors:

Pursuant to the provisions of Section 139 of the Companies Act, 2013, M/s. Sheth Doctor & Associates, Chartered Accountants, Mumbai, were appointed as the Statutory Auditors of the Company on 30th September, 2014 for a period of three years to hold office until the conclusion of the Annual General Meeting to be held in the year 2017.

M/s. Sheth Doctor & Associates have issued a Certificate of eligibility pursuant to Section 141 of the Companies Act, 2013.

The Board of Directors of your Company recommends ratification of the appointment of M/S Sheth Doctor & Associate, Chartered Accountants, Mumbai from the conclusion of the forthcoming Annual General Meeting of the Company until the conclusion of the next Annual General Meeting to be held in the year 2016.

9. Auditors' Observations:

As regards the Audit Qualification on the records and valuation of inventory at Ankleshwar Plant, the management is of the view of that the inventories are usable for trading operations of the Company at Mumbai.

10. Secretarial Audit Report:

Pursuant to the Provisions of Section 204 of Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Ragini Chokshi & Co., Company Secretary in Whole-Time Practice, Mumbai to undertake Secretarial Audit of the Company for the Financial Year ended 31st March, 2015. The Secretarial Audit Report issued by M/s Ragini Chokshi & Co. in the prescribed Form MR-3 is enclosed as **Annexure D**. There are no-qualifications, reservations or adverse remarks in the Report.

11. Disclosures:

The disclosures pursuant to Section 134(3)(a) to (q) are furnished as under:

i. Extract of Annual Return:

Pursuant to Section 134(3)(a) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, the extract of Annual Return in the prescribed Form MGT-9 is attached herewith and marked as **Annexure C**.

ii. Number of Board Meetings:

During the Financial year ended 31st March, 2015, the Board met five (5) times. The details of the meetings are provided in the Corporate Governance Report.

iii. Director's Responsibility Statement:

Pursuant to Section 134(5) of the Companies Act, 2013, your Directors, on the basis of information and documents made available to them, confirm that:

- a. In the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- b. Your Directors have 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 at the end of Financial Year and of the losses of the Company for that period;
- c. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. The Directors have prepared the Annual Accounts on a going concern basis;
- e. The Directors, have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;
- f. The Director's have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and are operating effectively.

iv. Declaration by Independent Directors:

The Independent Directors at the time of their appointment have given a declaration as required under sub-Section (7) of Section 149 of the Companies Act, 2013 regarding their meeting the criteria of Independence as laid down under sub-section (6) of Section 149.

v. Policy on Nomination Remuneration and Evaluation:

The Nomination and Remuneration Committee of the Company is governed by terms of reference. The Company has formulated a combined policy on Nomination and Remuneration of Board and Senior management personnel of the Company which also includes the policy on Board's diversity, evaluation criteria of Independent Directors and criteria for determining qualifications, positive attributes, independence of a Director in compliance with clause 49 IV B of the Equity listing Agreement and Section 178 of the Companies Act, 2013. The policy is available on the website of the Company www.indokem.co.in at link at <http://www.indokem.co.in/Policies.html>.

vi. Particulars of loans, guarantees or investments

Pursuant to section 186 of the Companies Act, 2013, the details of loans given, investments made or guarantees given are given in note nos. 14, 19 and 13 to the financial statements for the financial year 2014-15.

The Loans, investments, guarantees and securities provided by the Company during the Financial year ended 31st March, 2015, together with the existing Loans, investments, guarantees and securities do not exceed the limits prescribed under sub-section (2) of Section 186.

vii. Related Party Transactions:

All related party transactions that were entered during the financial year were on arms' length basis and were in the ordinary course of business. There were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company in large.

The particulars of contracts and arrangements entered with related parties during the Financial year ended 31st March, 2015 are enclosed to the report in the prescribed Form AOC-2 as **Annexure-B**.

The Related Party Transaction Policy of the Company approved by the Board of Director's of the Company is displayed on the website of the Company www.indokem.co.in/policies.

viii. Dividend:

Considering the accumulated losses the Board of Directors of your Company do not consider it appropriate to recommend any Dividend for the Financial Year ended 31st March, 2015.

ix. Insurance:

All the properties and insurable interests of the Company including the buildings, plant and machineries and stocks have been adequately insured.

x. Material Changes and Commitments:

Your Company had filed an application with the Hon'ble High Court of Judicature at Bombay for entering into a scheme of amalgamation and arrangement with Khatau Capacitors Private Limited and Indokem Exports Limited. The requisite consent of the members was sought at the Court Convened Meeting as well as Postal Ballot held on 30th April, 2015 and the Scheme was subsequently filed with the Hon'ble High Court of Judicature at Bombay. The Bombay High Court on the 4th of September, 2015 approved the scheme filed by the Company and the certified copy of the Order dated 4th September, 2015 was filed with the Registrar of Companies on the 30th September, 2015 thereby making the scheme effective from 1st April, 2014.

The Company had a Secured Loan from Union Bank of India. After negotiations with the Bank, One Time Settlement (OTS) was arrived at for a sum of ₹ 18.50 crores.

For some time now, Company had been trying to dispose of the Company's assets held for disposal at Ankleshwar. The Company has entered into a Memorandum of Undertaking (MOU) with a prospective buyer and the process of due diligence is ongoing. Pending this process, the Company has received advances as part of the MOU. Out of the advances received, the Company has paid off in full, the above OTS amount of ₹ 18.50 crores due to the bank.

xi. State of Company's Affairs:

There is no change in the nature of business during the year under review.

No Order has been passed by any Regulatory Court or Tribunal, which can impact the going concern status of the Company and its Operations in future.

xii. The Conservation of Energy, Technology Absorption, Foreign exchange Earnings and Outgo:

Pursuant to Section 134(3)(m) of the Companies Act, 2013 your Company has carried out the following acts in order to:

A. Conservation of Energy:**a. Energy Conservation measures taken:****i. Electrical Energy:**

- Regular preventive / predictive maintenance of electrical system is carried out to ensure minimum loss of energy / power supply.
- Regular up gradation in electrical system is done so as to minimize consumption of electrical power supply.

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 limiting the consumption of energy.

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

As the Company is concentrating in trading activities, it has resulted in reduction of consumption of energy. However, as and when production will be increased, modern equipments will be used to reduce the consumption of energy.

c. Impact of the measures at (a) and (b) for reduction of consumption of energy 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" forming part of **Annexure A**.

B. Technology Absorption:

As per Form – "B" forming part of **Annexure A**.

C. Foreign Exchange Earnings and Outgo:

₹ In '000

| PARTICULARS | 31.03.2015 | 31.03.2014 |
|--|-------------------|-------------------|
| I. Expenditure in Foreign Exchange Currency | | |
| Value of Imports on C.I.F. on the basis of Raw Materials | 37,324 | 27,307 |
| Travelling | 448 | 1,662 |
| Foreign Bank Charges | 27 | 20 |
| Consultancy charges | 169 | NIL |
| TOTAL | 37,968 | 28,989 |
| II. Earnings in Foreign Exchange | | |
| F.O.B. Value of Exports | 1,00,930 | 56,247 |

₹ In '000

| PARTICULARS | 31.03.2015 | 31.03.2014 |
|---|-------------------|-------------------|
| 1. Foreign exchange earned Export of goods on FOB basis | 1,00,930 | 56,247 |
| 2. Outgo of Foreign exchange CIF value of Imports | 37,324 | 27,307 |
| 3. Expenditure in Foreign Currencies | 644 | 1,682 |

xiii. Risk Management:

Your Company has a robust risk management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting. The framework has different risk models which help in identifying risk trend, exposure and potential impact analysis at a Company level as also separately for business segments. The key business risks identified by the Company and its mitigation plans are included in Management Discussion and Analysis Report.

xiv. Annual Evaluation by the Board of its own performance and that of its Committees and Individual Directors:

The Company has devised tool on the basis of Board Performance Evaluation Policy for evaluating the performance of the Independent Directors, Board Committees, Individual Directors and the Board at large which include the criteria for performance evaluation of the Non- Executive and Executive Directors.

xv. Subsidiary Company, Associate Company and Joint Venture Company:

Your Company does not have any Subsidiaries or Associates or Joint Venture Companies.

xvi. Deposits:

Your Company has not accepted any Fixed Deposit from Public or any other person during the Financial Year ended 31st March, 2015.

xvii. Internal Financial Control:

The Company has adequate policies, and standard operating procedures to ensure the accuracy of the Financial Statements and to maintain orderly and efficient conduct of its business. The Company has an effective mechanism to keep proper check on any possible instance of fraud and for safeguarding its assets. The Company follows a practical maker-checker policy to ensure every possible check on the accuracy of the Financial Reporting.

The scope and authority of the Internal Auditor have been defined by the Audit Committee from time to time. To maintain objectivity and independence, the internal auditor reports its observations to the Audit Committee of the Board. The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of the internal auditor, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Audit observations and corrective actions thereon are presented to the Audit Committee.

xviii. Committees of Directors and Key Managerial Personnel:

The details of the Committees of the Board of Directors and Key Managerial Personnel pursuant to the Listing Agreement and the Companies Act, 2013 are laid down in the Corporate Governance Report.

12. Audit Committee:

The details pertaining to the composition of the Audit Committee constituted pursuant to sub-section (8) of Section 177 of the Companies Act, 2013 are provided in the Corporate Governance Report segment of the Annual Report. There are no instances of the Board not accepting the recommendation of the Audit Committee during the Financial Year 2014-2015.

13. Vigil Mechanism/ Whistle Blower Policy:

Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Company has established a vigil mechanism named Vigil Mechanism/Whistle Blower Policy to report genuine concerns to the Chairman of your Company and Chairman of the Audit Committee. The Whistle Blower Policy provides adequate safeguards against victimization of persons who use such mechanism and makes provisions for direct access to the Chairman of the Company and the Chairman of the Audit Committee in exceptional cases as envisaged under the Whistle Blower Policy. The details of the Whistle Blower Policy are posted on the website of the Company www.indokem.co.in/policies.

14. Policy on Prevention of Sexual Harassment:

The Company has in place a Policy on preservation of Sexual Harassment of its employees at the workplace. In line with the requirements of the Sexual Harassment of Women in at Workplace (Prevention, Prohibition and Redressal) Act, 2013, an Internal Complaints Committee has been constituted by the Company to redress the complaints received regarding sexual harassment.

Your Directors state that during the financial year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

15. Prohibition of Insider Trading:

In compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 and to preserve the confidentiality and to prevent misuse of Unpublished Price Sensitive Information (UPSI), the Company has adopted a Code of Conduct to regulate, monitor and report trading by Insiders (Indokem Limited's Prevention of Insider Trading Rules, 2015) and a Code of Practice and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI) (Code of Fair Disclosure).

The Insider Trading Code and Code of Fair Disclosure are available on the website of the Company at www.Indokem.co.in/policies.

16. Corporate Social Responsibility (CSR):

The Company has not implemented any Corporate Social Responsibility initiatives as the provision of Section 135 of the Companies Act, 2013 and Rules made thereunder governing Corporate Social Responsibility are not applicable.

17. Corporate Governance:

Pursuant to Clause 49 of the Listing Agreement, a separate section forming part of this report and titled as "Corporate Governance Report" is attached herewith.

18. Acknowledgements:

Your Directors take this opportunity to place on record their sincere gratitude to the Banks, Central and State Government Departments and the Local Authorities for their guidance and support. Your Directors are also grateful to customers, suppliers and business associates of the Company for their continued co-operation and support. Your Directors express their deep appreciation for the commitment, dedication and hard work put in by the employees at all levels. Lastly, your Directors are grateful for the confidence and faith shown in them by the members of the Company.

By Order of the Board
For Indokem Limited

Place: Mumbai
Date: 3rd November, 2015

Mahendra K. Khatau
Chairman and Managing Director
DIN: 00062794

ANNEXURE A
FORM A

Statement showing particulars as per Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014.

Form for disclosure of particulars with respect to Conservation of Energy:

| Particulars | For the Financial Year ended 31.03.2015 | For the Financial Year ended 31.03.2014 |
|--|--|--|
| A. Power and Fuel Consumption | | |
| 1. Electricity | | |
| (a) Purchased Units (₹ 000 Unit) | 190 | 138 |
| Total Amount (₹ 000) | 1718 | 1334 |
| Cost Per Unit | 9.06 | 9.63 |
| (b) Own Generation | | |
| (i) Through Diesel Generator Set: Units generated/Lakhs Units Per Ltr. of Diesel Oil Cost – ₹/Unit | N.A. | N.A. |
| (ii) Through Steam Turbine/Generator | N.A. | N.A. |
| 2. Coal (specify quality and where used) | N.A. | N.A. |
| 3. Furnace Oil Quality – Ltrs. | 13726 | 11803 |
| Total Amount – ₹ In Lakhs | 6.61 | 5.65 |
| Average Rate – ₹ /Unit | 48.13 | 47.93 |
| 4. Others/internal generation Gas - (000 NM3) Total Amount – (₹ 000) Average Rate – (₹ / NM3) | N.A. | N.A. |
| B. Production / Consumption of: | For the Financial Year ended 31.03.2015 | For the Financial Year ended 31.03.2014 |
| Products | | |
| Dyes MT | 308.069 | 260.700 |
| Sizing Chemicals MT | 2960.035 | 1128.340 |
| Auxiliaries MT | 189.783 | - |
| Capacitors Units | 647 | - |

ANNEXURE A

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 | Company would like to concentrate on Trading Activities which ensures profitability to the Company. |
| 4. | Expenditure of 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. |

Place: Mumbai

For and on Behalf of the Company

Date: 3rd November 2015

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

**ANNEXURE B
FORM AOC – 2**

**[(PURSUANT TO CLAUSE (H) OF SUB – SECTION 134 OF THE COMPANIES ACT, 2013 AND RULE 8(2)
OF THE COMPANIES (ACCOUNTS) RULES, 2014)]**

This form pertains to the disclosures of particulars of contracts / arrangements entered into by the Company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013 including certain Arm's Length Transactions under third proviso thereto.

1. Details of Contracts or Arrangements or Transactions not at Arm's Length Basis:

No such transactions were entered during the financial year 2014-15.

2. Details of material Contracts or Arrangement or Transactions on Arm's Length Basis:

The Contracts or Arrangements or Transactions entered with the related parties during the Financial Year under review, were not material and the same were disclosed in the notes to accounts forming part of the Financial Statements for the year ended 31st March, 2015.

Place: Mumbai

For and on Behalf of the Company

Date: 3rd November 2015

**Mahendra K. Khatau
Chairman & Managing Director
DIN:00062794**

ANNEXURE C
FORM NO. MGT 9
“EXTRACT OF ANNUAL RETURN
As on financial year ended 31.03.2015
[Pursuant to Section 92(3) of the Companies act, 2013 read with
[The Companies (Management and Administration) Rules, 2014]”

A.REGISTRATION AND OTHER DETAILS:

| | |
|---|---|
| CIN: | L31300MH1964PLC013088 |
| Registration Date: | 22 nd December, 1964 |
| Name of the Company: | INDOKEM LIMITED |
| Category / Sub-Category of the Company: | Company Limited by Shares/ Non - Government Company Public Limited Company |
| Address of the Registered office and contact details: | Plot No. 410/411, Khatau House, Mogul Lane, Mahim - West, Mumbai - 400 016. |
| Whether Listed Company: | Yes, Listed at the Bombay Stock Exchange Limited |
| Name, Address and Contact details of Registrar and Transfer Agent, if any | Sharex Dynamic (India) Pvt.Ltd. Unit no.1, Luthra Ind.Premises, Safed Pool, Andheri Kurla Road, Andheri (East), Mumbai - 400072 Tel: 2851 5606/ 5644/ 6338. |

B. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

| Sr. No. | Name and Description of main products / services | NIC Code of the Product/ service% to total turnover of the company | % to total turnover of the company |
|---------|--|--|------------------------------------|
| - | - | - | - |

C. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr.No. | Name and address of the company | CIN/GLN | Holding/Subsidiary/ Associate | % of shares held |
|--------|---------------------------------|---------|-------------------------------|------------------|
| - | N/A | N/A | N/A | N/A |

D. SHARE HOLDING PATTERN

i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year 01/04/2014 | | | | No. of Shares held at the end of the year 31/03/2015 | | | | % Change during the year |
|--------------------------|--|----------|----------|-------------------|--|----------|----------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. PROMOTER'S | | | | | | | | | |
| (1) INDIAN | | | | | | | | | |
| (a) Individual | 258478 | 0 | 258478 | 1.055 | 682236 | 0 | 682236 | 2.785 | 1.73 |
| (b) Central Govt. | | | | | | | | | |
| (c) State Govt(s). | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 |
| (d) Bodies Corp. | 17088361 | 0 | 17088361 | 69.756 | 16724061 | 0 | 16724061 | 68.269 | -1.487 |
| (e) FIINS/ BANKS. | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 |
| (f) Any Other | | 0 | | | | 0 | | | 0 |
| Sub-total (A) (1):- | 17346839 | 0 | 17346839 | 70.811 | 17406297 | 0 | 17406297 | 71.054 | 0.243 |

| (2) FOREIGN | | | | | | | | | |
|---|-----------------|--------------|-----------------|---------------|-----------------|--------------|-----------------|---------------|--------------|
| (a) Individual NRI / For Ind | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 |
| (b) Other Individual | | | | | | | | | |
| (c) Bodies Corporates | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 |
| (d) Banks / FI | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 |
| (e) Qualified Foreign Investor | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 |
| (f) Any Other Specify | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 |
| Sub-total (A) (2):- | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total shareholding of Promoter (A) = (A)(1)+(A)(2) | 17346839 | 0 | 17346839 | 70.811 | 17406297 | 0 | 17406297 | 71.054 | -0.24 |
| (B) (1). PUBLIC SHAREHOLDING | | | | | | | | | |
| (a). Mutual Funds | 0 | 35650 | 35650 | 0.146 | 0 | 35650 | 35650 | 0.146 | 0 |
| (b). Banks / FI | 400 | 1675 | 2075 | 0.008 | 400 | 1675 | 2075 | 0.008 | 0 |
| (c). Central Govt. | | | | | | | | | |
| (d). State Govt. | 0 | 15950 | 15950 | 0.065 | 0 | 15950 | 15950 | 0.065 | 0 |
| (e). Venture Capital Funds | 0 | 0 | 0 | | 9025 | 0 | 9025 | 0.037 | 0.037 |
| (f). Insurance Companies | 5000 | 100 | 5100 | 0.021 | 5000 | 100 | 5100 | 0.021 | 0 |
| (g). FIs | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 |
| (h). Foreign Venture Capital Funds | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 |
| (i). Others (specify) | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 |
| Sub-total (B)(1):- | 5400 | 53375 | 58775 | 0.24 | 14425 | 53375 | 67800 | 0.277 | 0.037 |

| 2. Non-Institutions | | | | | | | | | |
|---|---------|---------|---------|-------|---------|---------|---------|--------|--------|
| (a) BODIES CORP. | | | | | | | | | |
| (i) Indian | 171197 | 98027 | 269224 | 1.099 | 215123 | 95927 | 311050 | 1.27 | 0.171 |
| (ii) Overseas | | | | | | | | | |
| (b) Individuals | | | | | | | | | |
| (i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | 1805477 | 3209008 | 5014485 | 20.47 | 1758768 | 3180071 | 4938839 | 20.161 | -0.309 |
| (ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 1718138 | 79100 | 1797238 | 7.337 | 1684189 | 79100 | 1763289 | 7.198 | -0.139 |

| | | | | | | | | | |
|---|----------|---------|----------|--------|----------|---------|----------|--------|--------|
| (c). Other (specify) | | | | | | | | | |
| Non Resident Indians (NRIs) | 3827 | 3300 | 7127 | 0.029 | 6513 | 3300 | 9813 | 0.04 | 0.011 |
| Overseas Corporate Bodies | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 |
| Foreign Nationals | | 0 | | | | 0 | | | 0 |
| Clearing Members | 3500 | 0 | 3500 | 0.014 | 100 | 0 | 100 | 0 | -0.014 |
| Trusts | | 0 | | | | 0 | | | 0 |
| Foreign Boodies - D R | | 0 | | | | 0 | | | 0 |
| Sub-total (B)(2):- | 3702139 | 3389435 | 7091574 | 28.949 | 3664693 | 3358398 | 7023091 | 28.669 | -0.28 |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | 3707539 | 3442810 | 7150349 | 29.189 | 3679118 | 3411773 | 7090891 | 28.946 | 0.24 |
| C. Shares held by Custodian for GDRs & ADRs | | | | | | | | | 0.00 |
| Grand Total (A+B+C) | 21054378 | 3442810 | 24497188 | 100.00 | 21085415 | 3411773 | 24497188 | 100.00 | 0.00 |

(ii) Shareholding of Promoters

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year 01/04/2014 | | | Shareholding at the end of the Year 31/03/2015 | | | % change in share holding during the year |
|---------|---------------------------------------|--|----------------------------------|---|--|----------------------------------|---|---|
| | | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | |
| 1 | ASHA MARINE PRODUCTS PRIVATE LIMITED | 52700 | 0.215 | 0 | 52700 | 0.215 | 0 | 0 |
| 2 | EMERALD CAPITAL SERVICES PVT LTD | 388920 | 1.588 | 0 | 388920 | 1.588 | 0 | 0 |
| 3 | KHATAU LEASING AND FINANCE COMPANY | 3831215 | 15.639 | 0 | 3831215 | 15.639 | 0 | 0 |
| 4 | KHATAU HOLDINGS AND TRADING COMPANY | 847705 | 3.46 | 0 | 847705 | 3.46 | 0 | 0 |
| 5 | MKK HOLDINGS PRIVATE LIMITED | 297809 | 1.216 | 0.816 | 297809 | 1.216 | 0.816 | 0 |
| 6 | PRIYAMVADA HOLDINGS LIMITED | 6359869 | 25.962 | 0 | 5995569 | 24.475 | 0 | -1.487 |
| 7 | VINDHYAPRIYA HOLDINGS PRIVATE LIMITED | 3294588 | 13.449 | 1.225 | 3294588 | 13.449 | 1.225 | 0 |
| 8 | PRIYANILGIRI HOLDINGS PRIVATE LIMITED | 1051971 | 4.294 | 0 | 1051971 | 4.294 | 0 | 0 |
| 9 | KHATAU CAPACITORS PRIVATE LIMITED | 963584 | 3.933 | 3.933 | 963584 | 3.933 | 3.933 | 0 |
| 10 | MAHENDRA KISHORE KHATAU | 89372 | 0.365 | 0 | 427983 | 1.747 | 0 | 1.382 |
| 11 | ANIL KISHORE KHATAU | 42393 | 0.173 | 0 | 42393 | 0.173 | 0 | 0 |
| 12 | ASHA MAHENDRA KHATAU | 10900 | 0.044 | 0 | 40197 | 0.164 | 0 | 0.12 |
| 13 | LEELABAI KISHORE KHATAU | 80883 | 0.33 | 0 | 80883 | 0.33 | 0 | 0 |
| 14 | PRIYA MAHENDRA KHATAU | 6930 | 0.028 | 0 | 35630 | 0.145 | 0 | 0.117 |
| 15 | SHREYA S. SINGHANIA | 5000 | 0.02 | 0 | 5000 | 0.02 | 0 | 0 |
| 16 | NEOMY ANIL KHATAU | 12500 | 0.051 | 0 | 12500 | 0.051 | 0 | 0 |
| 17 | MANISH MAHENDRA KHATAU | 5250 | 0.021 | 0 | 32400 | 0.132 | 0 | 0.111 |
| 18 | ILESHA ANIL KHATAU | 5250 | 0.021 | 0 | 5250 | 0.021 | 0 | 0 |

(iii) Change in Promoters' Shareholding

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year 01/04/2014 | | | Share holding at the end of the Year 31/03/2015 | | | % of total Shares of the company |
|----------|------------------------------------|--|----------------------------------|------------|---|----------|---------------|----------------------------------|
| | | No. of Shares at the beginning (01-04-2014) / end of the year (31-03-2015) | % of total Shares of the company | Date | Increasing / Decreasing in shareholding | Reason | No. of Shares | |
| 1 | PRIYAMVADA HOLDINGS LIMITED | 6359869 | 25.962 | 4/1/2014 | | | | |
| | | | | 3/20/2015 | 364300 | Transfer | 5995569 | 24.475 |
| | -Closing Balance | | | 3/31/2015 | | | 5995569 | 24.475 |
| 2 | MAHENDRA KISHORE KHATAU | 89372 | 0.365 | 4/1/2014 | | | | |
| | | | | 10/31/2014 | 6000 | Transfer | 95372 | 0.389 |
| | | | | 11/28/2014 | 5250 | Transfer | 100622 | 0.411 |
| | | | | 12/5/2014 | 5000 | Transfer | 105622 | 0.431 |
| | | | | 12/12/2014 | 5000 | Transfer | 110622 | 0.452 |
| | | | | 12/19/2014 | 4985 | Transfer | 115607 | 0.472 |
| | | | | 12/31/2014 | 200 | Transfer | 115807 | 0.473 |
| | | | | 1/9/2015 | 476 | Transfer | 116283 | 0.475 |
| | | | | 2/27/2015 | 900 | Transfer | 117183 | 0.478 |
| | | | | 3/20/2015 | 364300 | Transfer | 481483 | 1.965 |
| | | | | 3/27/2015 | 53500 | Transfer | 427983 | 1.747 |
| | -Closing Balance | | | 3/31/2015 | | | 427983 | 1.747 |
| 3 | ASHA MAHENDRA KHATAU | 10900 | 0.044 | 4/1/2014 | | | | |
| | | | | 10/31/2014 | 6000 | Transfer | 16900 | 0.069 |
| | | | | 11/7/2014 | 601 | Transfer | 17501 | 0.071 |
| | | | | 11/28/2014 | 5000 | Transfer | 22501 | 0.092 |
| | | | | 12/5/2014 | 5000 | Transfer | 27501 | 0.112 |
| | | | | 12/12/2014 | 550 | Transfer | 28051 | 0.115 |
| | | | | 12/19/2014 | 4982 | Transfer | 33033 | 0.135 |
| | | | | 12/31/2014 | 2164 | Transfer | 35197 | 0.144 |
| | | | | 2/27/2015 | 5000 | Transfer | 40197 | 0.164 |
| | -Closing Balance | | | 3/31/2015 | | | 40197 | 0.164 |
| 4 | PRIYA MAHENDRA KHATAU | 6930 | 0.028 | 4/1/2014 | | | | |
| | | | | 11/14/2014 | 3000 | Transfer | 9930 | 0.041 |
| | | | | 11/21/2014 | 3000 | Transfer | 12930 | 0.053 |
| | | | | 11/28/2014 | 5000 | Transfer | 17930 | 0.073 |
| | | | | 12/5/2014 | 5000 | Transfer | 22930 | 0.094 |
| | | | | 12/12/2014 | 2700 | Transfer | 25630 | 0.105 |
| | | | | 12/19/2014 | 5000 | Transfer | 30630 | 0.125 |
| | | | | 2/27/2015 | 5000 | Transfer | 35630 | 0.145 |
| | -Closing Balance | | | 3/31/2015 | | | 35630 | 0.145 |

| | | | | | | | | |
|----------|-------------------------------|------|-------|------------|------|----------|-------|-------|
| 5 | MANISH MAHENDRA KHATAU | 5250 | 0.021 | 4/1/2014 | | | | |
| | | | | 11/14/2014 | 3000 | Transfer | 8250 | 0.034 |
| | | | | 11/21/2014 | 3000 | Transfer | 11250 | 0.046 |
| | | | | 11/28/2014 | 5000 | Transfer | 16250 | 0.066 |
| | | | | 12/5/2014 | 1150 | Transfer | 17400 | 0.071 |
| | | | | 12/12/2014 | 5000 | Transfer | 22400 | 0.091 |
| | | | | 12/31/2014 | 5000 | Transfer | 27400 | 0.112 |
| | | | | 3/13/2015 | 5000 | Transfer | 32400 | 0.132 |
| | -Closing Balance | | | 3/31/2015 | | | 32400 | 0.132 |

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. No | Name | No. of Shares at the beginning (01-04-2014) / end of the year (31-03-2015) | % of total Shares of the company | Date | Increasing / Decreasing in shareholding | Reason | No. of Shares | % of total Shares of the company |
|---------------|--|---|---|-------------|--|---------------|----------------------|---|
| 1 | MAHENDRA GIRDHARILAL | 127 | 0.001 | 4/1/2014 | | | | |
| | | | | 12/12/2014 | 4151 | Transfer | 4278 | 0.017 |
| | | | | 12/19/2014 | 12526 | Transfer | 16804 | 0.069 |
| | | | | 12/31/2014 | 5000 | Transfer | 21804 | 0.089 |
| | | | | 2/27/2015 | 10200 | Transfer | 32004 | 0.131 |
| | | | | 3/6/2015 | 10300 | Transfer | 42304 | 0.173 |
| | | | | 3/20/2015 | 2420 | Transfer | 44724 | 0.183 |
| | | | | 3/27/2015 | 2551 | Transfer | 47275 | 0.193 |
| | -Closing Balance | | | 3/31/2015 | 100 | Transfer | 47375 | 0.193 |
| 2 | YOGESH LAXMIDAS BHATIA | 60200 | 0.246 | 4/1/2014 | | | | |
| | -Closing Balance | | | 3/31/2015 | | | 60200 | 0.246 |
| 3 | PACE STOCK BROKING SERVICES PVT. LTD. | 122 | 0 | 4/1/2014 | | | | |
| | | | | 1/23/2015 | 13338 | Transfer | 13460 | 0.055 |
| | | | | 1/30/2015 | 35844 | Transfer | 49304 | 0.201 |
| | | | | 2/6/2015 | 2100 | Transfer | 51404 | 0.21 |
| | -Closing Balance | | | 3/31/2015 | | | 51404 | 0.21 |
| 4 | MAYUR MANGALDAS KOTHARI | 407769 | 1.665 | 4/1/2014 | | | | |
| | | | | 8/8/2014 | 4500 | Transfer | 403269 | 1.646 |
| | -Closing Balance | | | 8/8/2014 | 4500 | Transfer | 403269 | 1.646 |
| 5 | ARUN KUMAR SANCHETI (HUF) | 61135 | 0.25 | 4/1/2014 | | | | |
| | | | | 12/12/2014 | 6575 | Transfer | 54560 | 0.223 |
| | | | | 1/23/2015 | 2150 | Transfer | 52410 | 0.214 |

| | | | | | | | | |
|-----------|--------------------------------|--------|-------|------------|-------|----------|--------|-------|
| | -Closing Balance | | | 3/31/2015 | | | 52410 | 0.214 |
| 6 | VIJAY KUMAR JAIN | 20000 | 0.082 | 4/1/2014 | | | | |
| | | | | 8/8/2014 | 5000 | Transfer | 15000 | 0.061 |
| | | | | 9/30/2014 | 5000 | Transfer | 20000 | 0.082 |
| | | | | 1/9/2015 | 6000 | Transfer | 14000 | 0.057 |
| | | | | 3/13/2015 | 6000 | Transfer | 20000 | 0.082 |
| | | | | 3/27/2015 | 36900 | Transfer | 56900 | 0.232 |
| | -Closing Balance | | | 3/31/2015 | | | 56900 | 0.232 |
| 7 | SALOMI SUSHIL SHAH | 125000 | 0.51 | 4/1/2014 | | | | |
| | -Closing Balance | | | 3/31/2015 | | | 125000 | 0.51 |
| 8 | SANTOSH MURARILAL GUPTA | 129379 | 0.528 | 4/1/2014 | | | | |
| | | | | 12/19/2014 | 2379 | Transfer | 127000 | 0.518 |
| | | | | 1/23/2015 | 10000 | Transfer | 117000 | 0.478 |
| | -Closing Balance | | | 3/31/2015 | | | 117000 | 0.478 |
| 9 | S SATHYA | 410290 | 1.675 | 4/1/2014 | | | | |
| | | | | 7/25/2014 | 1800 | Transfer | 412090 | 1.682 |
| | | | | 9/30/2014 | 7200 | Transfer | 419290 | 1.712 |
| | -Closing Balance | 419290 | 1.712 | 3/31/2015 | | | 419290 | 1.712 |
| 10 | SANGEETHA S | 75304 | 0.307 | 4/1/2014 | | | | |
| | | | | 7/25/2014 | 34 | Transfer | 75338 | 0.308 |
| | | | | 9/19/2014 | 2219 | Transfer | 77557 | 0.317 |
| | -Closing Balance | | | 3/31/2015 | | | 77557 | 0.317 |

(v) Shareholding of Directors and Key Managerial Personnel:

| Sr. No | Name | No. of Shares at the beginning (01-04-2014) / end of the year (31-03-2015) | Shareholding at the beginning of the year 01/04/2014 | | | Cumulative Shareholding during the year 31/03/2015 | | |
|----------|------------------------------|--|--|------------|---|--|---------------|----------------------------------|
| | | | % of total Shares of the company | Date | Increasing / Decreasing in shareholding | Reason | No. of Shares | % of total Shares of the company |
| 1 | Mahedra K. Khatau | | | | | | | |
| | At the beginning of the year | 89,372 | 0.36% | 01.04.2014 | Increase | Purchase | 89,372 | 0.36% |
| | At the End of the year | 427,983 | 1.75% | 31.03.2015 | | | 427,983 | 1.75% |
| 2 | Leelabai K. Khatau | | | | | | | |
| | At the beginning of the year | 80,883 | 0.33% | 01.04.2014 | N.A. | N.A. | 80,883 | 0.33% |
| | At the End of the year | 80,883 | 0.33% | 31.03.2015 | | | 80,883 | 0.33% |
| 3 | Asha M. Khatau | | | | | | | |
| | At the beginning of the year | 10,900 | 0.04% | 01.04.2014 | Increase | Purchase | 10,900 | 0.04% |
| | At the End of the year | 40179 | 0.16% | 31.03.2015 | | | 40179 | 0.16% |
| 4 | B. G. Sontakke | | | | | | | |
| | At the beginning of the year | 100 | 0.00% | 01.04.2014 | N.A. | N.A. | 100 | 0.00% |
| | At the End of the year | 100 | 0.00% | 31.03.2015 | | | 100 | 0.00% |
| 5 | Kailash Pershad | | | | | | | |
| | At the beginning of the year | 0 | 0.00% | 01.04.2014 | N.A. | N.A. | 0 | 0.00% |
| | At the End of the year | 0 | 0.00% | 31.03.2015 | | | 0 | 0.00% |

| | | | | | | | | |
|------------------------|------------------------------|-------|------------|------------|----------|---------------|-------|-------|
| 6 | Rajagopalan Sesa | | | | | | | |
| | At the beginning of the year | 0 | 0.00% | 01.04.2014 | N.A. | N.A. | 0 | 0.00% |
| At the End of the year | 0 | 0.00% | 31.03.2015 | 0 | | | 0.00% | |
| 7 | Mukund R. Nagpurkar | | | | | | | |
| | At the beginning of the year | 0 | 0.00% | 01.04.2014 | Increase | Pur- chase | 0 | 0.00% |
| At the End of the year | 10200 | 0.04% | 31.03.2015 | 0 | | | 0.00% | |

V. INDEBTEDNESS

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-------------------|-------------------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 144,948,988 | 82,703,124 | 24,206,750 | 251,858,862 |
| ii) Interest due but not paid | 22,207,500 | 8,995,189 | - | 31,202,689 |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 167,156,488 | 91,698,313 | 24,206,750 | 283,061,551 |
| Change in Indebtedness during the financial year | | | | |
| • Addition | 14,805,000 | 29,495,972 | 6,226,349 | 50,527,321 |
| • Reduction | 102,871 | 37,652,200 | 6,447,100 | 45,129,171 |
| Net Change | 13,775,129 | -8,156,228 | -220,751 | 5,398,150 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 143,919,117 | 82,357,249 | 23,985,998 | 250,262,364 |
| ii) Interest due but not paid | 37,012,500 | 1,184,836 | - | 38,197,336 |
| iii) Interest accrued but not | - | - | - | - |
| Total (i+ii+iii) | 180,931,617 | 83,542,085 | 23,985,998 | 288,459,700 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

| Sr. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | Total Amount |
|---------|---|---|--------------|
| 1 | Name Designation Gross salary | Mr. Mahendra Kishore Khatau Chairman & Managing Director | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 2,661,536 | 2,661,536 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 39,600 | 39,600 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - |
| 2 | Stock Option | - | - |
| 3 | Sweat Equity | - | - |
| 4 | Commission | - | - |
| | - as % of profit | - | - |
| | - others, specify... | - | - |
| 5 | Others, please specify | - | - |
| | Total (A) | 2,701,136.00 | 2,701,136.00 |
| | Ceiling as per the Act | | |

B. Remuneration to other directors:

| Sr. No. | Particulars of Remuneration | Name of Directors | Total Amount |
|-------------------------------------|--|-------------------------------|------------------|
| (A) Independent Directors | | | |
| | Name | Mr. Kailash Pershad | |
| | • Fee for attending board / committee meetings • Commission | 55,000 - | |
| | Sub Total | 55,000 | 55,000 |
| | Name | Mr. B. G. Sontakke | |
| | • Fee for attending board / committee meetings • Commission | 55,000 - | |
| | Sub Total | 55,000 | 55,000 |
| | Name | Mr. Rajagopalan Sesha | |
| | • Fee for attending board / committee meetings • Commission | 30,000 - | |
| | Sub Total | 30,000 | 30,000 |
| | Total (A) | 140,000 | 140,000 |
| (B) Non- Executive Directors | | | |
| | Name | Mrs. Asha M. Khatau | |
| | • Fee for attending board / committee meetings • Commission | 25,000 - | |
| | Sub Total | 25,000 | 25,000 |
| | Name | Ms. Leelabai K. Khatau | |
| | • Fee for attending board / committee meetings • Commission | 20,000 - | 20,000 45,000 |
| | Sub Total | 20,000 | 185,000 |
| | Total (B) | 45,000 | 185,000 |
| | Total (C)=(A+B) | 185,000 | |
| | Total Managerial Remuneration | 185,000 | |

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

As per the provisions of Section 136 (1) read with relevant proviso of Companies Act, 2013, the aforesaid information is excluded from this annexure. Any member interested in obtaining such information may write to the Company Secretary at the registered office or the corporate office of the Company.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ COURT] | Authority [RD / NCLT/ COURT] |
|--|------------------------------|-------------------|---|------------------------------|------------------------------|
| No instances of Penalties/ Punishments/ Compounding of Offence or other Officers in default. | | | | | |
| A. Company | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |

ANNEXURE D
FORM NO. MR-3
SECRETARIAL AUDIT REPORT

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

FOR THE PERIOD 01-04-2014 TO 31-03-2015

To,
The Members
Indokem Limited
Khatau house mogul lane,
Mahim (west),
Mumbai- 400016.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **INDOKEM LIMITED** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the **INDOKEM LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period **1st April, 2014 to 31st March, 2015** ("the reporting period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the period **1st April, 2014 to 31st March, 2015** according to the provisions of:

- (i) The Companies Act, 2013 ("the Act") and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulation made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz, :
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **Not applicable as there was no Substantial Acquisition of Shares & Takeover made during the year.**
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **Not applicable as the Company did not issue any security during the financial year under review.**
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **Not applicable as the Company did not have any scheme for its employees during the financial year under review.**
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- **Not applicable as the Company has not issued any debt securities during the financial year under review.**
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the companies act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- **Not applicable as the Company has not delisted its equity shares from any stock exchange during the financial year under review.**

h. Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2009- **Not applicable as the Company has not bought back any of its securities during the financial year under review.**

(vi) We have relied on the certificates obtained by the Company from the Management Committee/Function heads and based on the report received, there has been due compliance of all laws, orders, regulations and other legal requirements of the central, state and other Government and Legal Authorities concerning the business and affairs of the company.

We are of the opinion that the management has complied with the following laws specifically applicable to the Company:-

1. Negotiable Instruments Act, 1881
2. Competition Act, 2002
3. Information Technology Act, 2000
4. Water (Prevention and Control of pollution) Act, 1981
5. Air (Prevention and Control of Pollution) Act, 1974

We have also examined compliance with applicable clauses of the following:

- a) Secretarial Standards issued by The Institute of Company Secretaries of India. **Not applicable since these Secretarial Standards will come into effect from 1st July, 2015 hence not applicable to the Company during the audit period under review**
- b) The Listing Agreements entered into by the Company with Stock Exchanges.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place: Mumbai
Date : 10th August 2015

Name of the Company Secretary:
Mrs. Ragini Chokshi
For Ragini Chokshi & Co.
(Partner)
C.P. NO. 1436
FCS NO. 2390

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS:

The Indian chemical industry is among the established traditional sectors of the country that play an integral role in the country's economic development. The chemical sector has witnessed growth of 13-14% in the last 5 years. The major growth drivers, behind India's chemical industry could be listed as structural advantage, high domestic consumption, diversified industry and promising export potential.

Government recognizes Chemical industry as a key growth element of Indian economy. In Chemical Sector, 100% FDI is permissible.

OPPORTUNITIES AND THREATS:

India is one of the world's largest producers of textiles and garments. The potential size of the Indian Textiles and apparel industry is expected to reach US\$ 223 billion by 2021.

The growth in the Textiles Industry will have a direct bearing on the Textiles Dyes and Chemicals Industry – to which the Company belongs.

Indian Industry faces a number of disadvantages when compared to other developing countries. India has higher taxes, higher cost of finance and an unfavourable import duty structure. High cost of raw materials, utilities and capital translate into higher manufacturing costs.

Other factors leading to non-competitiveness are labour laws, inefficient process technology and relatively low automation levels due to higher reliance on human resources.

FUTURE OUTLOOK:

The Company is in the business of Dyes and Auxiliaries & Sizing Chemicals for the Textile Industry. The Company has invested in modernization of facilities and expansion of capacities by way of putting up 2 new units at MIDC, Ambarnath. The Company is giving more push to the product lines of Reactive Dyes, Auxiliaries and Sizing chemicals. Sale of these product lines have gone up increasing the bottom line of the Company.

Over the last few years, alongside its growth in sales, the Company has also achieved significant growth in profits and its gross and operating profit margins. The Company continually strives to strengthen its competitive edge while increasing profit and profit margins.

RISKS AND CONCERNS:

Like any other industry struggling for existence the Chemical Industry also faces substantial risks from various factors. There is a constant research and development process in place for ascertainment of threats and gauging of the risk appetite of the Company.

Your Company has undertaken active steps for risk mitigation and is continuously adapting to the changing global parlance to ensure uninterrupted growth of the organization. Your Company believes in diversification rather than depending on one source of revenue and has adopted all the modern measures of risk minimization, including insurance of its assets.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has in place effective systems of internal control commensurate to its size and nature of business with regard to its operations, financial reporting and compliance with applicable laws and regulations.

The Company has an exhaustive budgetary control system and the management regularly reviews actual performance

HUMAN RESOURCE MANAGEMENT:

Your Company continues to value its human asset and lays great importance in nurturing and training its employees in order to bring the best out of them. The Company has developed effective mechanism on succession planning for key and high level management positions in order to ensure that the organizational culture goes a long way with the new generation.

SAFE HARBOUR CLAUSE:

Statements in the Management Discussion and Analysis Report, the Directors’ Report and the Annual Report at large 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, inter alia, economic conditions affecting demand/ supply, price conditions in the domestic and overseas market in which the Company operates, foreign exchange rate fluctuations, 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:

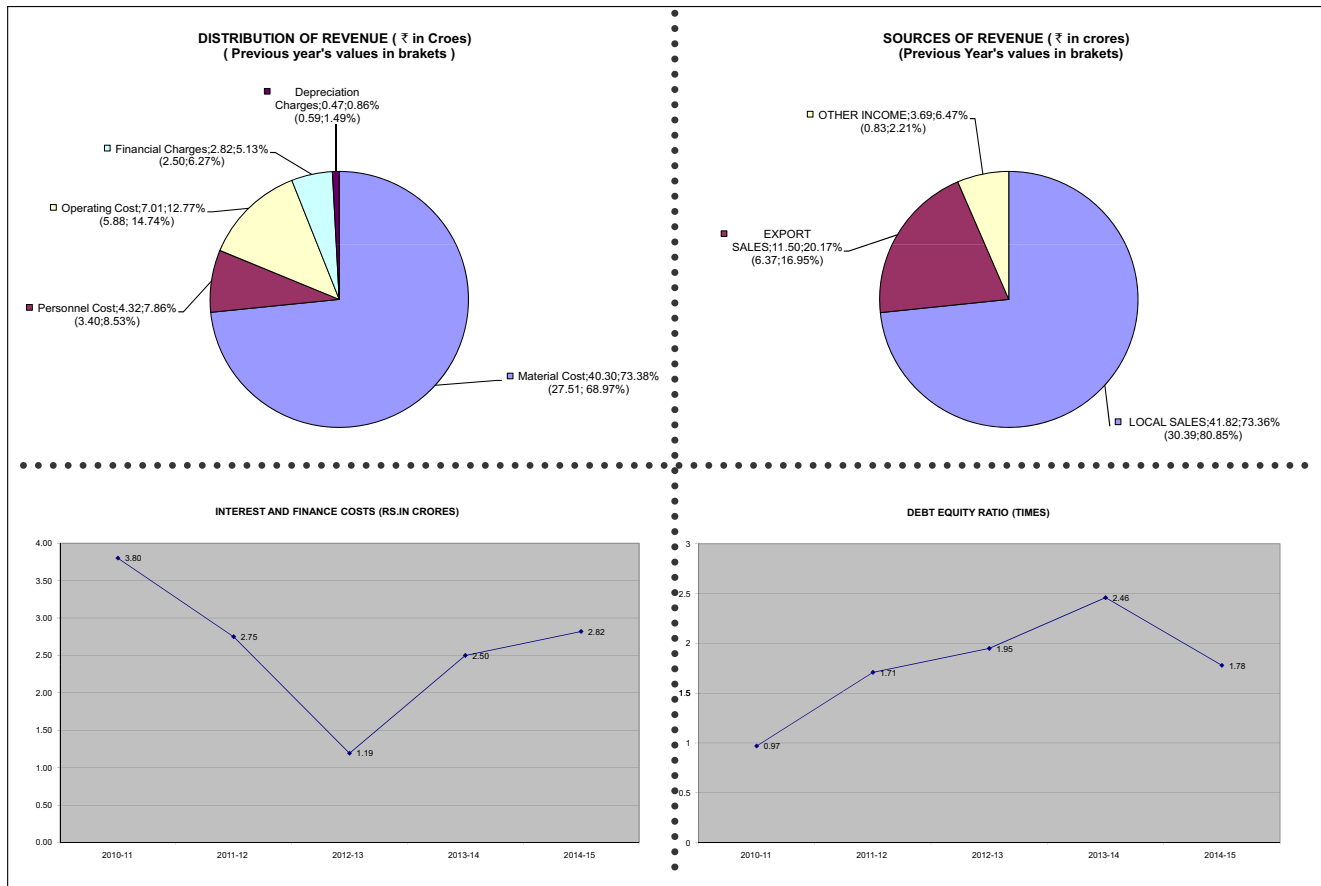
The Company continues to strengthen its bottom line, while laying equal importance on the development of the top line. We have come a long way from where we had begun and we continue set new benchmarks for ourselves in order to constantly improve our performance while retaining the tradition and values that made your Company what it has become today.

For and on behalf of the Board

Place : Mumbai
Date : 3rd November 2015

Mahendra K. Khatau
Chairman & Managing Director

FINANCIAL HIGHLIGHTS F.Y. - 2014 - 2015



CORPORATE GOVERNANCE REPORT

Compliance report for the financial year 2014-15:

The Company is committed towards following the best governance practices and maintaining a culture within the organization which promotes an overall development and not just a materialistic approach. This report is prepared in accordance with the provisions of Clause 49 of the Listing Agreement and the Company has complied with the spirit of the Clause:

1. Company’s Philosophy on Corporate Governance:

The Company continues to lay great importance on the adoption of best compliance practices and maintenance of transparency at all levels of the hierarchy. The Company has an effective mechanism on strict adherence to the code of conduct and result oriented induction techniques to help the new generation of employees to fall in line with the legacy of the organization.

The Company believes in transparency, disclosure and compliance with the true spirit of law, while developing a spirit of accountability and responsibility in employees.

2. Board of Directors:

a. Composition and Category of Directors:

The composition of the Board and other relevant details relating to the Directors are as follows:

| | Name and Category of the Director | Attendance particulars | | No. of other Directorships and Committee positions (memberships other than Indokem Limited) | | |
|----|--|------------------------|----------|---|------------|---|
| | | Board Meeting | Last AGM | *Other Directorships | Committee# | |
| | | | | | M | C |
| 1. | Mr. Mahendra K. Khatau Chairman & Managing Director - Promoter | 5 | Yes | 11 | 1 | - |
| 2. | Mrs. Asha M. Khatau Non-Executive Director - Promoter | 5 | Yes | 4 | - | 1 |
| 3. | Ms. Leela Khatau Non-Executive Director - Promoter | 4 | Yes | 8 | - | - |
| 4. | Mr. Kailash Pershad Non-Executive Independent Director | 5 | Yes | 1 | - | 1 |
| 5. | Mr. S. Rajagopalan Non-Executive Independent Director | 3 | Yes | 1 | 1 | - |
| 6. | Mr. B.G. Sontakke Non-Executive Independent Director | 5 | Yes | 1 | - | 1 |

* Other Directorships include Directorships in private Limited Companies also.

comprises of Audit and Stakeholders Relationship Committee of Public Limited Companies;

b. Meeting Held:

Five Board Meetings were held during the financial year ended 31st March, 2015, on 15th May, 2014, 14th August, 2014, 14th November, 2014, 30th January, 2015 and 30th March, 2015. The time gap between two meetings was less than four months.

c. Details of Directors seeking appointment / reappointment at the forthcoming Annual General Meeting

Ms. Leelabai K. Khatau, Non Executive Director is retiring by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

Profile of Ms. Leelabai K. Khatau as required to be given under Listing Agreement and Companies Act, 2013 is mentioned in the notice which forms part of this Annual Report.

d. Training of Board Members:

During the Audit and Board Meetings, the Chairman and Company Secretary give extensive briefings to the Board members on the business of the Company and on various Financial, Legal & Compliance issues.

3. Code of Conduct:

The Board of Directors have laid down a Code of Conduct for all Board Members and Members of the Senior Management of the Company. The said Code is also placed on the website of the Company www.indokem.co.in/codeofconduct. The Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code. The Chairman & Managing Director of the Company has given declaration to the Company that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code. The declaration by the Chairman and Managing Director to that effect forms part of this Report.

4. Whistle Blower Policy

The Whistle Blower Policy aims to encourage all employees to inform the Company regarding any kind of misuse of Company property, mismanagement or wrongful conduct prevailing in the Company and no personnel has been denied access thereto. The disclosure would be sent to the Chairman of the Audit Committee / the 'Ombudsman' who would investigate and recommend to the management of the Company to take such disciplinary or corrective action as may be deemed fit. Proper measures are taken to ensure the confidentiality of the whistle blower.

5. Audit Committee:

a. Composition of Audit Committee:

The Audit Committee of the board is properly constituted as per the provisions of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, with majority of the members of the Committee being Independent Directors as well as the Committee being chaired by an Independent Director. All the members of the Audit Committee are financially literate and the Company Secretary acts as the Secretary to the Committee.

During the financial year ended 31st March, 2015, the Audit Committee met on four occasions on 15th May, 2014, 14th August, 2014, 14th November, 2014 and 30th January, 2015.

The details of members and the meetings attended by them are as under:

| Name | Designation | Category | No. of meetings attended during the Financial Year |
|-----------------------|--------------------|--|---|
| Mr. Kailash Pershad | Chairman | Non-Executive, Independent | 4 |
| Mr. Rajagopalan Sessa | Member | Non-Executive, Independent | 3 |
| Mr. B. G. Sontakke | Member | Non-Executive, Independent | 4 |
| Mr. M. K. Khatau | Member | Chairman and Managing Director, Promoter | 4 |

b. Terms of Reference:

The Audit Committee oversees the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible. It monitors and ensures that the Statutory Auditor functions in an independent manner and recommends the terms and conditions of appointment and Remuneration of the Independent Auditors.

The Audit Committee reviews the Quarterly, Half-Yearly and Annual financial statements before they are submitted to the Board for its approval and overviews the funds mobilization in the organization. It also reviews the Internal Audit reports and discusses the internal Audit findings with the Auditor before the report is submitted to the Board.

The Audit Committee closely monitors the related party transactions, disclosures and the policies adopted by the Company in addition to revising them from time to time to ensure fair and transparent practices. The Committee also checks the status of compliance with the listing norms and other legal and regulatory requirements as may arise from time to time.

6. Nomination and Remuneration Committee:
a. Composition, description and Terms of Reference:

The Board of Directors at their meeting held on 15th May, 2015 renamed and reconstituted the existing Remuneration Committee as Nomination and Remuneration Committee to meet the requirements of the Section 178 of the Companies Act, 2013 and the revised Clause 49 of the Listing Agreement. The Committee is duly constituted as per the regulatory requirement with three Independent Directors as its members as well as the Chairman being an Independent Director. The combined policy on Nomination, Remuneration, Evaluation and Board's diversity is uploaded on the website of the Company: www.indokem.co.in/policies.

The Committee has formulated a policy that governs the remuneration, qualification and other necessary attributes for the appointment of Key Managerial Personnel. The Committee has laid down necessary qualifications, positive attributes and criteria for evaluation of Independence of Directors. The Committee has also devised a policy on the Board's diversity.

| Name | Designation | Category | No. of meetings attended during the Financial Year |
|---------------------|-------------|----------------------------|--|
| Mr. B. G. Sontakke | Chairman | Non-Executive, Independent | 2 |
| Mr. Kailash Pershad | Member | Non-Executive, Independent | 2 |
| Mr. S. Rajagopalan | Member | Non-Executive, Independent | 2 |

During the Financial Year ended 31st March, 2015 the Nomination and Remuneration Committee met twice on 15th May, 2014 and 30th January, 2015.

b. Details of Remuneration to all Directors:
Managing Director

| S.No. | Description | Previous | Present (31.03.2015) |
|-------|--|----------|----------------------|
| 1. | Salary | 75,000 | 1,20,000 |
| 2. | House Rent Allowance | 25,000 | 50,000 |
| 3. | House Maintenance Allowance | 10,000 | 20,000 |
| 4. | Reimbursement of Gas Electricity and other utility | 6,000 | 15,000 |
| 5. | Medical Reimbursement | 6,250 | 10,000 |
| 6. | Leave Travel Concession | 6,250 | 10,000 |
| 7. | Provident Fund | 9,000 | 14400 |
| 8. | Gratuity @ 4.8 % of basic | 3,600 | 5,760 |
| | Total | 1,41,100 | 2,45,160 |
| 1. | Service Contract | 5 Years | 5 Years |
| 2. | Notice Period | 3 months | 3 months |

Non-Executive Directors

| Name of Director | Sitting Fees Paid (₹) | |
|---------------------|-----------------------|-------------------------|
| | Board Meeting | Audit Committee Meeting |
| Mrs. Asha M. Khatau | 25,000 | - |
| Ms. Leela Khatau | 20,000 | - |

| | | |
|---------------------|--------|--------|
| Mr. Kailash Pershad | 30,000 | 25,000 |
| Mr. S. Rajagopalan | 15,000 | 15,000 |
| Mr. B. G. Sontakke | 30,000 | 25,000 |

Note: None of the Non-Executive Directors have any pecuniary relationship or transaction vis-à-vis the Company. Mrs. Asha M. Khatau and Mr. Mahendra K. Khatau are related to each other as husband and wife. Ms. Leelabai K. Khatau and Mr. Mahendra K. Khatau are related to each other as mother and son.

The Non-Executive Directors do not get any Remuneration from the Company except the sitting fees as approved by the Board from time to time. All Independent Directors are experts in their respective fields and their services are beneficial to the Company.

7. Stakeholders Relationship Committee:

a. Composition and attendance at meetings:

Pursuant to the provisions of the Companies Act, 2013, the Shareholders' / Investors' Grievance Committee has been renamed as Stakeholders Relationship Committee. This Committee specifically looks into the redressal of Shareholders' and Investors' complaints with a primary objective to improve investor relations. The Committee met four times during the financial year ended 31st March, 2015 on 15th May, 2014, 14th August, 2014 and 30th January, 2015. The Stakeholders Relationship Committee comprises three members and their attendance is as per details in the following table.

| Name | Designation | Category | No. of meetings attended during the Financial Year |
|---------------------|-------------|----------------------------|--|
| Mr. B. G. Sontakke | Chairman | Non-Executive, Independent | 3 |
| Mr. Kailash Pershad | Member | Non-Executive, Independent | 3 |
| Mr. S. Rajagopalan | Member | Non-Executive, Independent | 3 |

b. Details of complaints during the Financial Year:

| | |
|--|-----|
| No. of Complaints received so far | 2 |
| No. of complaints unresolved to the satisfaction of shareholders | Nil |
| No. of pending complaints. | Nil |

8. Share Transfer Committee:

This Committee comprises of an Executive Director, a Non-Executive Director and an Independent Director. Mr. Mahendra Kishore Khatau is the Chairman, Mrs. Leela K. Khatau Non-Executive Director and Mr. B.G. Sontakke Independent Director 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.

9. Committee of Board of Directors:

This Committee is chaired by Managing Director, Mr. Mahendra Kishore Khatau and has two Non-Executive Directors as its members Mrs. Asha Mahendra Khatau and Mrs. Leelabai Kishore Khatau. The Committee takes care of such matters as may be delegated by the Board from time to time.

10. General Body Meeting Held During The Last Three Years:

| AGM | Date and Time | Venue | Special Resolution passed |
|----------------------|--|---|--|
| 46 th AGM | 28 th December, 2012 at 4.00 P.M. | 410/411, Khatau House, Mogul lane, Mahim (West), Mumbai – 400 016 | There was no Special Resolution passed in the AGM. |

| | | | |
|----------------------|---|---|---|
| 47 th AGM | 30 th September, 2013 at 4.00 P.M. | 410/411, Khatau House, Mogul lane, Mahim (West), Mumbai – 400 016 | <ol style="list-style-type: none"> 1. Resolution under Section 198 read with Sections 269, 302, 309 and Schedule XIII of the Companies Act, 1956 for revision in Remuneration of Managing Director. 2. Resolution under Section 314 of the Companies Act, 1956 for appointment of Mr. Manish M. Khatau, Vice President Corporate Strategy, in place of profit. |
| 48 th AGM | 30 th September, 2014 at 4.00 P.M. | 410/411, Khatau House, Mogul lane, Mahim (West), Mumbai – 400 016 | <ol style="list-style-type: none"> 1. Resolution under Section 180 (1) (c) of the Companies Act, 2013, for borrowing in excess of the paid-up capital and free reserves of the Company. 2. Resolution under Section 180 (1) (a) of the Companies Act, 2013 for authorising the Board of Directors for creation of charge on the Assets of the Company. 3. Resolution under Section 188 for entering into related party transactions. |

Resolutions passed through Postal Ballot:

There were no resolutions passed through postal ballot during the Financial Year ended 31st March, 2015.

Whether any special resolution is proposed to be conducted through postal ballot:

No special resolution is proposed to be conducted through postal ballot.

Procedure for postal ballot:

No special resolution is proposed through postal ballot, hence the details of procedure are not given.

11. Disclosures:

- a. No transaction of material nature has been entered into by the Company with its promoters, Directors or management or relatives etc. that may have a potential conflict with the interest of the Company.
- b. The Bombay Stock Exchange Limited had levied a penalty ₹ 2247/- (Rupees Two Thousand Two hundred and Forty Seven) on the Company for late submission of the Annual Report, in accordance with the provisions of Clause 31 of the Listing Agreement. There were no other instances of non-compliance or penalty, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during last three years.
- c. The Company has adopted the whistle blower policy which is available on website of the Company www.indokem.co.in/policies. No personnel have been denied access to the Audit Committee.

12. Compliance with Clause 49 of the Listing Agreement:
a. Mandatory Requirements:

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreements.

b. Non-mandatory Requirements:

- i. The Board
The Company presently has an executive Chairman hence this cannot be adopted.
- ii. Shareholder Rights
Considering the present financial condition of the Company the management has not adopted this yet, however the Company looks forward to adopting this in near future.
- iii. Audit qualifications
The Company shall soon move towards the regime of unqualified financial statements.
- iv. Separate posts of Chairman and CEO
The Company has a common Chairman and Managing Director, however we plan to segregate the responsibilities of Chairman and Managing Director in near future for better governance.

v. Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit Committee.

13. Means of Communication:

- a) The quarterly results were published during the year under review in leading national and regional newspapers appropriately.
- b) The quarterly results are displayed on www.indokem.co.in and on website of BSE.
- c) The official news releases of the Company are displayed on the website of the Company and on the website of BSE.

14. General Shareholder Information:

a. Annual General Meeting:

Date: 21st December, 2015

Time : 04.00 P.M.

Venue : The Matunga Mitra Mandal Hall, The Karnataka Housing Co-op. Society Ltd.,
Mogul Lane, Mahim (West), Mumbai – 400 016.

b. Financial Year (Calendar):

| Quarter | | Tentative date of declaration of Results |
|----------------------------------|---|--|
| 30 th June, 2015 | : | 14 th August, 2015 |
| 30 th September, 2015 | : | 14 th November, 2015 |
| 31 st December, 2015 | : | 14 th February, 2016 |
| 31 st March, 2016 | : | 30 th May, 2016 |

Date of Annual General Meeting : Last week of September, 2016

c. Date of Book Closure:

Thursday, 15th December, 2015 to Monday, 21st December, 2015

d. Listing on Stock Exchanges:

The Bombay Stock Exchange Limited,
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.

e. Stock Code:

The Bombay Stock Exchange Limited : 504092

f. Market Price Data:

Month wise high/low prices during last year at BSE are as under:

| Month | High (₹) | Low (₹) |
|-----------------|-------------|------------|
| April, 2014 | 1.81 | 1.69 |
| May, 2014 | 1.77 | 1.51 |
| June, 2014 | 2.61 | 1.50 |
| July, 2014 | 6.19 | 2.48 |
| August, 2014 | 6.03 | 3.25 |
| September, 2014 | 6.90 | 3.57 |
| October, 2014 | 6.30 | 5.60 |
| November, 2014 | 6.90 | 5.11 |
| December, 2014 | 8.42 | 4.82 |
| January, 2015 | 10.22 | 7.81 |
| February, 2015 | 9.24 | 4.98 |
| March, 2015 | 5.76 | 4.70 |

g. Registrar and Transfer Agents:

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 15 days 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.

 i. Shareholding pattern as on 31st March, 2015:

| Sr. No | Category | No. of Shares held | % of Shareholding |
|--------|---|--------------------|-------------------|
| 1. | Promoters and Promoter group | 1,74,06,297 | 71.054 |
| 2. | Banks / Financial Institutions and Insurance Cos. | 67,800 | 0.277 |
| 3. | Private Corporate Bodies | 3,11,050 | 1.270 |
| 4. | Indian Public /HUF/Clearing Members | 67,02,128 | 27.359 |
| 5. | NRIs / OCBs / Foreign Nationals | 9,813 | 0.040 |
| 6. | Others | 100 | 0.000 |
| | Total | 2,44,97,188 | 100.00 |

 j. Distribution of Shareholding as on 31st March, 2015:

| No. of Equity Shares Held | No. of Shareholders | Percentage of Shareholders | No. of Shares | Percentage of Shares |
|---------------------------|---------------------|----------------------------|-----------------|----------------------|
| Up to – 5000 | 24839 | 94.53 | 3101735 | 12.66 |
| 5001 – 10000 | 855 | 3.25 | 674660 | 2.75 |
| 10001 – 20000 | 303 | 1.15 | 455852 | 1.86 |
| 20001 – 30000 | 92 | 0.35 | 229646 | 0.94 |
| 30001 – 40000 | 28 | 0.11 | 101336 | 0.41 |
| 40001 – 50000 | 33 | 0.13 | 160075 | 0.65 |
| 50001 - 100000 | 64 | 0.24 | 466354 | 1.90 |
| 100001 and above | 62 | 0.24 | 19307530 | 78.82 |
| Total | 26276 | 100.00 | 24497188 | 100.00 |

 k. Dematerialisation of Shares as on 31st March, 2015:

| Dematerialised Form | Equity Shares of ₹ 10 each | |
|---------------------|----------------------------|----------------|
| | Number of Shares | % of Total |
| NSDL | 1,93,78,687 | 79.10% |
| CDSL | 17,06,728 | 6.97% |
| Physical Form | 34,11,773 | 13.93% |
| Total | 2,44,97,188 | 100.00% |

l. Company has not issued any GDRs / ADRs / Share Warrants or any convertible instruments.

m. Address for correspondence:

410/411, Khatau House, Mogul Lane, Mahim (West), Mumbai – 400016.

For INDOKEM LIMITED

Place: Mumbai
Date: 3rd November 2015

MAHENDRA K. KHATAU
CHAIRMAN AND MANAGING DIRECTOR

DECLARATION ON CODE OF CONDUCT

To,

The Members of Indokem Limited,

This is to confirm that the Board has laid down a code of conduct for all Board members and senior management of the Company. It is further confirmed that all the Directors and senior management personnel of the Company have affirmed compliance with the code of conduct of the Company as on 31st March, 2015, as envisaged in the Clause 49 of the Listing Agreement with the Stock Exchange.

Place: Mumbai
Date: 3rd November 2015

Sd/-
Mahendra K. Khatau
Chairman and 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 Financial Year ended 31st March, 2015, 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 and Associates
Chartered Accountants
(Firm Regn. No. 124822W)

Place: Mumbai
Date: 3rd November 2015

Sd/-
Paresh S. Doctor
Membership No. 36056

CHAIRMAN & MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER CERTIFICATION

To,

The Members of Indokem Limited,

We hereby certify that:

- A. We have reviewed financial statements and the cash flow statement for the Financial year ended 31st March, 2015 and that to the best of our knowledge and belief :
1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. We are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit Committee:
1. Significant changes in internal control over financial reporting during the year;
 2. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 3. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place: Mumbai
Date: 3rd November 2015

Sd/-
Mahedra K. Khatau
Chairman and Managing Director

Sd/-
Mukund R. Nagpurkar
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT**The Members of
INDOKEM LIMITED****Report on the Financial Statements**

I have audited the accompanying financial statements of INDOKEM LIMITED, which comprises Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss Account for the year ended 31st March 2015, Cash Flow Statement for the year ended 31st March 2015 and a summary of Significant Accounting Policies and other explanatory information.

Managements ' Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act 2013 ("the Act") with respect to the presentation of these financial statements that give a true and fair view of the financial position and financial performance in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies ; making judgments and estimates that are reasonable and prudent ; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, 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

My responsibility is to express an opinion on these financial statements based on my audit. I have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

I have conducted the audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. 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.

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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

The inventories of the Ankelshwar Plant brought to D. M. godown in the last year amounting to ₹ 333.26 lacs at the year end is as valued and certified by the management only (Refer Para No 2 (c) of Note No 27 of Notes on Accounts).

Qualified Opinion

In my opinion and to the best of the information and according to the explanations given to me, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and 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 31st March 2015.
- (b) In the case of the Profit and Loss Account, of the Profit for the year ended on that date.
- (c) In the case of the Cash Flow Statement , of the cash flows for the year ended on that date.

Emphasis of Matter

1. As referred in Para No 2(a) of Note No 27 of Notes on Accounts, the Company has repaid loan outstanding of ₹ 1410 lacs in the current financial year of 2015-16 and impact of additional interest of ₹ 164.06 lacs and gain on settlement of principal amount of such loan ₹ 67.39 lacs is accounted in the current year.
2. As referred in Para No 2(b) of Note no 27 of Notes on Accounts ,there are old debtors of ₹ 306.52 lacs which in the opinion of the management are good for recovery and no provision for doubtful debts is required.
3. As referred in Para No 3 of Note No 27 of Notes on Accounts, a sum of ₹ 1.73 lacs has been debited to the opening balance of Profit and Loss Account as per transitional provisions due to change in the method of providing depreciation on fixed assets.
4. The accounts of the Company for the current year includes those of amalgamated companies namely M/s Indokem Exports Ltd. and M/s Khatau Capacitors Pvt. Ltd. (Transferor companies) in pursuance to the Scheme of Amalgamation with such adjustments and details as given in Para No 16 of Note No 27 of Notes on Accounts.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) order, 2015 ("The Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, I give in the Annexure a statement on the matters specified in the paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, I report that :
 - a. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of audit .
 - b. 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 .
 - c. The Balance Sheet, Statement of Profit and Loss and other notes thereon dealt with by this Report are in agreement with the books of accounts.
 - d. In my opinion, the Balance Sheet and Statement of Profit and Loss comply with the accounting standards referred to in the Section 133 of the Companies Act,2013 and read with Rule No 7 of the Companies Accounting Rules 2014.
 - e. On the basis of representations received from the directors as on March 31, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31,2015 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. There are no other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules,2014.

For Sheth Doctor and Associates
Chartered Accountants
Firm Regn. No. 124822W

Paresh S Doctor
Proprietor
Membership No. 36056

Place : Mumbai

Date : 3rd November 2015

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 YEAR ENDED 31st March 2015)*

- 1] a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) As explained to me major portion of the fixed assets have been physically verified by the management at the year end, which in my opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- 2] a) The inventories have been physically verified by the management at the year end. In my opinion the frequency of verification is reasonable.
 - b) In my opinion the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company has maintained proper records of inventories. The discrepancies noticed on physical verification of stocks as compared to book records were not material and the same have been properly dealt with in the books of accounts.
- 3] The Company has granted interest free loans, secured or unsecured amounting to ₹ 301.63 lacs (Includes amount receivable on account of reinstatement of Interest etc. amounting to ₹ 294.77 lacs) to Companies, firms and other parties listed in the register maintained under Section 189 of the Companies Act 2013. There are no terms stipulated as to its repayment.
- 4] In my opinion and according to the information and explanations given to me, there are adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and for the sale of services. During the course of my audit I have not observed any continuing failure to correct major weaknesses in internal controls system.
- 5] The Company has not accepted any deposits from the public within the meaning of provisions of sections 73 to 76 and rules framed there under.
- 6] Maintenance of cost records under section 148 (1) of the Act are not applicable to the Company.
- 7] a) In my opinion and according to the information and explanations given to me, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, custom duty excise duty etc. with the appropriate authorities. There are no arrears of outstanding statutory dues, as on 31st March, 2015 for a period of more than six months from the date they became payable.
 - b) As on 31st March, 2015, according to the records of the Company, there are no disputed dues on account of sale tax, excise duty and income tax, except those mentioned below.

| Nature of Dues | Amount (₹ in lacs) | Period to which the amount relates | Forum where the dispute is pending |
|-----------------------|-------------------------------|---|--|
| Income Tax | 267.98 | 2001-02 to 2009-10 | Commissioner of Income Tax (Appeals) |
| Income Tax | 343.84 | 2006-07 2009-10 2011-12 | Commissioner of Income Tax (Appeals) Commissioner of Income Tax (Appeals) Commissioner of Income Tax (Appeals) |
| Sales Tax | 9.92 11.53 7.50 1.54 | 1990-91 1995-96 2002-03 2004-05 | Sales Tax Tribunal Assistant Commissioner (Appeals) Sales Tax Tribunal Assistant Commissioner (Appeals) |
| Service Tax | 2.78 | 2004-05 | Service Tax & Excise Tribunal |

- 8] The accumulated losses of the Company exceeds fifty per cent of its net worth at the year end. However the Company has not incurred cash loss during the year.
- 9] The Company has defaulted in repayment of dues to a bank amounting to ₹ 17.80 crores at the year end, however they have been paid in full in subsequent year (Refer Note No 2(a) of Note No 27)
- 10] According to the information and explanations given to me, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- 11] To the best of my knowledge and belief and according to the information and explanations given to me, the term loans have been utilized for the purpose for which they were obtained.
- 12] To the best of my knowledge and belief and according to the information and explanations given to me, no fraud on or by the Company was noticed or reported during the year.

For Sheth Doctor and Associates

Chartered Accountants
Firm Regn. No. 124822W

Paresh S Doctor

Proprietor
Membership No. 36056

Place : Mumbai

Date : 3rd November 2015

BALANCE SHEET AS AT 31ST MARCH 2015

| | | ₹ in '000 | |
|--|--------------|--------------------------------------|--------------------------------------|
| | Note No. | As at 31 st March 2015 | As at 31 st March 2014 |
| A EQUITY AND LIABILITIES | | | |
| 1 Shareholders' funds | | | |
| (a) Share capital | 2 | 23,53,36 | 24,49,72 |
| (b) Reserves and surplus | 3 | (10,73,90) | (15,24,62) |
| (c) Share capital suspense (Refer para No.16(2) (v) & (viii) of Note no. 27) | | 2,07,10 | - |
| | | <u>14,86,56</u> | <u>9,25,10</u> |
| 2 Non-current liabilities | | | |
| (a) Long-term borrowings | 4 | 8,42,57 | 8,56,22 |
| (b) Other long-term liabilities | 5 | 1,96,89 | 2,01,43 |
| (c) Long-term provisions | 6 | 75,18 | 49,92 |
| | | <u>11,14,64</u> | <u>11,07,57</u> |
| 3 Current liabilities | | | |
| (a) Short-term borrowings | 7 | 14,10,00 | 14,10,00 |
| (b) Trade payables | 8 | 12,11,93 | 9,01,25 |
| (c) Other current liabilities | 9 | 7,49,78 | 9,77,56 |
| (d) Short-term provisions | 10 | 23,16 | 21,11 |
| | | <u>33,94,87</u> | <u>33,09,92</u> |
| | TOTAL | <u><u>59,96,07</u></u> | <u><u>53,42,59</u></u> |
| B ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 11 | 19,15,70 | 23,48,87 |
| (ii) Intangible assets | 12 | 1,12,84 | 38,30 |
| (iii) Capital Work in progress | | 22,58 | 24,83 |
| | | <u>20,51,12</u> | <u>24,12,00</u> |
| (b) Non-current investments | 13 | 1,80,75 | 3,79,55 |
| (c) Deferred Tax Asset | | 5,72 | - |
| (d) Long-term loans and advances | 14 | 5,24,02 | 3,78,12 |
| (e) Other non Current assets | 15 | 16,95 | 5,50 |
| | | <u>7,27,44</u> | <u>7,63,17</u> |
| 2 Current assets | | | |
| (a) Inventories | 16 | 11,09,02 | 9,36,64 |
| (b) Trade receivables | 17 | 15,63,83 | 10,94,97 |
| (c) Cash and cash equivalents | 18 | 71,58 | 61,21 |
| (d) Short-term loans and advances | 19 | 4,66,18 | 63,91 |
| (e) Other current assets | 20 | 6,90 | 10,69 |
| | | <u>32,17,51</u> | <u>21,67,42</u> |
| | TOTAL | <u><u>59,96,07</u></u> | <u><u>53,42,59</u></u> |

See accompanying notes forming part of the financial statements

1 & 27

As per my report attached.

For Sheth Doctor & Associates

Chartered Accountants

Firm Regn. No 124822W

Paresh S. Doctor

Proprietor

Membership No 36056

For and on behalf of the Board of Directors

Mahendra K.Khatau
Chairman & Managing Director

Leela K. Khatau
Director

Mukund R. Nagpurkar
Chief Financial Officer

Place : Mumbai

Date : 3rd November 2015

PROFIT AND LOSS FOR THE PERIOD 01/04/2014 TO 31/03/2015

₹ in '000

| | Note No. | For the period 01/04/2014 to 31/03/2015 | For the period 01/04/2013 to 31/03/2014 |
|--|----------|---|---|
| A CONTINUING OPERATIONS | | | |
| 1 Revenue from operations (gross) | 21 | 56,06,69 | 37,72,94 |
| Less: Excise duty | | 2,22,14 | 68,02 |
| Revenue from operations (net) | | 53,84,55 | 37,04,92 |
| 2 Other income | 22 | 2,82,89 | 50,21 |
| 3 Total revenue | | 56,67,44 | 37,55,13 |
| 4 Expenses | | | |
| (a) Cost of materials consumed/cost of goods traded | | 40,29,57 | 27,50,95 |
| (b) Employee benefit expense | 23 | 4,31,78 | 3,40,43 |
| (c) Finance costs | 24 | 2,81,56 | 2,50,14 |
| (d) Depreciation and amortisation expenses | | 46,96 | 59,33 |
| (e) Other expenses | 25 | 6,65,39 | 4,84,37 |
| Total expenses | | 54,55,26 | 38,85,22 |
| 5 Profit / (Loss) before tax | | 2,12,18 | (1,30,09) |
| 6 Tax expense: | | | |
| (a) Current tax expense relating to prior years | | - | 11,84 |
| (b) Net current tax expense | | - | 11,84 |
| 7 Profit / (Loss) from continuing operations | | 2,12,18 | (1,41,93) |
| B DISCONTINUING OPERATIONS | | | |
| 8 Profit / (Loss) from discontinuing operations (before tax) | 26 | (1,29,82) | (80,95) |
| 9 Profit / (Loss) from discontinuing operations | | (1,29,82) | (80,95) |
| C TOTAL OPERATIONS | | | |
| 10 Profit / (Loss) for the year | | 82,36 | (2,22,88) |
| 11 Earnings per share (of ₹ 10/- each): | | | |
| (a) Basic (₹) | | 0.34 | (0.91) |
| (b) Diluted (₹) | | 0.34 | (0.91) |

See accompanying notes forming part of the financial statements

1 & 27

As per my report attached.

For Sheth Doctor & Associates

 Chartered Accountants
 Firm Regn. No 124822W

Paresh S. Doctor
 Proprietor
 Membership No 36056

For and on behalf of the Board of Directors
Mahendra K.Khatau
 Chairman & Managing Director

Leela K. Khatau
 Director

Mukund R. Nagpurkar
 Chief Financial Officer

Place : Mumbai
Date : 3rd November 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

₹ in '000

| | For the period 01/04/2014 to 31/03/2015 | For the period 01/04/2013 to 31/03/2014 |
|---|--|---|
| PART I : CASH FLOW FROM CONTINUING OPERATIONS | | |
| A. Cash flow from operating activities | | |
| Net Profit/ (Loss) before Tax | 8236 | (21103) |
| Adjustments for : | | |
| Depreciation | 4696 | 5933 |
| Finance cost | 28156 | 25014 |
| Expenses on discontinuing operations | 12982 | 8095 |
| Amortization of goodwill | 5406 | 2756 |
| Amalgamation expenses w/off | 844 | 446 |
| Interest income | (1517) | (757) |
| Provision and write-off of Debts and Advances | 1968 | (126) |
| Assets/Stocks/Investments written off | 34 | 4464 |
| Profit on sale of investments | (16616) | (46) |
| Operating Income Before Working Capital changes | 44189 | 24676 |
| Changes in working capital | | |
| Adjustment for increase / decrease in operating assets | | |
| Inventories | (14333) | (14586) |
| Trade Receivables | (30657) | 4498 |
| Short Term Loans and Advances | (6423) | (1309) |
| Long Term Loans and Advances | (414) | (2984) |
| Other current assets | 379 | 1 |
| Other non-current assets | (1989) | - |
| Adjustment for increase / decrease in operating liabilities | | |
| Trade payables | 13759 | 3504 |
| Other current liabilities | (33932) | 169 |
| Other long term liabilities | (636) | (1739) |
| Long - term provisions | 2130 | 1554 |
| Short-term provisions | 205 | - |
| Changes in working capital | (71911) | (10892) |
| Tax paid | - | (1184) |
| Net cash flow from operating activities (A) | (27722) | 12600 |
| B. Cash flow from Investing activities | | |
| Capital expenditure on fixed assets | (7784) | (8414) |
| Proceeds from sale of Non current investments | 22932 | 64 |
| Redemption of Investment in Debentures | - | 1980 |
| Interest received | 1517 | 757 |
| Net cash flow from investment activities (B) | 16665 | (5613) |

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)

₹ in '000

| | For the period 01/04/2014 to 31/03/2015 | For the period 01/04/2013 to 31/03/2014 |
|---|--|---|
| C. Cash flow from Financing activities | | |
| Proceeds from long term borrowings | 20908 | 5900 |
| Repayment of long term borrowings | (22184) | (930) |
| Proceeds from short term borrowings | - | - |
| Repayment of short term borrowings | - | - |
| Finance costs | (21161) | (5280) |
| Net cash flow from financing activities (C) | <u>(22437)</u> | <u>(310)</u> |
| Net cash flow from continuing operations | <u>(33494)</u> | <u>6677</u> |
| PART II | | |
| CASH FLOW FROM DISCONTINUING OPERATIONS | | |
| Proceeds on sale of fixed assets | 34104 | 1000 |
| Expenses on discontinued operations (Net) | (237) | (7820) |
| Net Cash flow from discontinuing operations | <u>33867</u> | <u>(6820)</u> |
| Net increase/(decrease) in cash and cash equivalent (Part I+ Part II) | <u>373</u> | <u>(143)</u> |
| Cash and cash equivalent at the end of the year | 7158 | 6121 |
| Cash and cash equivalent at the beginning of the year | 6785 | 6264 |
| Cash and cash equivalent comprise of : | | |
| (a) cash in hand | 524 | 285 |
| (b) balance with banks | | |
| (i) in current accounts | 3485 | 3284 |
| (ii) in EEFC accounts | 98 | 63 |
| (III) in earmarked accounts | 2518 | 2489 |
| (c) Others | 533 | - |

Note : Opening cash balance includes Rs. 6,64,388/- from amalgamating companies.

As per my report attached.

For Sheth Doctor & Associates

Chartered Accountants

Firm Regn. No 124822W

Paresh S. Doctor

Proprietor

Membership No 36056

For and on behalf of the Board of Directors

Mahendra K.Khatau

Chairman & Managing Director

Leela K. Khatau

Director

Mukund R. Nagpurkar

Chief Financial Officer

Place : Mumbai

Date : 3rd November 2015

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. After amalgamation of the Company with Khatau Capacitors Pvt. Ltd., (one of the transferor Companies in the scheme of amalgamation) the Company also deals in Electrical Capacitors. It has head office at Mahim, Mumbai and branch offices at Ahmedabad, Delhi and Coimbatore. It has manufacturing and warehouse facility at Dahisar Mori near Mumbai and warehouses at Ahmedabad and Coimbatore locations and manufacturing facilities at Ambernath.

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 specified under section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules 2014.

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 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

With effect from 1st April 2014, net carrying values of fixed assets is amortised in the manner prescribed in part "C" of Schedule II of the Companies Act 2013.

Leasehold land is depreciated over the period of lease.

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

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 of 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 BenefitsShort-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 31 st March 2015 | | As at 31 st March 2014 | |
|--|-----------------------------------|-----------------|-----------------------------------|-----------------|
| | Number of shares | ₹ in '000 | Number of shares | ₹ in '000 |
| Authorised | | | | |
| 2,53,00,000 (2,53,00,000) Equity Shares of ₹ 10/- each | 2,53,00,000 | 25,30,00 | 2,53,00,000 | 25,30,00 |
| Issued & Subscribed and Fully Paid up | | | | |
| 2,44,97,188 (2,44,97,188) Equity Shares of ₹ 10/- each | 2,44,97,188 | 24,49,72 | 2,44,97,188 | 24,49,72 |
| Less : | | | | |
| Equity shares of the company acquired during amalgamation from one of the merging Company viz; Khatau Capacitors Pvt. Ltd. | | (96,36) | | - |
| Total | 2,44,97,188 | 23,53,36 | 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 the Shareholder | As at 31 st March 2015 | | As at 31 st March 2014 | |
|--|-----------------------------------|--------------|-----------------------------------|--------------|
| | Number of shares | % of Holding | Number of shares | % of Holding |
| Priyamvada Holdings Limited | 59,95,569 | 24.47 | 63,59,869 | 25.96 |
| Vindhyapriya Holdings Private Limited | 32,94,588 | 13.45 | 29,94,588 | 12.22 |
| Khatau Leasing and Finance Company Private Limited | 38,31,215 | 15.64 | 35,67,185 | 14.56 |

Note 3 : Reserves and surplus

| Particulars | As at 31 st March 2015 ₹ in '000 | As at 31 st March 2014 ₹ in '000 |
|---|--|--|
| (a) Capital Reserve | | |
| Balance brought forward | <u>79</u> | <u>79</u> |
| | 79 | 79 |
| (b) Securities Premium Account | | |
| Balance brought forward | <u>10,23,77</u> | <u>10,23,77</u> |
| | 10,23,77 | 10,23,77 |
| (c) Revaluation /Capital Reserve | | |
| Balance brought forward | <u>1,38,77</u> | <u>1,38,77</u> |
| Add: Additions during the year (Refer Note 1 below) | <u>3,70,09</u> | <u>-</u> |
| | 5,08,86 | 1,38,77 |
| (d) General Reserve | | |
| Balance brought forward | <u>6,47,90</u> | <u>6,47,90</u> |
| | 6,47,90 | 6,47,90 |

Note 3 : Reserves and surplus (Contd.)

| Particulars | As at 31 st March 2015 ₹ in '000 | As at 31 st March 2014 ₹ in '000 |
|---|---|---|
| (e) Surplus / (Deficit) in Statement of Profit and Loss | | |
| Balance brought forward | (33,35,85) | (31,12,97) |
| Add: Profit / (Loss) for the year | 82,36 | (2,22,88) |
| Add: Depreciation of earlier years (Refer Note 2 below) | (1,73) | - |
| Closing balance | (32,55,22) | (33,35,85) |
| Total | (10,73,90) | (15,24,62) |

Note : 1 Additions to Capital Reserve amounting to ₹ 3,21,51,383/- represents reinstatement of Interest Receivable/ Loan receivable from a company upon determination of its realisability which was written off as "Nil" upon amalgamation/ merger of group companies in earlier years on fair value approach as per scheme of amalgamation approved by the court and ₹ 48,58,058/- arising out of Amalgamation of Indokem Limited with Khatau Capacitors Ltd and Indokem Exports Limited

Note : 2 Depreciation of earlier years charged to Profit & Loss A/c represents impact on opening WDV of Fixed Assets due to adoption of depreciation method as per Companies Act 2013

Note 4 : Long-term borrowings

| Particulars | As at 31 st March 2015 ₹ in '000 | As at 31 st March 2014 ₹ in '000 |
|---|---|---|
| (a) Term loans | | |
| Secured - Vehicle loan | 19,00 | 29,19 |
| | <u>19,00</u> | <u>29,19</u> |
| (b) Loans and advances from related parties | | |
| Unsecured | | |
| Loan from Promoter | 5,95,72 | 6,01,68 |
| Loan from Directors | 2,27,85 | 2,25,35 |
| | <u>8,23,57</u> | <u>8,27,03</u> |
| Total | <u>8,42,57</u> | <u>8,56,22</u> |

Notes : Details of Security & Terms of Repayment

- i) Vehicle Loan amounting to ₹ 18.99 lacs (March 14 ₹ 29.19 lacs) repayable in monthly installments, last installment due on 10th November 2017 and is secured against specific vehicle
- 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 31 st March 2015 ₹ in '000 | As at 31 st March 2014 ₹ in '000 |
|----------------------------|---|---|
| (a) Others : | | |
| Security deposits received | 1,96,89 | 2,01,43 |
| Total | <u>1,96,89</u> | <u>2,01,43</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 31 st March 2015 ₹ in '000 | As at 31 st March 2014 ₹ in '000 |
|--------------------------------------|---|---|
| Provision for employee benefits: | | |
| Provision for gratuity | 50,05 | 31,64 |
| Provision for leave salary | 18,15 | 11,29 |
| Provision for super annuation scheme | 6,98 | 6,98 |
| Total | 75,18 | 49,92 |

Note 7 : Short-term borrowings

| Particulars | As at 31 st March 2015 ₹ in '000 | As at 31 st March 2014 ₹ in '000 |
|-------------------------------|---|---|
| (a) Loans repayable on demand | | |
| From banks | | |
| Secured | 14,10,00 | 14,10,00 |
| Total | 14,10,00 | 14,10,00 |

Notes:

- (i) As per one time settlement with bank and repayable within 12 months, the company has not repaid any amount during the year, since its OTS in 2012-2013. The borrowing is secured against land at Ankleshwar factory
- (ii) The Company has since repaid this loan in F.Y. 2015-16 as referred in Para No. 2(a) of Note No.27

Note 8 : Trade payables

| Particulars | As at 31 st March 2015 ₹ in '000 | As at 31 st March 2014 ₹ in '000 |
|------------------------|---|---|
| Trade payables: | | |
| Other than Acceptances | 12,11,93 | 9,01,25 |
| Total | 12,11,93 | 9,01,25 |

Note 9 : Other current liabilities

| Particulars | As at 31 st March 2015 ₹ in '000 | As at 31 st March 2014 ₹ in '000 |
|--|---|---|
| (a) Current maturities of long term debt (Refer Note (i) below) | 10,19 | 9,30 |
| (b) Interest accrued and due on borrowings (Refer Note (ii) below) | 3,81,97 | 3,12,03 |
| (c) Other payables | | |
| (i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.) | 2,23,68 | 1,80,20 |
| (ii) Trade / security deposits received | 45,97 | 40,64 |
| (iii) Advances from customers | 87,97 | 4,30,52 |
| (iv) Temporary overdrawn bank balances | - | 2,91 |
| (v) Payables on Purchase of Fixed Assets | - | 1,96 |
| Total | 7,49,78 | 9,77,56 |

Note 9 : Other current liabilities (Contd.)

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

| Particulars | As at 31 st March 2015 ₹ in '000 | As at 31 st March 2014 ₹ in '000 |
|---------------------------------------|---|---|
| (a) Secured loans repayable on demand | 10,19 | 9,30 |
| | <u>10,19</u> | <u>9,30</u> |

Note (ii) : Include ₹ 370.12 lacs (₹ 222.08 lacs) payable to a bank which has since been repaid in F.Y. 2015 - 16 as referred to in Para 2(a) of Note no. 27

Note 10 : Short-term provisions

| Particulars | As at 31 st March 2015 ₹ in '000 | As at 31 st March 2014 ₹ in '000 |
|---------------------------------|---|---|
| Provision for employee benefits | | |
| Provision for gratuity | 16,06 | 15,87 |
| Provision for leave salary | 7,10 | 5,24 |
| Total | <u>23,16</u> | <u>21,11</u> |

Note 11 : Fixed assets - Tangible

₹ in '000

| Tangible assets | Gross Block | | | | | Depreciation/Amortisation | | | | | Net Block | |
|--------------------------------|---------------------------|-----------------------|----------------|-------------------------------|--|---------------------------|-----------------------|---|-------------------------------------|--|--|---|
| | As at 1 April, 2014 | Ad- just- ments | Addi- tions | Disposal/ Adjust- ments | As at 31 st March 2015 | As at 1 April 2014 | Ad- just- ments | Deprecia- tion / am- ortisation expense for the year | Dispos- als/ Adjust- ments | As at 31 st March 2015 | As at 31 st March 2015 | As at 31 st March, 2014 |
| (a) Land | | | | | | | | | | | | |
| Freehold | 1,26,37 | - | - | - | 1,26,37 | - | - | - | - | - | 1,26,37 | 1,26,37 |
| Leasehold * | 14,82,55 | - | - | - | 14,82,55 | 1,03,47 | - | 10,29 | - | 1,13,76 | 13,68,79 | 13,79,08 |
| (b) Buildings | 9,89,81 | - | 1,53 | 6,90,14 | 3,01,20 | 4,88,33 | - | 6,46 | 4,07,88 | 86,91 | 2,14,29 | 5,01,48 |
| Own use | | | | | | | | | | | | |
| (c) Plant and Equipment | 15,59,93 | 46 | 63,06 | 14,90,45 | 1,33,00 | 13,15,77 | 22 | 5,63 | 13,04,20 | 17,42 | 1,15,58 | 2,44,16 |
| (d) Furniture and Fixtures | 58,68 | - | 7,65 | - | 66,33 | 25,69 | - | 6,31 | - | 32,00 | 34,33 | 32,99 |
| (e) Vehicles | 95,37 | - | - | - | 95,37 | 51,66 | - | 8,16 | - | 59,82 | 35,55 | 43,71 |
| (f) Office Equipment | 38,50 | 2,07 | 5,77 | 1,85 | 44,49 | 25,58 | 1,97 | 6,36 | 1,54 | 32,37 | 12,12 | 12,93 |
| (g) Electrical Installation | 12,18 | - | 1,60 | - | 13,78 | 4,04 | - | 1,07 | - | 5,11 | 8,67 | 8,14 |
| Total | 43,63,40 | 2,53 | 79,61 | 21,82,44 | 22,63,09 | 20,14,53 | 2,19 | 44,28 | 17,13,61 | 3,47,39 | 19,15,70 | 23,48,87 |
| Previous year | 43,93,66 | - | 71,22 | 1,01,48 | 43,63,40 | 20,45,27 | - | 58,00 | 88,74 | 20,14,53 | 23,48,87 | - |

Notes

- Adjustments to Gross and Depreciation block represents values of fixed assets acquired from transferor Companies in pursuance to scheme of Amalgamation
- Depreciation for the year includes extra depreciation provided due to transitional provisions contained in schedule II of the Companies Act 2013 and debited to opening balance of Profit and Loss Account
- Goodwill additions represents excess of consideration paid to transferor companies over its networth taken over as per scheme of Amalgamation
- WDV of Ankleshwar land held for disposal - ₹ 9,05,27,717/-

Note 12 : Fixed assets - Intangible

₹ in '000

| Intangible as-sets | Gross Block | | | | | Depreciation/Amortisation | | | | | Net Block | |
|-------------------------|---------------------|---------------|----------------|-------------|-----------------------------------|---------------------------|--------------|--|-------------|-----------------------------------|-----------------------------------|------------------------------------|
| | As at 1 April, 2014 | Ad-just-ments | Addi-tions | Deduc-tions | As at 31 st March 2015 | As at 1 April 2014 | Adjust-ments | Depre-ciation / amorti-sation expense for the year | Deduc-tions | As at 31 st March 2015 | As at 31 st March 2015 | As at 31 st March, 2014 |
| (a) Goodwill | 1,37,78 | - | 1,32,53 | - | 2,70,31 | 1,10,22 | - | 54,06 | - | 1,64,28 | 1,06,03 | 27,56 |
| (b) Brands / trademarks | - | 77,25 | - | - | 77,25 | - | 77,25 | - | - | 77,25 | - | - |
| (c) Computer software | 18,05 | - | 47 | - | 18,52 | 7,30 | - | 4,41 | - | 11,71 | 6,81 | 10,75 |
| Total | 1,55,83 | 77,25 | 1,33,00 | - | 3,66,08 | 1,17,52 | 77,25 | 58,47 | - | 2,53,24 | 1,12,84 | 38,30 |
| Previous year | 1,46,99 | - | 8,84 | - | 1,55,83 | 88,64 | - | 28,88 | - | 1,17,53 | 38,30 | |

Note 13 : Non-current investments

| Particulars | As at 31 st March 2015 ₹ in '000 | As at 31 st March 2014 ₹ in '000 |
|---|--|--|
| Investments (At cost): | | |
| A. Trade | | |
| Unquoted | | |
| Investment in equity shares of other entities Narmada Clean Tech Ltd.(formerly known as Bharuch Eco-Aqua Infrastructure Ltd.) 6,05,000 equity shares of ₹ 10/- each (Prv. Yr. 6,05,000) | 60,50 | 60,50 |
| Total - Trade (A) | 60,50 | 60,50 |
| B. Other Investments | | |
| (a) Investment in equity shares of other entities | | |
| Quoted | | |
| Investment in Indokem Limited by KCPL | 47,78 | - |
| Less Acquired on Amalgamation (Refer Para No.16 (A) (2) (vi) of Note No. 27) | (47,78) | - |
| Refinol Resins & Chemicals Ltd. (acquired during Amalgamation) (12,74,400 equity shares of ₹ 10/- each) | 1,04,20 | - |
| Unquoted | | |
| Surya Krupa Finance Ltd. 3,000 equity shares of ₹ 10/- each (Prv. Yr. 3,000) | 1 | 1 |
| Indokem Exports Ltd.- (cancelled on Amalgamation) 42,006 equity shares of ₹ 10/- each (Prv. Yr. 42,006) | - | 11,19 |
| Shubhlabh Chemicals Pvt. Ltd. (acquired during Amalgamation) 14,980 equity shares of ₹ 100/- each | 14,98 | - |
| | 1,19,19 | 11,20 |
| (b) Investment in Government securities | | |
| N S C - | 5 | - |
| | 5 | - |

Note 13 : Non-current investments (Contd.)

| Particulars | As at 31 st March 2015 ₹ in '000 | As at 31 st March 2014 ₹ in '000 |
|--|---|---|
| (c) Investment in Debentures Unquoted | | |
| Priyamvada Holding Ltd.- 2,00,000 optionally convertible debenture face value ₹ 100/- each | 1,00 | 1,00 |
| Khatau Holding & Trading Co. P. Ltd.- 50,000 optionally convertible debenture face value ₹ 100/- each | 1 | 1 |
| Khatau Capacitors P. Ltd. - 3,06,846 optionally convertible debenture face value ₹ 100/- each | 81,85 | 3,06,85 |
| Less : Acquired on Amalgamation (Refer Para No.16 (A) (2) (ix) of Note No. 27) | (81,85) | - |
| | <u>1,01</u> | <u>3,07,86</u> |
| Total - Other Investments (B) | <u>1,20,25</u> | <u>3,19,05</u> |
| Total - (A+B) | <u>1,80,75</u> | <u>3,79,55</u> |
| Aggregate Book value of Quoted Investment (₹) | 10,419,973 | - |
| Aggregate Market value of Quoted Investment (₹) | 9,672,696 | - |

Note 14 : Long-term loans and advances

| Particulars | As at 31 st March 2015 ₹ in '000 | As at 31 st March 2014 ₹ in '000 |
|--|---|---|
| Unsecured Considered good otherwise stated | | |
| (a) Security Deposits | 1,41,27 | 87,06 |
| (b) Loans and Advances to Related Parties (Refer Note below) | 6,86 | 11,07 |
| (c) Taxes Paid in Advance (Net of Provisions) | 3,26 | 1,63 |
| (d) Balances with government authorities | | |
| Sales Tax Paid | 23,03 | 7,40 |
| Export incentive receivable | 5,59 | 5,58 |
| | <u>28,62</u> | <u>12,98</u> |
| (e) Other Loans and Advances (Refer Note below) | | |
| Advances receivable in cash or kind | 3,66,19 | 2,67,32 |
| Less : Provision for doubtful Loans & Advances | (22,18) | (1,94) |
| | <u>3,44,01</u> | <u>2,65,38</u> |
| Advance to suppliers | 17,17 | 17,54 |
| Less: Provision for doubtful advance to suppliers | (17,17) | (17,54) |
| Total | <u>5,24,02</u> | <u>3,78,12</u> |

Note : Loans & Advances to related parties refer Para No.12 of Note No 27.

Note 15 : Other Non current assets

| Particulars | As at 31 st March 2015 ₹ in '000 | As at 31 st March 2014 ₹ in '000 |
|---|---|---|
| Unamortised expenses | | |
| Amalgamation Expenses to the extent not w/off | 16,95 | 5,50 |
| Total | <u>16,95</u> | <u>5,50</u> |

Note 16 : Inventories

(As taken valued and certified by management)

| Particulars | As at 31 st March 2015 ₹ in '000 | As at 31 st March 2014 ₹ in '000 |
|-------------------------------|---|---|
| (a) Raw materials | 47,89 | 1,44,38 |
| (b) Work-in-progress | 2,81 | - |
| (c) Finished goods | 47,50 | 19,95 |
| (d) Traded goods | 9,49,53 | 6,96,94 |
| Goods-in-transit | 30,98 | 68,42 |
| (e) Others - Packing Material | 30,31 | 6,95 |
| Total | <u>11,09,02</u> | <u>9,36,64</u> |

Note 17 : Trade receivables

| Particulars | As at 31 st March 2015 ₹ in '000 | As at 31 st March 2014 ₹ in '000 |
|---|---|---|
| Trade receivables outstanding for a period exceeding six months from the date they were due for payment | | |
| Secured Considered Good | 12 | 20 |
| Unsecured | | |
| Considered Good | 8,30,96 | 7,14,89 |
| Considered doubtful | 3,50,45 | 3,52,95 |
| Less: Provision for doubtful trade receivables | <u>(3,50,45)</u> | <u>(3,51,01)</u> |
| | <u>8,31,08</u> | <u>7,17,03</u> |
| Other Trade receivables | | |
| Secured Considered Good | 53,81 | 45,18 |
| Unsecured Considered Good | 6,78,94 | 3,32,76 |
| | <u>7,32,75</u> | <u>3,77,94</u> |
| Total | <u>15,63,83</u> | <u>10,94,97</u> |

Note 18 : Cash and cash equivalents

| Particulars | As at 31 st March 2015 ₹ in '000 | As at 31 st March 2014 ₹ in '000 |
|--|---|---|
| (a) Cash on hand | 5,24 | 2,85 |
| (b) Balances with banks | | |
| (i) In current accounts | 34,85 | 32,84 |
| (ii) In Earmarked funds (margin money/foreign bills) | 25,18 | 24,89 |
| (iii) In EEFC accounts | 98 | 63 |
| (iv) In deposit accounts | 5,33 | - |
| Total | <u>71,58</u> | <u>61,21</u> |

Note 19 : Short-term loans and advances

| Particulars | As at 31 st March 2015 ₹ in '000 | As at 31 st March 2014 ₹ in '000 |
|---|---|---|
| Unsecured, considered good | | |
| (a) Loans and advances to employees | 4,93 | 1,99 |
| (b) Security Deposits | 7,05 | 4,55 |
| (c) Prepaid expenses | 9,63 | 4,90 |
| (d) Balances with government authorities | | |
| (i) CENVAT credit receivable | 30,86 | 19,98 |
| (ii) Export incentive receivable | 24,37 | 7,31 |
| (iii) I T refund receivable | 60 | 60 |
| (iv) Sales Tax Authorities | 6,49 | - |
| (e) Advance to Suppliers | 86,49 | 23,80 |
| (f) Loans and Advances to Related Parties (Refer Para No. 12 of Note no 27 of related party disclosure) | 2,94,77 | 2 |
| (g) Other Loans and Advances | 99 | 76 |
| Total | 4,66,18 | 63,91 |

Note 20 : Other current assets

| Particulars | As at 31 st March 2015 ₹ in '000 | As at 31 st March 2014 ₹ in '000 |
|-------------------------------------|---|---|
| (a) Accruals | | |
| Interest receivable on margin money | 5,12 | 3,72 |
| (b) Others | | |
| Contractually reimbursable expense | 1,78 | 6,97 |
| Total | 6,90 | 10,69 |

Note 21 : Revenue from operations

| Particulars | For the period 01/04/2014 to 31/03/2015 ₹ in '000 | For the period 01/04/2013 to 31/03/2014 ₹ in '000 |
|---|--|--|
| (a) Sale of products (Refer Note (i) below) | 55,54,30 | 37,40,20 |
| (b) Sale of services (Refer Note (ii) below) | 11,15 | 6,03 |
| (c) Other operating revenues (Refer Note (iii) below) | 41,24 | 26,71 |
| | 56,06,69 | 37,72,94 |
| Less: | | |
| (d) Excise duty | 2,22,14 | 68,02 |
| Total | 53,84,55 | 37,04,92 |

Note 21 : Revenue from operations (Contd.)
Notes:

| Particulars | For the period 01/04/2014 to 31/03/2015 ₹ in '000 | For the period 01/04/2013 to 31/03/2014 ₹ in '000 |
|---|--|--|
| (i) Sale of products comprises : | | |
| Synthetic Organic Dyestuff and Textile Chemicals | 54,52,36 | 37,40,20 |
| Capacitors | 1,01,94 | - |
| Total - Sale of products | 55,54,30 | 37,40,20 |
| (ii) Sale of services comprises: | | |
| Recovery of office expenses | 11,15 | 6,03 |
| Total - Sale of services | 11,15 | 6,03 |
| (iii) Other operating revenues comprises: | | |
| Freight, octroi ,insurance & handling charges recovered | 18,70 | 4,47 |
| Sale of scrap | - | 7,81 |
| Duty drawback | 17,11 | 10,21 |
| Miscellaneous income | 4,87 | 2,96 |
| Provision for doubtful debts w/back | 56 | 1,26 |
| Total - Other operating revenues | 41,24 | 26,71 |

Note 22 : Other income

| Particulars | For the period 01/04/2014 to 31/03/2015 ₹ in '000 | For the period 01/04/2013 to 31/03/2014 ₹ in '000 |
|---|--|--|
| (a) Interest income (Refer note no. (i) below) | 15,17 | 7,57 |
| (b) Net Gain on Sale of investments | | |
| Long term investment | 1,62,00 | 46 |
| Short term investment | 4,16 | - |
| (c) Net gain on foreign currency transactions and translation (other than considered as finance cost) | 1,88 | 57 |
| (d) Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below) | 99,68 | 41,61 |
| Total | 2,82,89 | 50,21 |

Notes:

| Particulars | For the period 01/04/2014 to 31/03/2015 ₹ in '000 | For the period 01/04/2013 to 31/03/2014 ₹ in '000 |
|-----------------------------------|--|--|
| (i) Interest income comprises: | | |
| Interest from banks on - deposits | 56 | 27 |
| margin money | 1,56 | 1,59 |
| bank guarantee | 2 | - |
| Interest -others | 13,03 | 5,71 |
| Total - Interest income | 15,17 | 7,57 |

Note 22 : Other income (Contd.)

| Particulars | For the period 01/04/2014 to 31/03/2015 ₹ in '000 | For the period 01/04/2013 to 31/03/2014 ₹ in '000 |
|---|--|--|
| (ii) Other non-operating income comprises: | | |
| Rental income from others | 2,26 | 3,96 |
| Sundry balance w/back (net) | 57,32 | 32,93 |
| Provision no longer required | - | 1,68 |
| Compensation received | 40,10 | - |
| Prior period items (net) (Refer Note (iii) below) | - | 3,04 |
| Total - Other non-operating income | <u>99,68</u> | <u>41,61</u> |
| (iii) Prior period items - debit (expense not accounted in prior years) | - | (34) |
| Prior period items - credit (income not accounted in prior years) | - | 3,38 |
| | <u>-</u> | <u>3,04</u> |

Note 23 : Employee benefits expense

| Particulars | For the period 01/04/2014 to 31/03/2015 ₹ in '000 | For the period 01/04/2013 to 31/03/2014 ₹ in '000 |
|--|--|--|
| 1 Salaries , Wages & Bonus | 3,85,39 | 3,06,29 |
| 2 Contributions to provident and other funds | 12,99 | 9,97 |
| 3 Staff welfare expenses | 14,91 | 11,76 |
| 4 Gratuity Expenses | 18,49 | 12,41 |
| Total | <u>4,31,78</u> | <u>3,40,43</u> |

Note 24 : Finance costs

| Particulars | For the period 01/04/2014 to 31/03/2015 ₹ in '000 | For the period 01/04/2013 to 31/03/2014 ₹ in '000 |
|---|--|--|
| (a) Interest expense on: | | |
| (i) Borrowings | 2,46,63 | 2,15,54 |
| (ii) Trade payables | 5 | 78 |
| (iii) Others | | |
| - Interest on delayed / deferred payment of income tax/tds | 3,96 | 12,92 |
| - Interest on delayed / deferred payment of Sales Tax/service tax | 63 | 20 |
| - Interest on delayed payment of PF | 6,95 | - |
| - Interest on long term security deposit | 19,24 | 17,70 |
| (b) Other borrowing costs | 4,10 | 3,00 |
| Total | <u>2,81,56</u> | <u>2,50,14</u> |

Note 25 : Other expenses

| Particulars | For the period 01/04/2014 to 31/03/2015 ₹ in '000 | For the period 01/04/2013 to 31/03/2014 ₹ in '000 |
|--|--|--|
| MANUFACTURING EXPENSES | | |
| Electricity, power and fuel | 37,27 | 31,66 |
| Water charges | 2,43 | 2,04 |
| Repairs and maintenance - Buildings | 14,91 | 9,80 |
| Repairs and maintenance - Machinery | 9,53 | 8,43 |
| Repairs and maintenance - Others | 9,99 | 7,53 |
| Security charges | 5,77 | 5,60 |
| Excise duty on inventories | 6,23 | - |
| SELLING AND DISTRIBUTION | | |
| Freight and forwarding | 1,11,17 | 64,21 |
| Sales commission | 30,66 | 31,00 |
| Sales discount and sales returns | 55,35 | 56,09 |
| Advertisement and sales promotion expenses | 13,36 | 9,05 |
| Export expenses | 2,96 | 2,44 |
| ESTABLISHMENT EXPENSES | | |
| Rent including lease rentals | 28,23 | 17,27 |
| Insurance | 8,29 | 5,58 |
| Rates and taxes | 11,17 | 23,01 |
| Communication | 24,21 | 15,17 |
| Travelling and conveyance | 41,24 | 51,56 |
| Printing and stationery | 11,11 | 10,16 |
| Motor car expenses | 4,64 | 3,65 |
| Donations and contributions | 13 | 43 |
| Legal and professional | 64,64 | 45,79 |
| Payments to auditors (Refer Note (i) below) | 3,17 | 2,57 |
| Provision for doubtful advances | 20,25 | - |
| Amortisation of good will | 54,06 | 27,56 |
| Amalgamation expenses | 8,44 | 4,46 |
| Assets written off | 34 | - |
| Investments written off | - | 7 |
| Income tax paid | 3 | - |
| Sales tax paid | 1,24 | 8 |
| Debit/Credit balance write off consent terms | 1,18 | 4,12 |
| Prior period items (net) (Refer Note (ii) below) | 6,17 | - |
| P F damages | 14,51 | - |
| Miscellaneous expenses | 62,71 | 45,04 |
| Total | 6,65,39 | 4,84,37 |

Note 25 : Other expenses (Contd.)
Notes :

| Particulars | For the period 01/04/2014 to 31/03/2015 ₹ in '000 | For the period 01/04/2013 to 31/03/2014 ₹ in '000 |
|---|--|--|
| (i) Payments to the auditors comprises (net of service tax input credit, where applicable): | | |
| As auditors - statutory audit | 2,00 | 1,80 |
| For tax audit | 60 | 50 |
| For other services | 57 | 27 |
| Total | <u>3,17</u> | <u>2,57</u> |
| (ii) Details of Prior period items (net) | | |
| Prior period expenses (Unaccounted expenses) | 6,23 | - |
| Prior period income (Unaccounted income) | (6) | - |
| Total | <u>6,17</u> | <u>-</u> |

Note 26 : Expenses on discontinuing operations

| Particulars | For the period 01/04/2014 to 31/03/2015 ₹ in '000 | For the period 01/04/2013 to 31/03/2014 ₹ in '000 |
|--|--|--|
| Loss on sale of fixed asset | 1,27,45 | 2,74 |
| Advertisement | - | 8,25 |
| Property tax | 11,28 | 13,68 |
| Watch & ward | 3,85 | 3,85 |
| Stock writeoff | - | 44,57 |
| Interest cost | 6,04 | - |
| Repairs and maintenance - Buildings | 12,36 | 30,34 |
| Water charges | 3 | 2 |
| Debit/Credit balance write off consent terms | - | 10 |
| Sales tax paid | 2,19 | - |
| Sundry balance w/off | (33,38) | (21,52) |
| Prior period expenses | - | (99) |
| Provision no longer required | - | (9) |
| Total | <u>1,29,82</u> | <u>80,95</u> |

NOTE NO.27

1. Contingent Liabilities:

- a) Disputed Income Tax demand on appeal ₹ 611.82 lacs (₹ 446.77 lacs).
 - b) Sales Tax demand amounting to ₹ 30.49 lacs (₹ 30.49 lacs), under appeal (Net of paid ₹ 3.15)
 - c) Interest demand on Service Tax ₹ 2.78 lacs (₹ 2.78 lacs)
 - d) Claims against the Company not acknowledged as debts ₹ 84.25 lacs (₹. 84.25 lacs)
 - e) Custom Duty, if any payable in the event of non-fulfillment of export obligations in respect of advance license availed amounting to ₹ 30.27 lacs (₹ 34.27 lacs).
2. a) Secured Loan represents amount of ₹ 1410 lacs due to bank in pursuant to One Time Settlement reached in the past . The Company has not repaid any amount during the year and continued to provide interest at the normal rate since the date of settlement and total interest provision up to the year end is ₹ 370 lacs. The Company has further negotiated with the concerned bank in subsequent year i.e. in financial year 2015-16 and settled the total dues at ₹ 1850 lacs (net of margin money realization of ₹ 27.13 lacs) and the same has been fully repaid. The Impact of additional interest amounting to ₹ 164.06 lacs and gain on settlement of principal amount of ₹ 67.39 lacs is accounted in the year of settlement.
 - b) As regards the old debtors amounting to ₹ 306.52 lacs, since the Company is in process of recovering these amount, no provision has been made for doubtful debtors.
 - c) The inventories of Ankleshwar plant brought to Mumbai has been valued at ₹ 333.26 lacs at the year end is as certified by the management only.
3. The Company has changed the method of depreciation on fixed assets in pursuance to the provisions contained in the Companies Act 2013 ("The Act") w.e.f 1/4/2014 and amortised the net carrying value of the fixed assets over its useful lives as specified in Part 'C' of the Schedule II of the Act. Based on the transitional provisions therein, an amount of ₹ 1.73 lacs has been debited to the opening balance of Profit and Loss Account being balance value of the fixed assets whose useful lives have already expired as at the beginning of the year.
 4. 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.
 5. The Company has reinstated ₹ 321.51 lacs towards interest and loan receivable by crediting Capital Reserve upon determination of its virtual certainty of recovery. The said amount represents the balance which was taken at "NIL" value from amalgamating Companies in the past based on fair valuation at that point of time and as per the Scheme of amalgamation / merger approved by the Hon'ble High Court of Judicature at Bombay.
 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. Debit balance of Deferred Tax Assets amounting to ₹ 5.72 lacs represents balance transferred from one of the transferor companies viz. Khatau Capacitors Pvt. Ltd. (KCPL) in pursuance to the Scheme of amalgamation entered during the year and will be reviewed on overall basis of the Company in future year.

| 9. Earnings Per Share | 31 st March 2015 | 31 st March 2014 |
|--|-----------------------------|-----------------------------|
| Net Profit /(Loss) for the year (₹ in lacs) | 82.35 | (222.88) |
| Weighted average number of equity Shares for EPS computation | 244,97,188 | 244,97,188 |
| Earnings per share (₹) | 0.34 | (0.91) |

10. Directors remuneration:

Remuneration paid to directors including Managing Director

₹ in lacs

| | 31 st March 2015 | 31 st March 2014 |
|----------------------------------|-----------------------------|-----------------------------|
| Salary | 20.40 | 20.40 |
| Contribution to provident funds* | 1.73 | 1.73 |
| Perquisites | 6.60 | 6.60 |
| Directors sitting fees | 1.85 | 1.28 |
| | <u>30.58</u> | <u>30.01</u> |

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

11. Interest paid on Loans includes a sum of ₹ 95.42 Lacs (₹ 63.37 lacs) paid to directors.

12. Related Party Disclosure:

List of Related Parties :

(A) 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 |

(B) Associates :

- (i) Priyamvada Holdings Ltd.
- (ii) Orchard Acres

(C) Enterprises significantly influenced by the Key Management Personnel or their relatives

- (i) Refnol Resins and Chemicals Ltd.
- (ii) Spiweld Chemtrade Pvt. Ltd.
- (iii) Asha Marine Products Pvt. Ltd.
- (iv) Samudra Dyechem Pvt.Ltd.
- (v) Formost Chemicals Pvt. Ltd.
- (vi) Textomax Chemicals Pvt. Ltd.

(D) Transaction with Associates / Enterprises significantly influenced by the Key Management Personnel or their relatives

₹ In lacs

| Particulars | Associates | | Enterprises Significantly Influenced by Key Management Personnel or their relatives | |
|----------------------|------------|----------|---|----------|
| | 2014-15 | 2013-14 | 2014-15 | 2013-14 |
| Sale of Goods | - | - | 2.33 | 18.54 |
| Purchase of Goods | 7.31 | - | 487.00 | 307.85 |
| Expenses/(income) | 0.05 | - | 0.28 | (1.80) |
| Outstanding Balances | 31.03.15 | 31.03.14 | 31.03.15 | 31.03.14 |
| Debtors | - | - | 1.16 | 11.11 |
| Creditors | 27.24 | - | 343.76 | (182.74) |
| Loans and Advances | 301.59 | - | 0.05 | 0.02 |
| Deposit Received | - | - | (35.00) | (35.00) |

(E) Details of Transactions relating to the Key Management Personnel and their relatives

₹ in lacs

| | 31 st March 2015 | 31 st March 2014 |
|--|-----------------------------|-----------------------------|
| 1 Managerial remuneration * | 28.73 | 28.73 |
| 2 Remuneration * | 15.17 | 15.14 |
| 3 Reimbursement of expenses | 2.40 | 2.40 |
| 4 Interest | 95.42 | 63.37 |
| 5 Loan taken (Outstanding at the year end) | 823.57 | 827.03 |
| 6 Directors sitting fees | 0.45 | 0.32 |

*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
Note pursuant to Accounting Standard – 15 “ Employee Benefits”

₹ In lacs

| Sr. no. | PARTICULARS | GRATUITY | | LEAVE | | TOTAL | |
|---------|--|----------|---------|---------|---------|---------|---------|
| | | 2014-15 | 2013-14 | 2014-15 | 2013-14 | 2014-15 | 2013-14 |
| I | Components to employer Expense | | | | | | |
| a | Current Service Cost | 3.18 | 2.71 | 2.34 | 2.09 | 5.52 | 4.79 |
| b | Interest Cost | 3.60 | 2.97 | 1.26 | 0.70 | 4.86 | 3.68 |
| c | Past service cost | - | 3.37 | - | 1.56 | - | 4.93 |
| d | Excess Provision reversed | - | - | - | - | - | - |
| e | Actuarial (Gain) / Loss | 11.71 | 3.36 | 5.29 | 3.85 | 17.00 | 7.21 |
| f | Total expense / (gain) recognized in the Profit & Loss a/c | 18.49 | 12.41 | 8.89 | 8.20 | 27.38 | 20.61 |

| II | | Net Asset/(Liability) recognized in Balance Sheet as at 31.3.15 | | | | | | |
|-----|---|--|--------|--------|--------|--------|--------|--------|
| | a | Present value of obligation as at 31.3.15(31.3.14) | 66.11 | 47.51 | 25.25 | 16.54 | 91.36 | 64.05 |
| | b | Fair value of plan Assets as at 31.3.15(31.3.14) | Nil | Nil | Nil | Nil | Nil | Nil |
| | c | (Asset)/Liability recognized in Balance Sheet | 66.11 | 47.51 | 25.25 | 16.54 | 91.36 | 64.05 |
| III | | Change in Defined Benefit Obligation (DBO) during year ended as on 31.3.15 | | | | | | |
| | a | Present value of obligation as at 31.3.14 (31.3.13) | 47.51 | 39.17 | 16.54 | 9.34 | 64.05 | 48.51 |
| | b | Current service cost | 3.18 | 2.71 | 2.34 | 2.09 | 5.52 | 4.79 |
| | c | Interest cost | 3.60 | 2.97 | 1.26 | 0.70 | 4.86 | 3.68 |
| | d | Past service cost | - | 3.37 | - | 1.56 | - | 4.93 |
| | e | Actuarial (Gain)/Loss | 11.71 | 3.36 | 5.29 | 3.85 | 17.00 | 7.21 |
| | f | Benefits Paid | (2.86) | (4.07) | (1.17) | (1.00) | (4.03) | (5.07) |
| | g | Transfer In * | 2.97 | - | 0.99 | - | 3.96 | - |
| | h | Present value of obligation as at 31.3.15 | 66.11 | 47.51 | 25.25 | 16.54 | 91.36 | 64.05 |

* Represents transfer of obligation from one of the merging companies.

A. Principal actuarial assumptions

LEAVE ENCASHMENT

| Particulars | 31 st March 2015 | 31 st March 2014 |
|-------------------------|-----------------------------|-----------------------------|
| Discount rate | 7.80% | 9.10% |
| Expected rate of return | - | - |
| Salary growth rate | 7.00% | 6.00% |

GRATUITY

| Particulars | 31 st March 2015 | 31 st March 2014 |
|-------------------------|-----------------------------|-----------------------------|
| Discount rate | 7.80% | 9.10% |
| Expected rate of return | - | - |
| Salary Growth Rate | 7.00% | 6.00% |

Note : In the absence of the details, provision for retirement benefits in case of one of the transferor Company viz. Khatau Capacitors Pvt. Ltd. is not done as per the provisions of the AS-15 and figures above does not include the same.

14. FOREIGN EXCHANGE EARNINGS AND OUTGO:

| | ₹ in lacs | |
|--------------------------------------|-----------------------------|-----------------------------|
| | 31 st March 2015 | 31 st March 2014 |
| Value of Imports on C.I.F. basis | 373.24 | 273.07 |
| Expenditure in Foreign Exchange | | |
| Travelling Expenses | 4.48 | 16.62 |
| Foreign Bank Charges | 0.27 | 0.20 |
| Consultancy Charges | 1.69 | - |
| Earnings in Foreign Exchange | | |
| F.O.B. value of exports in aggregate | 1009.30 | 562.47 |

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

| | ₹ in lacs | |
|---------------------------|-----------------------------|-----------------------------|
| | 31 st March 2015 | 31 st March 2014 |
| Assets | | |
| i) Fixed Assets (Net) | 905.28 | 1384.06 |
| ii) Other current assets | 50.19 | 50.53 |
| Total Assets | <u>955.47</u> | <u>1434.59</u> |
| Liabilities | | ₹ in lacs |
| i) Sundry Creditors | (46.44) | (48.51) |
| ii) Statutory Liabilities | (64.85) | (48.43) |
| iii) Advance Received | - | (358.09) |
| Total Liabilities | <u>(111.29)</u> | <u>(455.03)</u> |

16. Scheme of Arrangement and Amalgamation

A. In terms of the Scheme of Arrangement and Amalgamation (“the scheme”) under sections 391 to 394, read with sections 100 to 103 of Companies Act 1956 or any other corresponding provisions of the Companies Act 2013, sanctioned by the order dated 4th September 2015, of the Hon’ble High Court of Judicature at Bombay, effective from 30.09.2015 :

1. Indokem Exports Limited (IEL) and Khatau Capacitors Private Limited (KCPL) hereinafter referred to as transferor Companies are amalgamated with Indokem Limited under the “purchase method” from the appointed date 1st April 2014. Transferor Company 1 (“IEL”) is engaged in the Textile dyes and chemicals business and Transferor company 2 (“KCPL”) is engaged in the business of manufacturing and dealing in electrical capacitors.

2 In accordance with the scheme and as per the approval granted by the Hon’ble High Court of Bombay –

- i. The assets, properties, liabilities, rights and obligations of the Transferor Companies have vested in the Company with effect from the appointed date.
- ii. The assets and liabilities of the Transferor companies have been recorded at their book values as provided in the scheme.
- iii. Inter corporate investments/deposits/loans/advances outstanding between the Company and the Transferor companies have been cancelled except for items mentioned in paras vi vii & ix where the impact of cancellation is shown separately as acquired under amalgamation.
- iv. The sales/ purchases/income/expenses arising between the Company and the Transferor Companies have been cancelled.
- v. According to the scheme of Amalgamation 8 % non cumulative redeemable preference shares of ₹ 10/- each amounting to ₹ 2,07,09,780/- would be issued to the shareholders of Transferor Companies as under :

Indokem Exports Limited : 3,25,978 shares at ₹ 10/ per share amounting to
₹ 32,59,780/- (Ignoring fractional shares)

Khatau Capacitors Pvt.Ltd. : 17,45,000 shares at ₹ 10/- per share amounting to
₹ 1,74,50,000/-

The same has been shown as Share Capital Suspense in the Balance Sheet.

- vi. The investment of the Transferor Company 2 (“KCPL”) in the shares of the Company and acquired during amalgamation at book value of ₹ 47,77,782/- has been held for disposal.
- vii. The face value of shares of the Company held by Transferor Company 2 (“KCPL”) amounting to ₹ 96,35,840/- is held for disposal and has been reduced from the issued capital of the Company.
- viii. The authorized share capital of the Company will be increased at the time of issuance of 8% non-cumulative redeemable preference shares.

- ix. Investment of the Company in the Optionally Convertible Debentures of the Transferor Company 2 ("KCPL") to the extent of ₹ 81,84,600/- has been held for redemption.
- x. The difference of ₹ 48,58,058/- between the face value of shares of the Company held by the Transferor Company 2 ("KCPL") and the book value of the shares acquired during amalgamation has been credited to Capital Reserve.
- xi. During the process of amalgamation Net Goodwill of ₹ 132.53 lacs has been created and shown as additions to Intangible Fixed Assets. (Refer note no 12)

B. The aforesaid accounting treatment is pursuant to the Scheme as sanctioned by the Court.

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

18. Figures of current year are inclusive of transferor companies' financial results and hence not comparable with those of previous year.

As per my report attached.

For Sheth Doctor & Associates

Chartered Accountants
Firm Regn. No 124822W

Paresh S. Doctor

Proprietor
Membership No 36056

For and on behalf of the Board of Directors

Mahendra K. Khatau

Chairman & Managing Director

Leela K. Khatau

Director

Mukund R. Nagpurkar

Chief Financial Officer

Place : Mumbai

Date : 3rd November 2015

Indokem Limited

CIN : L31300MH1964PLC013088

ATTENDANCE SLIP

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

Tel. No.: (022) 61236711 / 61236767 Fax No.: (022) 61236718

Website: www.indokem.co.in Email: iklsecretarial@gmail.com

(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-Ninth Annual General Meeting held at The Matunga Mitra Mandal Hall, The Karnataka Housing Co-op. Society Ltd., Mogul Lane, Mahim (W), Mumbai – 400 016 on Monday, 21st December, 2015 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

FORM NO. MGT-11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

| | |
|--|--|
| CIN | : L31300MH1964PLC013088 |
| Name of the Company | : Indokem Limited |
| Registered office | : Khatau House, Plot No. 410/411, Mogul Lane, Mahim, Mumbai 400 016 |
| Name of the Member(s) | : |
| Registered Address | : |
| E-mail Id | : |
| Folio No./ *Client Id. | : |
| *DP ID.(*Applicable for Members holding Shares in electronic form) | : |

I/ We, being the holder(s) of _____ shares of the above named Company, hereby appoint:

1. Name of the person: _____ Address: _____

Email Id. _____ Signature: _____ or failing him/her

2. Name of the person: _____ Address: _____

Email Id. _____ Signature: _____ or failing him/her

3. Name of the person: _____ Address: _____

Email Id. _____ Signature: _____ or failing him/her

----- ✂ ----- ✂ -----

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Monday, 21st December, 2015 at 4.00 P.M. at The Matunga Mitra Mandal Hall, The Karnataka Housing Co-op. Society Ltd., Mogul lane, Mahim West, Mumbai – 400 016 and at any adjournment thereof in respect of such resolution as is indicated below:

| Resolution No. | Matter of |
|----------------|--|
| 1. | Adoption of Audited Annual Financial Statements. |
| 2. | Appointment of Director in place of Ms. Leelabai Kishore Khatau (DIN: 00063807), who retires by rotation at this Annual General Meeting and being eligible and has offered herself for re-appointment. |
| 3. | Ratification of appointment of Statutory Auditor for the Financial Year 2015-16. |
| 4. | Ratification of Re-Appointment of Mr. Mahendra K. Khatau as the Managing Director of the Company for a period of five years. |
| 5. | Alteration of Articles of Association of the Company. |
| 6. | Approval for entering into related party transactions. |

Signed this _____ day of _____ 2015

Signature of Shareholder(s): _____

Signature of Proxy holder(s): _____

| |
|---------------------------------------|
| Affix Revenue stamp of ₹ 1/- |
|---------------------------------------|

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.

AGM VENUE ROUTE MAP



Address :
The Matunga Mitra Mandal Hall,
The Karnataka Housing Co-op. Society Ltd.,
Mogul Lane, (next to Ganga Vihar Restaurant),
Mahim (West), Mumbai – 400 016.

Through Courier

Printed by : D J Logistic Solutions Pvt. Ltd. - djprint260@gmail.com



If undelivered please return to

Indokem Limited

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