

INDOKEM LIMITED

**45th Annual Report
2010-2011**

INDOKEM LIMITED

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45th ANNUAL GENERAL MEETING

Date : Thursday, 29th September, 2011
Time : 4.00 p.m.
Venue : Khatau House, Plot No. 410/411,
Mogul Lane, Mahim (W),
Mumbai - 400016

BOARD OF DIRECTORS

MR. MAHENDRA K. KHATAU - CHAIRMAN & MANAGING DIRECTOR
MRS. LEELABAI K. KHATAU
MR. S. RAJAGOPALAN
MR. KAILASH PERSHAD
MR. B. G. SONTAKKE
MRS. ASHA M. KHATAU

COMPANY SECRETARY

MR. ROHAN R. GAVAS

BANKERS

UNION BANK OF INDIA
BANK OF INDIA

AUDITOR

M/S. SHETH DOCTOR & ASSOCIATES

REGISTERED OFFICE

KHATAU HOUSE, PLOT NO. 410/411,
MOGUL LANE, MAHIM, MUMBAI - 400016
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 INDUSTRIAL PREMISES,
ANDHERI-KURLA ROAD, SAFED POOL,
ANDHERI (EAST), MUMBAI – 400072.
TEL.NO.: 2851 5606 / 2851 5644.
EMAIL: sharexindia@vsnl.com
WEBSITE: www.sharexindia.com

Registered Office: "Khatau House", Plot No. 410/411, Mogul Lane, Mahim, Mumbai – 400016.

NOTICE

NOTICE is hereby given that the Forty-Fifth Annual General Meeting of the members of Indokem Limited will be held on Thursday, 29th September, 2011 at 4.00 P.M. at Khatau House, Plot No. 410 / 411, Mogul Lane, Mahim (W), Mumbai – 400016 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2011, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Kailash Pershad who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. S. Rajagopalan who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Place: Mumbai
Date: 29.07.2011

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

Rohan R. Gavas
(Company Secretary)

Registered Office:
"KHATAU HOUSE", MOGUL LANE,
MAHIM, MUMBAI – 400016

NOTES:

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- (2) Instrument of proxy in order to be effective must be deposited at the Company's Registered Office at "Khatau House", Mogul Lane, Mahim, Mumbai – 400 016 not less than 48 hours before the commencement of the Annual General Meeting.
- (3) The Register of Members and Share Transfer Books of the Company will remain closed from 21st September, 2011 to 29th September, 2011 (both days inclusive).
- (4) The Company has connectivity with both the Depositories i.e., Central Depository Services (India) Ltd. (CDSL) and National Securities Depository Limited (NSDL) and ISIN No. is INE716FO1012. Members are requested to dematerialize their shares for scrip-less trading.

- (5) Members holding shares in physical form are requested to notify immediately any change of address, if any, to the Company's Registrar & Share Transfer Agent and in case their shares are held in dematerialized form this information should be passed on directly to their respective depository participants and not to the Company/STA, without any delay.
- (6) Members desirous of getting any information on the accounts or operations of the Company, are requested to forward their queries to the Company at least seven working days prior to the meeting so that the required information can be made available at the meeting.

Place: Mumbai
Date: 29.07.2011

For Indokem Limited
by Order of the Board

Rohan R. Gavas
(Company Secretary)

Registered Office:
"KHATAU HOUSE", MOGUL LANE,
MAHIM, MUMBAI – 400016

Details of Directors seeking re-appointment in forthcoming Annual General Meeting

Name of the Director	Mr. Kailash Pershad	Mr. S. Rajagopalan
Age	71 Years	72 Years
Expertise in specific functional area	Over 40 Years in the fields of Finance, General Management in Marketing as a consultant and Advisor	37 Years Experience with leading manufacturing Companies in the areas of Accounts, Finance and Audit
Qualifications	B.E.-MECHANICAL	B.COM. / A.I.C.W.A. (ASSOCIATE ICWA)
Other Directorship as on 31.03.2011	NIL	REFNOL RESINS & CHEMICALS LTD.
Chairman/Member of the Committee of the Board of Public Companies on which he is a Director as on 31.03.2011	NIL	NIL
No. of Shares held	NIL	NIL

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting the Forty Fifth Annual Report of the Company together with its Audited Profit and Loss Account for the year ended 31st March, 2011 and the Balance Sheet as on the date:

(₹ in Lacs)

FINANCIAL RESULTS

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Income	<u>2,819.65</u>	<u>5,098.59</u>
Profit / (Loss) before Interest, Depreciation and Taxes	(270.78)	(150.17)
Less : Interest	380.43	476.48
Depreciation	300.49	302.07
Profit / (Loss) before tax	<u>(951.70)</u>	<u>(928.72)</u>
Add : Excess / Short provision for tax in respect of earlier year	<u>0.19</u>	<u>(0.25)</u>
Profit / (Loss) After Tax	(951.51)	(928.96)
Less : Amount drawn from Capital Reserve	Nil	1.68
Profit / (Loss) brought forward from last year	<u>(1,128.58)</u>	<u>(201.30)</u>
Surplus/ Loss carried to Balance Sheet	<u>(2,080.09)</u>	<u>(1,128.58)</u>

BUSINESS OPERATIONS AND FUTURE PROSPECTS:

The year 2010-2011 was another challenging year for the Company. During this period, your company has reached turnover of ₹ 27,66.49 Lacs inspite of the closer of the Ankleshwar factory, Company could achieve this turnover because of the maintenance of quality, consistency in supply due to renovation and implementation with latest technology / machinery at our Dahisar Mori Units well as Research and Testing Laboratory. Considering the future market and demands new products are being introduced in Softners, Binders which will help the company to increase the turnover of the Company.

On the Export front also we have been able to get repeated enquiries, due to consistent supplies, quality & our samples are getting approved from new parties thereby improving the prospects in the Export front as well. Company is in the process of expanding its business in the domestic and Export market.

Company has sold part of its office premises situated in "Khatau House", Mogul Lane, Mahim, Mumbai-400016 in month of March, 2011, the proceeds from the sale of the said property has been utilized to pay off old dues of banks thereby reducing the interest liability and to take care of working capital for increasing the business of the Company.

Further Company has taken the Consent of its Shareholders through Postal Ballot conducted on 18.03.2011 for disposal of whole / part of its Factory Building/Sheds etc alongwith the land on as is where is basis, situated at Plot No. 2900, in GIDC, Ankleshwar, Gujarat State. And from the sale proceeds of the above property could be utilized for meeting the obligations towards workmen, banks and statutory dues.

Further disputes and litigations of workers at Ankleshwar Factory have been amicably settled and revised packages have been worked out for them and with this we will be able to resolved long pending issues of factory workers at Ankleshwar.

EXPORTS:

Your Company's Exports Sale for Current Financial Year is ₹ 118.60 Lacs as compared to the previous year's sale ₹ 492.27 Lacs. Efforts are being made to increase Export Business of Vat Dyes and for these we are concentrating on processing of Vat Dyes production at our Ambernath Factory.

DIVIDEND:

In order to conserve resources, your Directors do not recommend any dividend for the year under consideration.

SUBSIDIARIES:

Radio Components and Transistors Company Ltd a wholly owned subsidiary of Indokem Limited has been merged with Indokem Limited w.e.f. 1st April, 2010 pursuant to order of Hon'ble Bombay High Court dated 25th March, 2011, hence, its accounts is not required to be enclosed.

Our another subsidiary Kapsales Electricals Limited was registered as a SICK Unit with BIFR and now it has been de-registered from BIFR vide its order dated 4th March, 2011 & its Annual Accounts as on 31.12.2010 is annexed herewith & consolidated accounts are prepared as on 31.03.2011 as per Indian Accounting Standard.

After Deregistration, Indokem Limited has sold its total holdings of Equity in Kapsales Electricals Limited. Consequently on sale of this equity, Kapsales Electricals Limited ceased to be a subsidiary of Indokem Limited.

FIXED DEPOSITS:

The Company has not accepted or renewed any Deposits from public during the year under review and there is no unpaid or unclaimed deposits lying with the Company.

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE:

Information pursuant to Department of Company Affairs Notification relating to the Balance Sheet Abstract and Company's General Business Profile is given in the Annual Report for the information of the Shareholders.

AMALGAMATION & ACQUISITION:

The Hon'ble High Court of Judicature at Bombay vide its Order dated 25th March, 2011 sanctioned the 'Scheme of Amalgamation' of our wholly owned subsidiary, Radio Components and Transistors Company Ltd with effect from 1st April, 2010 (Appointed Date), hence Radio Components and Transistors Company Ltd stands amalgamated with Indokem Limited.

INSURANCE:

All properties and insurable interest of the Company including buildings, plant and machineries, stores and spares have been adequately insured.

DIRECTORS:

At the forthcoming Annual General Meeting, Mr. Kailash Pershad and Mr. S. Rajagopalan, will retire by rotation pursuant to Article 141 of the Articles of Association of the Company. Being eligible, offer themselves for reappointment.

AUDITORS:

M/s. Sheth Doctor & Associates, Chartered Accountants, Auditors of the Company, hold office until conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received letters from them to the effect that their appointment, if made, would be within the prescribed limits under section 224(IB) of the Companies Act, 1956. The Audit Committee of the Board has recommended the re-appointment of M/s. Sheth Doctor & Associates, Chartered Accountants as Auditors of the Company.

AUDITORS OBSERVATION

As regards the Auditors qualification on the Accounts in the matter of Stores and Inventory Records of Ankleshwar Plant, value of Inventory at Ankleshwar plant and physical verification forming part of the accounts (Schedule 19), being Note No. 2 which is self explanatory.

With reference to para (d) of Auditors' Report and Schedule 19.9 of note to the accounts regarding provision for contingent liability for the settlement of workers at Ankleshwar Plant, Company would like to state that this MOU was signed on 12th April, 2011 hence provision for the same will be made in the ensuing financial year.

CORPORATE GOVERNANCE & MANAGEMENT'S DISCUSSIONS AND ANALYSIS:

Corporate Governance as required by Listing Agreement with the Stock Exchanges, the report on Management Discussions and Analysis, Corporate Governance as well as the Auditors Certificate regarding compliance of conditions of Corporate Governance, from part of the Annual Report.

Further, a separate Management Discussion & Analysis Report is also enclosed with this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Operations at our factory situated at Ankleshwar, Gujarat is suspended hence provisions pertaining to Conservation of Energy, Technology Absorption and Form A, and Form B (disclosure of particulars with respect to absorption) are not applicable. Particular with regard Foreign Exchange are as follows:

FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

	31.03.2011	₹ '000 31.03.2010
I) EXPENDITURE IN FOREIGN EXCHANGE CAPITAL		
Value of Imports on C.I.F. basis Raw Material	1,33,00	31,39
Travelling	6,09	1
Commission	-	-
Others	95	163
Total:	1,40,04	33,03
II) EARNINGS IN FOREIGN EXCHANGE		
F.O.B. VALUE OF EXPORTS	1,21,72	5,29,59
Total:	1,21,72	5,29,59

PARTICULARS OF EMPLOYEES:

None of the employees of the Company fall under the provision of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, during the year under report.

DIRECTORS' RESPONSIBILITY STATEMENT:

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors state that :

- 1) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures in the Financial Statements;
- 2) The Directors selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the Financial Year ended 31st March, 2011; and of the profit or loss of the Company for the year under review;
- 3) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the said Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- 4) The annual accounts have been prepared on a going concern basis.

INDUSTRIAL RELATIONS:

The industrial relations remained cordial during the year under review.

ACKNOWLEDGEMENT:

Your Directors records their appreciation of the co-operation and assistance extended by Financial Institution, Banks and Government Authorities as well as Valued Customers from time to time. They also record their appreciation of the devoted services rendered by the Executives, Staff Members and Workers of the Company.

The Directors also wish to place on record their gratitude to the Members for their continued support and confidence.

For and on behalf of the Board

Mumbai
Date: 29.07.2011

Mahendra K. Khatau
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

Your Company, Indokem Limited is a foremost name in dyes and chemicals since last 50 years, started as a Trading House to manufacture, process and market a wide range of exclusive Dyestuff, Sizing Chemicals for Textile Industries.

The Company trades directly & through stockiest in textile dyes, sizing chemicals, vat pastes, Vat Dyes, textiles auxiliaries, reactive dyes etc. Company caters to both Domestic and International market. We have good team of technical and commercial professionals and expertise in dyes and Marketing.

INTERNAL CONTROL SYSTEM

The company has adequate internal control systems with control checks commensurate with its size and nature of business. These measures ensure efficient use and protection of all assets of the Company and also compliance with the policies, procedures and statutory requirements.

HUMAN RESOURCE MANAGEMENT

The relationship with all employees in the Company continues to be cordial. The Company considers its Employees as one of its most valuable asset. We strongly encourage all aspects of self – development.

SAFE HARBOUR CLAUSE

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

Thus, the Company should and need not be held responsible, if, which is not unlikely, the future turns to be quite different. Subject to this management disclaimer, this discussion and analysis should be perused.

REPORT ON CORPORATE GOVERNANCE

The Board of Directors of the Company continues to lay great emphasis on the broad principles of Corporate Governance. Our pursuit towards achieving good governance is an ongoing process. Compliance with the requirements under Clause 49 of the Stock Exchange Listing Agreement is concerned, the Company is in full compliance.

1. Company’s Philosophy on Corporate Governance:

Indokem Limited believes that good Corporate Governance is of immense important for achieving long term corporate goals and to enhance stakeholder’s value. In this pursuit, your Company’s philosophy on Corporate Governance is led by a strong emphasis on transparency, accountability and integrity and your Company has been practicing the principles of Corporate Governance over the years. All directors and employees are bound by a Code of Conduct that sets forth the Company’s policies on important issues, including its relationship with Customers, Shareholders and Government.

2. Composition of Board

a) Composition and Category of Directors

The present strength of the Board is six directors of which Chairman and Managing Director (CMD) is an Executive Member of the Board. Out of five Non-Executive Directors, three are Independent Directors and two Directors are Non Independent Director.

Except the Managing Director, all other Directors are eligible to retire by rotation as per the provisions of the Companies Act, 1956. The Composition of the Board and other relevant details relating to the Directors are depicted in the table given below:

Name of the Director	Category of Directorship	Attendance particulars		No. of other directorships and committee (memberships other than IKL)		
		Board Meeting	Last AGM	Other Directorships#	Committee@	
					M	C
Mr. M.K. Khatau	CMD	4	Yes	12	-	-
Ms. Leela Khatau	NE	3	No	2	-	-
Mr. Kailash Pershad	NE/ID	3	No	-	-	-
Mr. S. Rajagopalan	NE/ID	3	No	1	-	-
Mr. B.G. Sontakke	NE/ID	3	No	1	-	-
Mrs. Asha M. Khatau	NE	3	No	6	-	-

M = Membership; C = Chairmanship; NE/ID = Non-Executive/Independent; NE/NID = Non-Executive/ Non-Independent; CMD = Chairman & Managing Director

Directorships in Private Limited Companies included;

@ comprises of Audit and Investors’ Grievance Committee of Public Limited Companies

b) Meeting and Attendance

Four Board Meetings were held during the financial year ended 31st March, 2011, viz. on 30th April, 2010, 13th August, 2010, 29th October, 2010, 8th February, 2011.

c) Board Agenda

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

3. Audit Committee

a) Terms of Reference

Terms of Reference of Audit Committee include amongst other things mainly:

- Overseeing financial reporting process;
- Recommending the appointment of Statutory and Internal Auditors;

- Reviewing with management the quarterly, half yearly and annual financial statements;
- Reviewing the adequacy of internal control systems and periodic audit reports;
- Discussing with the Statutory Auditors about the nature and scope of audit;
- Reviewing the financial statements and investments made by the unlisted subsidiary company.

b) Composition of Audit Committee

The Audit Committee presently comprises of Mr. Kailash Pershad, Chairman, besides, Mr. M. K. Khatau and Mr. S. Rajagopalan. Two-thirds of the members of audit committee are independent directors. All of them have financial and accounting knowledge. Mr. Rohan Gavas, Company Secretary is the Secretary of the Committee. Chief Financial Officer, Statutory Auditors attend meetings by invitation.

c) Attendance

Four meetings were held during the financial year ended 31st March, 2011, viz. on 30th April, 2010, 13th August, 2010, 29th October, 2010, 8th February, 2011. Composition of the Audit Committee and attendance of each Director at these meetings are as follows:

Name of the Director	Designation	No. of Meetings Attended
Mr. Kailash Pershad	Chairman	3
Mr. S.Rajagopalan	Member	3
Mr. M.K.Khatau	Member	4

4. Remuneration Committee

a) The Company does not have a Remuneration Committee. The remuneration payable to the Managing Director is approved by the Board of Directors and then by the Shareholders at the General Meeting and such other Authorities as may be necessary.

b) Remuneration of Directors

	₹ In lacs
Managing Director :	16.50
Non Executive Directors (Sitting Fees)	0.38
Total	16.88

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

c) Remuneration of Non-Executive Directors

Name of Director	Sitting Fees Paid (₹)	
	Board Meeting	Audit Committee Meeting
Ms. Leela Khatau	6,000	—
Mr. Kailash Pershad	6,000	6,000
Mr. S. Rajagopalan	6,000	6,000
Mr. B.G. Sontakke	2,000	—
Mrs. Asha M. Khatau	6,000	—

5. Shareholders' Committee:

a) Share Transfer Committee

The Committee is comprised of an Executive Director and a Non-Executive Independent Director. Mr. M.K.Khatau is the Chairman and Mrs. Leela K. Khatau is the other member of the Committee. The Committee looks into the issues relating to Shareholders, including transfer, transmission and transposition of shares, issue of duplicate share certificates and other related matters. The Committee meets to approve the share transfers and transmissions from time to time.

b) Shareholders' Grievance Committee

The Committee presently consists of three Non-Executive Independent Directors and an Executive Director. This Committee specifically looks into the redressal of shareholders' and investors' complaints with a primary objective to improve investor relations. The Committee met four times during the financial year 2010-2011 viz. on 30th April, 2010, 13th August, 2010, 29th October, 2010, 8th February, 2011. Composition of the committee and attendance of each Director at these meetings are as follows:

Name of the Director	Designation	No. of Meetings Attended
Mr. S. Rajagopalan	Chairman	4
Ms. Leela Khatau	Member	4
Mr. M.K.Khatau	Member	4

c) Compliance officer

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

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

Number of correspondences received from Share holders	4
Number of correspondences redressed	4
Number of complaints/correspondences not resolved	Nil

6. General Body Meeting Held During The Last Three Years

AGM	Date	Venue	Special Resolution Passed
42 nd AGM	18.11.2008 at 4.00 p.m.	Khatau House, Mahim, Mumbai - 400016.	Approval of the members for the revision of payments of remuneration of Ms. Shreya M. Khatau, Vice President-Corporate Strategies.
43 rd AGM	30.09.2009 at 4.00 p.m.	Khatau House, Mahim, Mumbai - 400016.	There was no special resolution passed during the year
44 th AGM	30.09.2010 at 4.00 p.m.	Khatau House, Mahim, Mumbai - 400016.	<ul style="list-style-type: none"> • Appointment of Mr. Mahendra Kishore Khatau as Chairman and Managing Director of the Company. • Appointment of Mrs. Asha M. Khatau & Mr. B.G. Sontakke as Directors of the Company. • Amendment of Articles of Association for the minimum number of Directors to 4 instead of 6. • Appointment of Mr. Manish M. Khatau as Vice President-Corporate Strategies U/s 314 of Companies Act, 1956.

7. Postal Ballot

No Resolutions were passed through Postal Ballot for the Years 2008-2009 & 2009-2010.

2010-2011:

Members consent was accorded through Postal Ballot, pursuant to section 293(1)(a) of the Companies Act, 1956 for Disposal of Undertaking situated at Plot No. 2900, GIDC, Ankleshwar, Gujarat.

8. Code of Conduct

The Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. All Board Members and Senior Management Personnel have affirmed compliance with the Code on annual basis the declaration to this effect is signed by the Managing Director of the Company, forms part of this Annual Report.

9. Key Information

Key information such as annual operating plans, budgets, quarterly working results, minutes of audit committee and other committees are made available to the Directors. The Board is informed of all affairs including materials, financial and commercial decisions from time to time.

10. CEO Certification

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

11. Disclosures

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

12. Web Site

The Company Web Site : www.indokem.co.in

Queries relating to Investors Grievances may be addressed to e-mail : iklsecretarial@gmail.com

13. Compliance

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

14. Means of Communication

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

15. General Shareholder Information

a) Annual General Meeting

Date : 29th September, 2011.
 Time : 4.00 p.m.
 Venue : Khatau House, Mogul Lane, Mahim, Mumbai.

b) Financial Calendar

Results for the Quarter Ending on	Tentative date of declaration
30 th June, 2011	: 29 th July, 2011.
30 th September, 2011	: Last week of October, 2011
31 st December, 2011	: Last week of January, 2012
31 st March, 2012	: Last week of April, 2012
31 st March, 2012 (Audited)	: July, 2012
A.G.M. for the Year ended 31.03.2012	: September, 2012

c) Period of Book Closure : 21st September, 2011 to 29th September, 2011
(Both days inclusive)

d) Listing on Stock Exchanges

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

e) Stock Code

Bombay Stock Exchange Limited : 504092

f) Market Information

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

Month	Indokem Limited	
	High (₹)	Low (₹)
April 2010	5.65	3.81
May 2010	6.01	4.90
June 2010	7.16	5.40
July 2010	6.89	4.95
August 2010	6.85	5.11
September 2010	8.01	5.30
October 2010	8.25	5.02
November 2010	8.35	5.35
December 2010	6.40	5.08
January 2011	5.08	3.63
February 2011	3.85	3.34
March 2011	4.95	3.10

g) Registrar and Transfer Agent : M/s. Sharex Dynamic (India) Pvt. Ltd,
Unit No.1, Luthra Industrial Premises,
Andheri-Kurla Road, Safed Pool,
Andheri (East), Mumbai – 400072.
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 31.03.2011

Sr. No	Category	No. of Shares held	% of Shareholding
1.	Promoters	17346289	70.809
2.	Banks / Financial Institutions and Insurance Cos.	58775	0.240
3.	Private Corporate Bodies	306351	1.251
4.	Indian Public /HUF/Clearing Members	6770839	27.639
5.	NRIs / OCBs / Foreign nationals	14934	0.061
	Total	24497188	100.000

j) Distribution of Shareholding as on 31.3.2011

No. of Equity Shares Held	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shares
Up to – 5000	25376	94.42	3198568	13.06
5001 – 10000	898	3.34	713349	2.91
10001 – 20000	318	1.18	478598	1.95
20001 – 30000	94	0.35	235884	0.96
30001 – 40000	30	0.11	108312	0.44
40001 – 50000	36	0.13	173606	0.71
50001 – 100000	62	0.23	443540	1.81
100001 and above	62	0.24	19145331	78.16
Total	26876	100.00	24497188	100.00

The total shareholding held in the electronic form as on 31/03/2011 is 85.66% with NSDL & CDSL

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

* **ISIN** : INE716FO1012

k) Outstanding GDRs / ADRs

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

l) Address for Correspondence

Registered Office : “Khatau House”, Plot No. 410/411, Mogul Lane, Mahim, Mumbai – 400016.

16. Status of Compliance with Non-Mandatory Requirements

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

(i) Office space for Non-Executive Chairman

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

(ii) Shareholder’ rights to receive financial results

The financial results of the Company for every quarter are published in the newspapers and are also put on the Company’s website www.indokem.co.in

(iii) Audit Qualifications

Explanation regarding auditor’s qualification has been dealt in Directors Report which forms part of this Annual Report. Further the Company continues to adopt best practices to ensure the regime of unqualified financial statements.

(iv) 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.

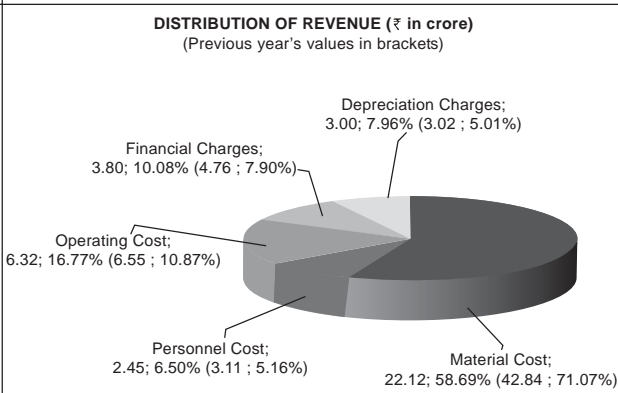
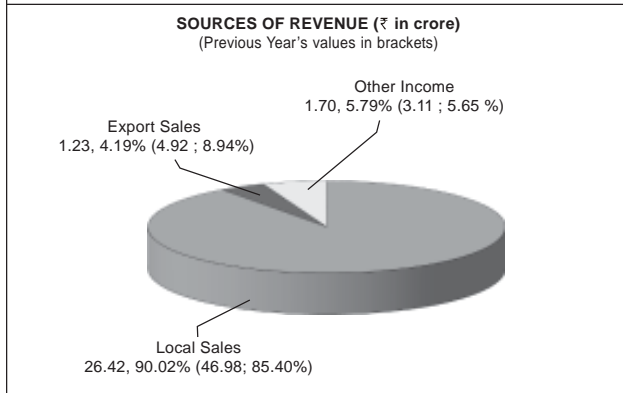
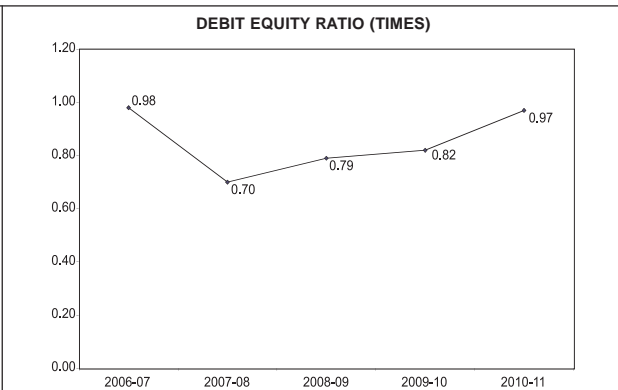
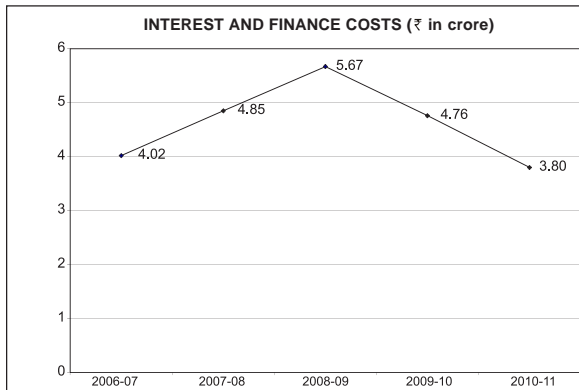
(v) Whistle Blower Policy

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.

For and on behalf of the Board

Mahendra K. Khatau
Chairman & Managing Director

Mumbai
29th July, 2011



DECLARATION ON CODE OF CONDUCT

To
The Members of Indokem Limited,

This is to confirm that Board has laid down a code of conduct for all Board members and senior management of the Company. It is further confirmed that all directors and senior management personnel of the Company have affirmed compliance with the code of conduct of the Company as at 31st March 2011, as envisaged in clause 49 in the Listing Agreement with stock exchanges.

Mumbai
29th July, 2011

Mahendra K. Khatau
Chairman & Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of Indokem Limited,

We have examined the compliance of conditions of Corporate Governance by **Indokem Limited**, for the year ended 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

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

Paresh S. Doctor
Membership No. 36056
Mumbai 29th July, 2011

AUDITORS' REPORT

The Members of
INDOKEM LIMITED

We have audited the attached Balance Sheet of INDOKEM LIMITED as at 31st March, 2011, the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, issued by the Government of India in terms of sub-section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to in paragraph above, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit **except for Inventory Records of Ankleshwar Plant as mentioned in Note No. 2 of Sch. 19 Notes to Accounts.**
- b) In our opinion, the Company has kept proper books of accounts as required by law so far as appears from our examination of those books;
- c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
- d) In our opinion, the Balance Sheet, the Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, **except for non compliance with Accounting Standard No. 4 on 'Contingencies and Events occurring after Balance Sheet Date' resulting into non provision of Net Compensation payable to workers amounting to ₹ 187.47 lacs (Refer Note No. 9 of Sch 19 of Notes on Accounts)**
- e) On the basis of the written representation received from the directors of the Company as at the date of the Report and taken on record by the Board of Directors we report that no director is disqualified from being appointed as a director of the Company under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
- f) **Value and diminution in value of the Inventory at Ankleshwar Plant amounting to ₹ 457.28 lacs and ₹ 117.69 lacs respectively being accepted as certified by the management only as referred in Note No.2 and Non provision of Workers Compensation amounting to ₹ 187.47 lacs(Net) as referred in Note No. 9 , of Schedule 19 of Notes to Accounts.**

Subject to above, the said accounts, in our opinion and to the best of our information and according to the explanations given the said accounts read together with the significant accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India:

- i) In the case of the Balance Sheet, of the state of affairs as at 31st March, 2011,
- ii) In the case of the Profit and Loss account, of the loss for the year ended on that date; and
- iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

Mumbai
Dated: 29th July, 2011

Paresh S. Doctor
Membership No. 36056

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, 2011)

1. The Company should update the Fixed Assets Register, so as to show item-wise details along with its cost and written down values. The Company has programme for physical verification of its fixed assets which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. The Company has disposed off part of the Office premises at Khatau House at Mumbai during the year.
2. Inventories:

Except for Inventories at Ankleshwar Plant as separately referred in Note No. 2 of Sch. 19 on Notes to Accounts :

 - a) Inventories have been physically verified at the year end by the management. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion, the procedures of physical verification of inventories by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material.
3.
 - a) The Company had taken loan from the three (one) Directors amounting to ₹ 668.83 Lacs (₹ 594.79 Lacs) covered in the register maintained under section 301 of the Companies Act, 1956. The Company has granted loans to five Companies covered in the register maintained u/s. 301 of the Companies Act, 1956 amounting to ₹ 127.02 lacs (Nil) , Maximum outstanding amount ₹ 127.02 lacs during the year.
 - b) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from directors listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company. The Company has not charged interest on the loans given to Companies.
 - c) There are no stipulations, attached to the loan for its repayment.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, packing materials, plant and machinery, equipment and other assets and with regards to sale of goods. During the course of our audit we have not observed any continuing failure to correct major weakness in the internal control procedures.
5.
 - a) All the transaction with parties covered under section 301 of the Companies Act, 1956 have been properly entered in the register maintained under section 301 of the Act.
 - b) In our opinion and according to the information and explanation given to us, the transaction made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act, and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are not comparable in the absence of similar transactions with other parties.
6. The Company has not accepted any deposits from public during the year.
7. In our opinion, the scope and coverage of internal audit is not commensurate with the size of the company and needs to be strengthened.
8. The Company, according to the information and explanations given to us, is maintaining accounts and records prescribed by the Central Government under section 209 (1)(d) of the Companies Act, 1956. We have not examined the contents of these accounts and records.
9.
 - a) Regarding depositing of undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, and Professional Tax with appropriate authorities, there were delays. arrears outstanding in respect of all such statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable amounts to ₹ 165.95 lacs (₹ 224.96 lacs).
 - b) As at March 31, 2011 according to the records of the Company and the information and explanations given to us, the following are the particulars of disputed dues (provided / considered contingent liability as appropriate) on account of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty and Cess matters that have not been deposited.

Name of the Statute	Nature of Dues	Amount involved (₹ in Lacs)	Forum where the dispute is pending
Sales Tax Act	Sales Tax	120.37	Commissioner (Appeals)
Income Tax Act	Income Tax	197.02	Commissioner (Appeals)

10. The Company has incurred cash loss in the current year as also in the immediately preceding financial year however the accumulated losses are not more than 50% of its net worth as at 31st March, 2011.
11. Based on the examination of books of accounts and related records and according to the information and explanations provided to us, the Company has defaulted in repayment of dues to Bank and Financial Institutions. Out of total repayments made during the year, a sum of ₹ 99.92 lacs is found delayed on various dates as compared to its schedule of repayments agreed upon in pursuance to loan agreements (excluding delays which has been regularized by further arrangements). Out of total dues, a sum of ₹ 740.65 lacs is found overdue and in default.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealer or trader in securities.
15. The Company has given guarantees (including counter guarantees) amounting to ₹ 1,030 lacs (₹ 1,816 lacs) for loans taken by others from Banks and Financial Institution (as referred in Note No. 1(e) of schedule 20 of Annual Accounts) and terms and conditions are not prima facie prejudicial to the interest of the Company.
16. In our opinion and according to the information and explanations given to us, no Term Loan has been raised during the year.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets.
18. The Company has not made any preferential allotment of shares during the year to parties and Companies covered in the register maintained under Section 301 of the Act.
19. The Company has not raised any funds by the way of debenture during the year.
20. The Company has not raised any money by way of public issue during the year.
21. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

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

Mumbai
Dated: 29th July, 2011

Paresh S. Doctor
Membership No. 36056

BALANCE SHEET AS AT 31ST MARCH, 2011

(₹ in '000)

	Schedules	As at 31st March, 2011	As at 31st March, 2010
SOURCES OF FUNDS :			
SHAREHOLDERS' FUNDS			
Share Capital	1	24,49,72	24,49,72
Reserves & Surplus	2	18,11,23	18,11,23
		<u>42,60,95</u>	<u>42,60,95</u>
LOAN FUNDS :			
Secured Loans	3	13,18,05	15,94,68
Unsecured Loans	4	6,71,75	9,41,73
		<u>19,89,80</u>	<u>25,36,41</u>
TOTAL :		<u>62,50,75</u>	<u>67,97,36</u>
APPLICATION OF FUNDS :			
FIXED ASSETS			
Gross Block	5	77,22,63	80,16,93
Less : Depreciation		46,08,57	43,37,51
Net Block		<u>31,14,06</u>	<u>36,79,43</u>
Add : Capital Work in Progress		8,68	8,68
		<u>31,22,74</u>	<u>36,88,11</u>
INVESTMENTS	6	4,00,49	11,70,22
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	8,70,27	10,00,74
Sundry Debtors	8	8,44,88	15,63,35
Cash and Bank Balances	9	4,46,64	50,95
Loans and Advances	10	4,51,86	7,08,26
		<u>26,13,65</u>	<u>33,23,31</u>
Less: CURRENT LIABILITIES AND PROVISIONS			
Liabilities	11	18,86,98	24,25,23
Provisions		1,02,02	1,03,34
		<u>19,89,00</u>	<u>25,28,57</u>
NET CURRENT ASSETS		<u>6,24,65</u>	<u>7,94,74</u>
MISCELLANEOUS EXPENDITURE			
Amalgamation expenses (To the extent not written off or adjusted)	12	22,78	15,71
PROFIT AND LOSS A/C		<u>20,80,09</u>	<u>11,28,58</u>
TOTAL :		<u>62,50,75</u>	<u>67,97,36</u>
Significant Accounting Policies	18		
Notes to Accounts	19		

As per our Report attached

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

Paresh S. Doctor
Membership No. 36056
Mumbai : 29th July, 2011

For and on behalf of the Board of Directors

Rohan R. Gavas
Company Secretary

Mahendra K. Khatau
Chairman & Managing Director

Leela K. Khatau
Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(₹ in '000)

	Schedules	For the year ended 31st March, 2011	For the year ended 31st March, 2010
INCOME			
Sales		27,89,82	52,13,37
Less : Excise Duty paid		23,33	23,47
		27,66,49	51,89,90
Other Income	13	1,70,22	3,10,53
Increase/(Decrease) in Inventories	14	(1,17,06)	(4,01,84)
TOTAL :		28,19,65	50,98,59
EXPENDITURE			
Materials	15	22,12,56	42,83,64
Administrative and Selling Expenses	16	12,58,30	14,41,60
Depreciation		3,00,49	3,02,07
TOTAL :		37,71,35	60,27,31
Profit/(loss) before Tax		(9,51,70)	(9,28,72)
Excess/(Short) Provision for Tax in respect of earlier years (net)		19	(25)
Profit/(Loss) after tax		(9,51,51)	(9,28,96)
Add : Balance brought forward		(11,28,58)	(2,01,30)
Add : Transfer from Capital Reserve		-	1,68
Balance carried to the Balance Sheet	TOTAL :	(20,80,09)	(11,28,58)
Significant Accounting Policies	18		
Notes to Accounts	19		
EARNINGS PER SHARE (See Notes to Accounts)			
Basic & diluted earning per share	₹	(3.88)	(3.79)
Face value per share	₹	10.00	10.00

As per our Report attached

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

Paresh S. Doctor
Membership No. 36056
Mumbai : 29th July, 2011

For and on behalf of the Board of Directors

Rohan R. Gavas
Company Secretary

Mahendra K. Khatau
Chairman & Managing Director

Leela K. Khatau
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(₹ in '000)

Particulars	For the Year 2010-11		For the Year 2009-10	
A. Cash inflow/(outflow) from operating activities				
Net profit/(loss) before extra ordinary items		(9,51,51)		(9,28,97)
Adjustment for:				
Depreciation	3,00,49		3,02,07	
Amalgamation Expenses w/off	10,04		6,62	
Amortization of Goodwill	27,55		–	
Dividend income	(2)		(6)	
Loss / (Profit) on sale of assets	2,27,32		2,69,50	
Interest (net)	3,68,70		4,20,45	
Excess provision for tax written back	(19)		–	
Provision and write-off of debts and advances (net)	(33,30)	9,00,59	(36,26)	9,62,32
Operating profit before changes in working capital		(50,92)		33,35
Adjustment for:				
Inventories	1,30,47		4,23,26	
Trade and other receivables	7,10,98		2,07,89	
Current liabilities	(5,04,97)	3,36,48	(9,59,52)	(3,28,37)
Cash generated from operations		2,85,56		(2,95,02)
Less: Interest paid (net)	(2,12,85)		(4,21,33)	
Direct tax paid	(11,54)	(2,24,39)	(32,16)	(4,53,49)
Cash inflow before extra ordinary items		61,17		(7,48,51)
Excess provision for tax written back	19		–	
Amalgamation Expenses	(17,11)	(16,92)	–	–
Net Cash inflow from Operating activities		44,25		(7,48,51)
B. Cash inflow / (outflow) from Investment activities				
Capital expenditure	(20,32)		(13,38)	
Sale proceeds of fixed assets	10,85,00		14,03,28	
Dividend received	2	10,64,70	6	13,89,96
Net cash flow from Investing activities		10,64,70		13,89,96
C. Cash inflow / (outflow) from Financing activities				
Increase / (Decrease) in secured loans	(4,14,97)		(5,42,91)	
Increase / (Decrease) in unsecured loans	(2,98,37)	(7,13,34)	(1,22,41)	(6,65,32)
Net cash flow from Financing activities		(7,13,34)		(6,65,32)
Net Changes in Cash & Cash equivalents		3,95,61		(23,87)
Cash and Cash equivalent (Opening balance)		51,03		74,82
Cash and Cash equivalent (Closing balance)		4,46,64		50,95

Opening cash balance includes ₹ 8,565/- received from amalgamating company

As per our Report attached

 For **Sheth Doctor & Associates**

 Chartered Accountants
 (Firm Reg. No. 124822W)

Paresh S. Doctor
 Membership No. 36056
 Mumbai : 29th July, 2011

For and on behalf of the Board of Directors

Rohan R. Gavas
 Company Secretary

Mahendra K. Khatau
 Chairman & Managing Director

Leela K. Khatau
 Director

SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in '000)

SCHEDULE - 1 : SHARE CAPITAL

Authorised 2,53,00,000 (2,53,00,000) Equity Shares of ₹ 10/- each

ISSUED AND SUBSCRIBED

2,44,97,188 (1,52,97,188) Equity Shares of ₹ 10/- each
Less : 6,730 (6,730) Equity Shares of ₹ 10/- each forfeited

Add : Forfeited Shares Reissued

TOTAL :

NOTES :

1. Issued and Subscribed Capital includes:
 - a. 49,23,930 fully paid up shares each allotted pursuant to an agreement for consideration other than cash.
 - b. 1,00,000 fully paid up shares each allotted as bonus shares by capitalisation of reserves.

SCHEDULE - 2 : RESERVES AND SURPLUS

Capital Reserve

On Re-issue of Forfeited Shares

On Forfeiture of Shares

Capital Profits

Securities Premium Account

General Reserve

TOTAL :

NOTES :

1. CAPITAL RESERVE:
 - 1.1 On re-issue of Forfeited Shares
Balance brought forward
 - 1.2 On Forfeiture of Shares
Balance brought forward
 - 1.3 CAPITAL PROFIT
Balance brought forward
Less : Adjusted during the year for depreciation on revalued assets
 - 1.4 SECURITIES PREMIUM ACCOUNT
Balance brought forward
2. GENERAL RESERVE
Balance brought forward

	As at 31st March, 2011	As at 31st March, 2010
	25,30,00	25,30,00
	25,30,00	25,30,00
	24,49,72	24,49,72
	67	67
	24,49,05	24,49,05
	67	67
	24,49,72	24,49,72
	31	31
	47	47
	1,38,78	1,38,78
	10,23,77	10,23,77
	6,47,90	6,47,90
	18,11,23	18,11,23
	31	31
	31	31
	47	47
	47	47
	1,38,78	1,40,46
	-	1,68
	1,38,78	1,38,78
	10,23,77	10,23,77
	10,23,77	10,23,77
	6,47,90	6,47,90
	6,47,90	6,47,90

SCHEDULE - 3 : SECURED LOANS

	As at 31st March, 2011	(₹ in '000) As at 31st March, 2010
From Banks - Cash Credit	3,20,03	3,72,04
- Others	7,10,57	8,87,55
Interest accrued and due on above	1,86,06	56,42
Term Loan From Banks	73,26	91,57
Interest accrued and due on above	19,59	7,41
IOB Liqui. Rent Loan	-	1,70,20
Interest accrued and due on above	-	3,46
Vehicle Loan	8,54	6,03
TOTAL:	13,18,05	15,94,68

NOTES :

1. Credit arrangements from bankers are against hypothecation of stock and trade debtors as primary security. The arrangements are additionally secured by way of a part of "Khatau House" hypothecated, as collateral security. The second charge on the plant facilities at Ankleshwar is proposed to be created., Corporate Guarantee of Khatau Holding & Trading Co. P. Ltd. and Khatau Leasing & Finance Co. P. Ltd. alongwith personal guarantee of Mr. M. K. Khatau and Mrs. Asha M Khatau are also given
2. The Term loans from the Financial Institutions and Banks are secured by mortgage and charge on the Company's plant facilities at Ankleshwar.
3. Credit arrangements have been guaranteed by two Directors.
4. Vehicle Loan is secured against specific vehicle.
5. Secured loans due in next twelve months:

SCHEDULE - 4 : UNSECURED LOANS

From Financial Institutions	2,92	18,49
Other Loans and Advances:		
Loan from Companies	-	3,00,00
Loan from Promoters	4,90,95	5,94,80
Interest accrued and due on above	35,37	28,44
Loan from Directors	1,31,95	-
Interest accrued and due on above	10,56	-
TOTAL:	6,71,75	9,41,73
	2,82	15,57

1. Unsecured Loans due in next twelve months :
2. Loan from Promoters represents Loan from a Director

SCHEDULE - 5 FIXED ASSETS

(₹ in '000)

ASSET PARTICULARS	GROSS BLOCK				As at 31-Mar-11	DEPRECIATION/AMORTIZATION			NET BLOCK		
	As at 1-Apr-10	Revaluation	Addition during year	Deduction/ Adjustments		As at 1-Apr-10	For the year	Adjustment	As at 31-Mar-11	As at 31-Mar-11	As At 31-Mar-10
TANGIBLE ASSETS											
LAND-FREEHOLD	1,26,37	-	-	-	1,26,37	-	-	-	-	1,26,37	1,26,37
LAND - LEASEHOLD	18,65,14	-	-	8,46,10	10,19,04	65,01	11,19	3,61	72,59	9,46,45	1,80,14
BUILDINGS	19,33,56	9,16,90	1,01	5,23,21	23,28,26	9,85,29	76,14	53,38	10,08,05	13,20,22	9,48,27
PLANT & MACHINERY	38,50,45	-	7,16	-	38,57,61	30,90,36	2,03,38	-	32,93,74	5,63,86	7,60,09
ELECTRICAL INSTALLATION	16,24	-	-	-	16,24	14,16	66	-	14,82	1,42	2,08
FURNITURE & FIXTURES	69,30	-	-	-	69,30	64,39	78	-	65,17	4,13	4,91
OFFICE EQUIPMENTS	1,19,75	-	2,60	-	1,22,35	1,04,69	4,25	-	1,08,94	13,40	15,06
VEHICLES	36,12	-	9,56	-	45,68	13,61	4,08	-	17,70	27,98	22,51
INTANGIBLE ASSETS											
GOODWILL	-	1,37,78	-	-	1,37,78	-	27,56	-	27,56	1,10,22	-
TOTAL:	80,16,93	10,54,68	20,32	13,69,31	77,22,63	43,37,51	3,28,05	56,99	46,08,57	31,14,06	36,79,43
Previous Year	99,37,36	-	10,31	19,30,73	80,16,93	42,93,39	3,02,07	2,57,96	43,37,51	36,79,43	

Depreciation for the year includes Amortization of Goodwill amounting to ₹ 2,756 K

Revaluation represents value of assets acquired at Fair Value upon amalgamation of Radio Components & Transistors Co. Ltd. with Indokem Ltd Assets held for disposal at Ankleshwar plant are as follows:

	(₹ in '000)
Land Lease Hold	9,46,45
Building	6,95,86
Plant & Machinery	5,43,57

	As at 31st March, 2011	(₹ in '000) As at 31st March, 2010
SCHEDULE - 6 : INVESTMENTS		
LONG TERM INVESTMENT		
INVESTMENT IN SUBSIDIARIES		
Equity Shares - unquoted		
Kapsales Electricals Limited 20,09,396 shares of ₹ 10/ each	1	1
Radio Components & Transistors Co. Ltd. 50,000 equity shares Face Value ₹ 10/-	-	7,69,73
OTHER INVESTMENTS		
TRADE INVESTMENTS		
Bharuch Eco-Aqua Infrastructure Limited 6,05,000 equity shares of ₹ 10/- each (Prv. Yr. 5,50,000)	60,50	60,50
NSC-7 years (Pr. yr. 20,000)	20	20
NON TRADE INVESTMENTS		
Equity shares - quoted		
Development Credit Bank Limited 1,200 equity shares of ₹ 10/ each.	18	18
Equity shares - unquoted		
Kapole Co-operative Bank Limited 4,200 equity Shares of ₹ 10/- each.	42	42
Gujrat Small Industrial Corporation Limited 600 equity shares of ₹ 10/- each.	6	6
United Easter & Nitrochem Limited 30,000 equity shares of ₹ 10/ each.	1	1
Shamrao Vithal Co-op. Bank Limited 1,000 equity shares of ₹ 25/- each.	25	25
Surya Krupa Finance Ltd. 3,000 Equity Shares of ₹ 10/- each.	1	1
The Mogaveera Co-operative Bank Ltd. 10 Equity Shares of ₹ 100/- each.	1	1
Indokem Exports Limited 42,006 equity shares Face Value ₹ 10/-	11,18	11,18
Bharat Chemical & Fertilizers Ltd. 50 Equity shares of ₹ 10/- each	1	-
Mafatlal Engineering Ltd. 25 equity shares of ₹ 100/- each	2	-
Debentures - unquoted		
Priyamvada Holdings Ltd. 2,00,000 Optionally Convertible Debentures Face Value ₹ 10/- each.	1,00	1,00
Indokem Exports Limited 19,800 Optionally Convertible Debentures. Face Value ₹ 10/- each.	19,80	19,80
Khatau Holding & Trading Co. P. Ltd. 50,000 Optionally Convertible Debentures Face Value ₹ 10/- each.	1	1
Khatau Capacitors P. Ltd. 3,06,846 Optionally Convertible Debentures Face Value ₹ 10/- each	3,06,85	3,06,85
	<u>4,00,52</u>	<u>11,70,22</u>
Less : Provision for Diminution in value of Unquoted shares	3	-
TOTAL :	<u>4,00,49</u>	<u>11,70,22</u>
Notes :		
Aggregate value of Investments :		
Quoted : Book Value	18	18
: Market Value	55	39
Unquoted : Book Value	4,00,31	11,70,04

	As at 31st March, 2011	(₹ in '000) As at 31st March, 2010
SCHEDULE - 7 : INVENTORIES (Refer Note No. 8 - Schedule 18)		
(As taken, valued and certified by the Management)		
Raw Materials (including materials in transit ₹ 34,70,310/- : Previous Year ₹ 12,46,140/-)	61,02	75,36
Work-in-Progress	3,10,87	4,01,02
Packing Materials	7,89	6,96
Stores and Spares	6,19	6,19
Traded goods	3,76,57	3,62,75
Finished goods (including goods in transit ₹ Nil : Prev. Yr. ₹ Nil)	1,07,73	1,48,45
TOTAL :	8,70,27	10,00,74
SCHEDULE - 8 : SUNDRY DEBTORS		
Debts due for over six months:		
Secured Considered Good	1,50	2,32
Unsecured		
Considered Good	23,07	2,84,68
Considered Doubtful	2,05	54
Less: Provision for Doubtful Debts	2,05	54
	24,57	2,87,00
Other Debts considered good		
Secured	29,45	21,39
Unsecured	7,90,86	12,54,95
TOTAL :	8,44,88	15,63,35
Included in Sundry Debtors are dues from Companies under same Management - ₹ 43.65 lacs		
SCHEDULE - 9 : CASH AND BANK BALANCES		
Cash, Stamps and Cheques on hand	1,82	1,45
Balances with Scheduled Banks in :		
Current Accounts	4,09,50	11,95
Fixed Deposit	31	28
Margin Money Accounts	35,01	37,27
TOTAL :	4,46,64	50,95
SCHEDULE - 10 : LOANS AND ADVANCES		
(Unsecured - Considered good unless stated otherwise)		
Advances Recoverable in Cash or in Kind for value to be received: (includes From Subsidiary ₹ Nil P. Yr ₹ Nil)	2,35,81	85,42
Accrued Export Incentives	6,01	5,77
Advances and Loans to Staff	1,10	1,85
Advances to Suppliers		
Considered Good	20,70	14,50
Considered Doubtful	16,37	16,37
Less: Provision for Doubtful Advance to suppliers	16,37	16,37
Balance with		
Excise	95	26,71
Deposits		
Against premises Subsidiaries	-	3,00,00
Against premises	11,58	1,68
Others	91,37	95,20
Income-Tax-net of Provision	73,88	62,01
Interest Receivable	5	1,02,52
(From subsidiary ₹ Nil P. Yr ₹ 10244284.96)		
Sales Tax paid	10,41	12,61
TOTAL :	4,51,86	7,08,26
Income-tax Paid	81,33	77,18
Less : Provision for Income-tax	7,45	15,17
Income-Tax-net of Provision	73,88	62,01
Included in Loans and Advances are dues from Companies under same management ₹ 217.03 lacs		

	As at 31st March, 2011	(₹ in '000) As at 31st March, 2010
SCHEDULE - 11 : CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Acceptances	55,06	17,92
Sundry Creditors	12,14,66	16,07,16
Customer's Credit Balances	51,34	1,03,93
Deposits received from customers	1,93,94	2,04,26
Deposit against premises	36,35	1,16,35
Other Liabilities	3,35,63	3,75,61
	18,86,98	24,25,23
PROVISIONS		
Provision for Leave Salary	15,51	16,49
Provision for Gratuity	79,52	79,87
Provision for Super Annuation	6,99	6,98
	1,02,02	1,03,34
TOTAL :	19,89,00	25,28,57
SCHEDULE - 12 : MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)		
Amalgamation Expenses	22,78	15,71
TOTAL :	22,78	15,71
(₹ in '000)		
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
SCHEDULE - 13 : OTHER INCOME		
Insurance and forwarding	2,42	2,58
Interest - Gross TDS ₹ 17,939/- (₹ 64489/-)	2,92	6,67
Dividend	2	6
Rent Received TDS ₹ 7,95,655/- (₹ 24,28,326/-)	78,97	1,57,73
Miscellaneous income TDS ₹ 60,000/- (₹ 60,000/-)	21,77	53,93
Export incentives	1,21	5,14
Sundry debit/credit balances written back (net)	-	29,96
Prior Period Adjustments	3,47	-
Provision for doubtful debts written back	-	47,08
Provision for doubtful advances written back	-	6,09
Bad Debts Recovered	7,14	-
Excess Provision earlier year written back	34,81	-
Recovery of Office Expenses	17,49	1,27
TOTAL :	1,70,22	3,10,53
SCHEDULE - 14 : INCREASE/(DECREASE) IN INVENTORIES		
Closing Stock		
Traded Goods	3,76,57	3,62,75
Finished Goods	1,07,73	1,48,45
Work-in-progress	3,10,87	4,01,02
	7,95,17	9,12,23
Less : Opening Stock		
Traded Goods	3,62,75	3,70,60
Finished Goods	1,48,45	2,61,05
Work-in-progress	4,01,02	6,82,41
	9,12,23	13,14,07
TOTAL :	(1,17,06)	(4,01,84)

	For the year ended 31st March, 2011	(₹ in '000) For the year ended 31st March, 2010
SCHEDULE - 15 : MATERIALS		
Materials consumed		
Opening Stock	75,36	97,82
Purchases	4,71,64	5,57,40
Freight and processing charges	24,67	13,46
	<u>5,71,67</u>	<u>6,68,68</u>
Less : Closing stock including Raw Material in transit	61,02	75,36
Raw Materials Consumed	5,10,65	5,93,32
Stores Consumed	-	86
Packing Materials Consumed	22,36	24,56
Materials Consumed	<u>5,33,01</u>	<u>6,18,75</u>
Purchases for resale	16,79,55	36,64,89
TOTAL :	<u><u>22,12,56</u></u>	<u><u>42,83,64</u></u>
SCHEDULE - 16 : ADMINISTRATIVE AND SELLING EXPENSES		
Power, Fuel and Water Charges	15,36	23,13
Rent	22,00	5,08
Rates & Taxes	45,93	52,69
Repairs to Building	6,84	8,82
Repairs to Plant and Machinery	1,00	59
Repairs to Others	7,09	6,63
Salary, Wages and Allowances	2,13,62	2,78,15
Company's Contribution to Provident and Other Funds	10,13	14,96
Gratuity Paid	13,28	5,73
Employees Welfare Expenses	8,49	12,22
Directors' Sitting Fees	38	44
Insurance	6,52	15,78
Miscellaneous Expenses	63,03	59,89
Security Charges	26,92	25,96
Legal & Professional Charges	24,93	18,93
Travelling/Conveyance	23,50	16,08
Sales Commission	35,81	37,99
Interest on :		
Term Loans	14,09	19,16
Other Loans	3,57,53	4,07,95
Other Finance and Bank Charges	8,81	49,37
Auditor's Remuneration :		
For Audit	1,65	1,50
For Tax Audit	33	30
For Other Services	24	20
For Expenses	17	20
Cash Discount	55,87	38,76
Freight Outward	25,34	41,06
Provision for Doubtful Debts/ Advances	-	16,37
Provision for Doubtful Debtors	1,51	54
Amalgamation Expenses	10,04	6,62
Loss on Sale of Assets	2,27,32	2,69,50
Sundry debit/credit balances written off (net)	3,02	-
Amortization of Goodwill	27,55	-
Prior Period Adjustments (net)	-	7,00
TOTAL :	<u><u>12,58,30</u></u>	<u><u>14,41,60</u></u>

SCHEDULE 17 :

1. DETAILED INFORMATION REGARDING OPENING STOCKS, PRODUCTION, PURCHASES, TURNOVER AND CLOSING STOCKS OF TRADED GOODS AS ON 31/03/2011

PARTICULARS	OPENING STOCK		PRODUCTION	PURCHASES		SALES		CLOSING STOCK	
	QTY	VALUE		QTY	QTY	VALUE	QTY	VALUE	QTY
FINISHED GOODS									
A) PROCESSED/MANUFACTURED									
DYES KGS.			105,971 (124,146)						
B) FOR TRADE									
DYES KGS.	34,282 (34,313)	3,52,08 (3,50,02)		*181,483 *(457,693)	10,43,03 (31,08,50)	280,253 (457,724)	18,84,83 (40,09,03)	41,483 (34,282)	3,62,20 (3,52,08)
CHEMICALS KGS	33,188 (59,472)	10,30 (20,57)		1,869,606 (1,913,078)	6,36,53 (5,56,39)	1,869,564 (1,939,362)	8,81,66 (8,83,67)	33,230 (33,188)	14,37 (10,30)
TOTAL	67,470 (93,785)	3,62,38 (3,70,60)	105,971 (124,146)	2,051,089 (2,370,771)	16,79,55 (36,64,89)	2,149,817 (2,397,086)	27,66,49 (48,92,70)	74,713 (67,470)	3,76,57 (3,62,38)

NOTE : Figures in Brackets indicate figures of the previous year.

*Excludes quantities purchased and reprocessed and shown under "Production"

Dyes sales quantities adjusted for shortage of 830 Kgs and Chemical Purchase quantity adjusted for excess 615 Kgs.

Purchase quantity of Dyes includes 9,101 Kgs.transferred from Ankleshwar factory.

(₹ in '000)

31st March, 2011

31st March, 2010

2. VALUES OF IMPORTS ON CIF BASIS	1,33,00	31,39
3. VALUES OF STORES CONSUMED	NIL	86
4. EXPENDITURE IN FOREIGN EXCHANGE		
Travelling Expenses	6,09	1
Others	95	1,63
5. REMITTANCE IN FOREIGN CURRENCY		
On account of dividend to non-resident shareholders	NIL	NIL
Number of shareholders	27	28
6. EARNINGS IN FOREIGN EXCHANGE		
F.O.B.Value of exports in aggregate	1,21,72	5,29,59

SCHEDULE 18 : PRINCIPAL ACCOUNTING POLICIES**1. ACCOUNTING CONVENTION**

The financial statements are prepared in accordance with the accounting principles generally accepted in India and comply with the Accounting Standards specified by the Institute of Chartered Accountants of India under section 211(3C) of the Companies Act, 1956.

2. METHOD OF ACCOUNTING

The Company is following accrual basis of accounting.

3. FIXED ASSETS

Fixed assets are stated at cost of acquisition and are net of credit for Cenvat. All costs relating to the acquisition and installation, up to the date of such assets put to use, are capitalized as part of cost of the asset. In the opinion of the management impairment of fixed assets in pursuance to Accounting Standard 28 issued by the Institute of Chartered Accountants of India does not exist.

4. DEPRECIATION

a) Depreciation on assets is provided in the manner and at the rates prescribed under Schedule XIV to The Companies Act, 1956 as under:

On the assets of Manufacturing facilities: On Straight Line Method, and
On the assets of Trading activities: On Written Down Value method

b) Depreciation on certain items of plant and machinery, identified as 'continuous process plant' by the management, is provided at the appropriate rates.

c) Leasehold land is amortised over the period of lease.

d) Technical know-how fees are amortised over a period of six years in conformity with the provisions of Section 35AB of the Income-tax Act, 1961.

5. REVENUE RECOGNITION

Sales are recognized on dispatch of goods to the customers. Sales are net of excise duty, trade discount, and sales tax.

6. INVESTMENTS

Long-term investments are stated at cost acquisition.

7. FOREIGN CURRENCY TRANSACTIONS

Transaction in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Foreign currency assets and liabilities are stated at the exchange rates prevailing at the date of Balance Sheet and at forward contract rates wherever so covered. Exchange differences relating to fixed assets are adjusted in the cost of the assets. Any other exchange differences are dealt with in the profit and loss account.

8. INVENTORIES

Raw material, packing material, stores, spares and consumables are valued at cost Work-in-progress and finished goods are valued at lower of cost or net realizable value based on technical estimate. Cost is ascertained on weighted average basis and in case of work-in-progress, and finished goods include appropriate overheads. Finished goods are valued inclusive of excise duty. Traded goods are valued on FIFO basis inclusive of processing charges where applicable.

9. EMPLOYEES' RETIREMENT BENEFITS**Short-term Employee Benefits**

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

Post Employment / Retirement Benefits

Contribution to Defined Contribution Plans such as Provident Funds etc. are charged to the Profit and Loss Account as incurred. Defined Benefit Plans –

The present value of the obligation under such Plans is determined based on an actuarial valuation. Actuarial gains and losses arising on such valuation are recognized immediately in the Profit and Loss Account. In the absence of any Plan Assets, the Present Value Obligation is recognized on gross basis.

Termination Benefits

Termination Benefits are recognized as and when incurred.

10. EARNINGS 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.

11. 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.

12. 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.

13. GOODWILL :

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

14. CONTINGENT LIABILITIES

Contingent Liabilities not provided for, are disclosed by way of notes. In the opinion of the management provisions for contingent liabilities 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.

SCHEDULE 19**NOTES FORMING PART OF THE ACCOUNTS AS ON 31st MARCH, 2011****1. Contingent Liabilities:**

- a) Disputed Income Tax demand on appeal ₹ 197.02 lacs (₹ 11.88 lacs).
 - b) Sales Tax demand amounting to ₹ 120.37 lacs (₹ 100.94 lacs), under appeal.
 - c) Interest demand on Service Tax ₹ 2.78 lacs (₹ 2.78 lacs)
 - d) Claims against the Company not acknowledged as debts ₹ 96.21 lacs (₹ 82.25 lacs)
 - e) Guarantees given by the Company:
 - i) On account of guarantee given on behalf of Indokem Exports Limited, ₹ 230.00 lacs (₹ 230.00 lacs) in respect of facilities availed from a bank. Amount outstanding as at 31st March, 2011 was ₹ 131.43 lacs (₹ 120.95 lacs).
 - ii) On account of guarantee given to a bank on behalf of Indokem Overseas Limited for Credit facility of ₹ 225.00 lacs (₹ 275.00 lacs), total outstanding as at March 31, 2011 was ₹ 131.43 lacs (₹ 127.42 lacs). In this regard, the Company has availed counter guarantee from Indokem Overseas Limited.
 - iii) The Company has given counter guarantee for ₹ 570.00 lacs against the guarantee availed from M/s. Khatau Leasing & Finance Co. Pvt. Ltd and M/s. Khatau Holdings & Trading Co. Pvt. Ltd, towards working capital facilities from Bank.
 - iv) To Sales Tax Authorities (New Delhi) towards registration of Shubhlabh Chemicals Pvt. Ltd. amounting to ₹ 5.00 lacs (₹ 5.00 lacs).
 - f) For bills discounted with the bankers and outstanding guarantees issued by them amounting to ₹ 410.15 lacs (₹ 495.51 lacs).
 - g) Custom Duty, if any payable in the event of non-fulfilment of export obligations in respect of Advance License availed amounting to ₹ 39.70 lacs (₹ 38.36 lacs).
2. Inventories at Ankleshwar Plant could not be verified physically due to prolong closure of the Plant and the same has been valued on the basis of technical estimate of ₹ 457.28 lacs at the year end as against its value of ₹ 624.74 lacs at the beginning of the year, after considering value of inventories amounting to ₹ 49.77 lacs transferred to Dahisar Mori Godown at Mumbai and provision for shortage / deterioration in quality amounting to ₹ 117.69 lacs as certified by the management. In absence of any other evidence the quantum and value of the said inventories is accepted as certified by the management only.
 3. Purchase / Sales during the year include purchase aggregating to ₹ 782.45 lacs (prev. year ₹ 2,811.52 lacs) and sales aggregating to ₹ 782.30 lacs (prev. year. ₹ 2,810.96 lacs) respectively on account of goods re-purchased and resold on trading account. The loss on this account for the year is ₹ 0.15 lacs (prev. year loss of ₹ 0.56 lacs).
 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. Other liabilities includes liabilities for expenses amounting to ₹ 105.67 lacs. (Prv.Year ₹ 212.04 Lacs).
 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. Deferred tax asset / (liability):
In view of continuous losses, no provision has been made for Deferred Tax Asset (Net) arising out of carry forward losses, depreciation etc. as per prudential norms for recognition as specified in Accounting Standard No. 22, on 'Accounting for taxes on Income' as issued by the Institute of Chartered Accountants of India
 9. The Company has signed Memorandum of Settlement with Union of workers of Ankleshwar Plant on 12th April, 2011 in pursuance to various demands lodged by them on 31st March, 2010. As per the terms of the settlement the Company has agreed to pay a sum of ₹ 213.40 lacs as against existing provisions of ₹ 25.93 Lacs. However the said additional liability of ₹ 187.47 Lacs has not been provided for in the accounts which is not complying the provisions contained in the Accounting Standard No. 4. on 'Contingencies and Events occurring after the Balance Sheet date' as issued by the Institute of Chartered Accountants of India.

10. Earnings Per Share		(₹ in Lacs)
	March, 2011	<u>March, 2010</u>
Net Profit /(Loss) for the year	(951.51)	(928.97)
Weighted average number of equity Shares for EPS computation	244,97,188	244,97,188
Earnings per share	(3.88)	(3.79)

11. Directors remuneration:
Remuneration paid to directors including Managing Directors and Executive Director

		(₹ in Lacs)
	March, 2011	<u>March, 2010</u>
Salary	13.20	9.60
Contribution to provident funds*	1.08	0.72
Perquisites	2.22	2.11
Directors sitting fees	0.38	0.44
	16.88	<u>12.87</u>

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

Note:

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

12. Interest paid on Loans includes a sum of ₹ 51.47 lacs (₹ 31.60 lacs) paid to Directors.

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

(A) Particulars of Subsidiary / Associate Companies

Name of the Related Party	Nature of Relationship
1. Kapsales Electricals Limited	Subsidiary Company
2. Refnol Resin and Chemicals Ltd.	Associate Company
3. Khatau Leasing and Finance Co. Pvt. Ltd.	Associate Company
4. Vindhyapriya Holdings Pvt. Ltd.	Associate Company
5. Emerald Capital Services Pvt. Ltd.	Associate Company
6. Priyanilgiri Holdings Pvt. Ltd.	Associate Company
7. Khatau Holdings & Trading Co. Pvt. Ltd.	Associate Company
8. MKK Holdings Pvt. Ltd.	Associate Company
9. Indokem Exports Ltd.	Associate Company

(B) Key Management Personnel and their relatives

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

(C) Transactions with Subsidiary / Associate Companies

	Subsidiary Company	Associate Companies
		(₹ In Lacs)
1. Purchase of Finished and Unfinished Goods		617.19
2. Guarantee Commission Paid		0.23
3. Interest Paid		0.21
4. Recovery of Expenses – Personnel & Others		(42.49)
5. Guarantees & Collaterals Given		800.00
6. O/s Balances included in current assets and liabilities		
- Balances written off	2.17	
- Loans and advances		127.02
- Debtors		0.72
- Deposit Received		(35.00)
- Creditors		(544.38)

(D) Details of Transactions Relating to the Key Management Personnel and their Relatives (₹ In Lacs)

1. Managerial Remuneration	16.50
2. Remuneration	3.49
3. Reimbursement of Expenses	2.48
4. Interest	51.47
5. Loan Taken (Outstanding at the year end)	622.90
6. Director Sitting Fees	0.12

14. Disclosure pursuant to Accounting Standard – 15 “Employee Benefits”

Defined Benefit Plan Disclosures (₹ In Lacs)

<u>SR. NO.</u>	<u>PARTICULARS</u>	<u>GRATUITY</u>	<u>LEAVE BENEFITS</u>	<u>TOTAL</u>
I.	Components to Employer Expense			
a)	Current Service Cost	4.89	2.14	7.03
b)	Interest Cost	3.79	0.93	4.72
c)	Actuarial (Gain) / Loss	4.59	(1.13)	3.46
d)	Total expense / (gain) recognized in the Profit / Loss a/c	13.27	1.94	15.21
II.	Net Asset / (Liability) recognized in Balance Sheet as at 31-03-2011			
a)	Present value of obligation as at 31-03-2011	56.67	12.43	69.10
b)	Fair Value of Plan Assets as at 31-03-2011	NIL	NIL	NIL
c)	(Asset) / Liability recognized in Balance Sheet	56.67	12.43	69.10
III.	Change in Defined Benefit Obligation (DBO) during Year ended as on 31st March, 2011			
a)	Present value of obligation as at 31-03-2010	48.95	12.07	61.02
b)	Current Service Cost	4.89	2.14	7.03
c)	Interest Cost	3.79	0.93	4.72
d)	Actuarial (Gain) / Loss	4.59	(1.13)	3.46
e)	Benefit paid	(5.55)	(1.58)	(7.13)
f)	Present value of obligation as at 31 st March, 2011	56.67	12.43	69.10
IV.	Changes in the Fair Value Of Plan Assets			
a)	Present Value of Plan Assets as at 31 st March, 2010	NIL	NIL	NIL
b)	Actual Company Contribution	NIL	NIL	NIL
c)	Fair Value of Plan Assets as at 31 st March, 2011	NIL	NIL	NIL
V.	Actuarial Assumptions			
a)	Discount Rate (per annum)	8%	8%	
b)	Expected Rate of Return on assets (per annum)	–	–	
c)	Salary Escalation rate	6%	6%	

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

Signature to schedule "1" to "19"

As per our Report attached

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

Paresh S. Doctor
Membership No. 36056
Mumbai : 29th July, 2011

For and on behalf of the Board of Directors

Rohan R. Gavas
Company Secretary

Mahendra K. Khatau
Chairman & Managing Director

Leela K. Khatau
Director

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956, BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :

I. REGISTRATION DETAILS

Registration No.	13088	State Code	11
Balance Sheet Date	31.03.2011		

II. CAPITAL RAISED DURING THE YEAR (₹ IN '000)

Public Issue	Bonus Issue	Right Issue	Private Placement
NIL	NIL	NIL	NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (₹ IN '000)

Total Liabilities	62,50,75	Total Assets	62,50,75
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SOURCES OF FUNDS

Paid up Capital	24,49,72	Reserve & Surplus	18,11,23
Secured Loans	13,18,05	Unsecured Loans	6,71,75

APPLICATION OF FUNDS

Net Fixed Assets	31,22,74	Investments	4,00,49
Net Current Assets	6,24,65	Accumulated Losses	20,80,09
		Miscellaneous Assets	22,78

IV. PERFORMANCE OF COMPANY (₹ IN '000)

Turnover	29,36,71	Total Expenses	38,88,41
Loss before Tax	(9,51,70)	Loss after Tax	(9,51,51)
Earning per share in (₹)	(3.88)	Dividend Rate %	NIL

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/ SERVICE OF COMPANY

Item Code No.	32	Product Description	Synthetic Organic Dyestuff
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For and on behalf of the Board of Directors

Rohan R. Gavas
Company Secretary

Leela K. Khatau
Director

Mahendra K. Khatau
Chairman & Managing Director

Mumbai, 29th July, 2011

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

(₹ in '000)

1. Name of the Company:	Kapsales Electricals Limited
2. Financial year of the Subsidiary Company ended on :	31 st December, 2010
3. Date from which it became subsidiary :	5th April, 1986
4. Extent of the holding:	20,09,376 Equity Shares
Company's interest in the Subsidiary Company at the Financial Year of each Subsidiary Company.	of ₹ 10/- each out of 20,10,000 Equity Shares of ₹ 10/- each
5. Net aggregate Profit/(Loss) of Subsidiary Company for its Financial Year so far as they concern the holding Company :	
a) Dealt with in the account of the holding Company:	None
b) Not dealt with in the accounts of the holding Company:	9,692
6. Net aggregate Profit/(Loss) of Subsidiary Company for its previous Financial Years so far as they concern the holding Company, since it became subsidiary:	
a) Dealt with in the accounts of the holding Company:	None
b) Not dealt with in the accounts of the holding Company:	(1,04,106)
7. Changes in the interest of the holding Company between the end of Financial Year of the subsidiary and the end of the holding Company's financial year.	Nil
8. Material changes between the end of the Financial Year of the subsidiary and the end of the holding Company's Financial Year in respect of the Subsidiary's	
(i) Fixed Assets:	Nil
(ii) Investments:	Nil
(iii) Money lent by the subsidiary:	Nil
(iv) Money borrowed by the subsidiary:	Nil

For and on behalf of the Board of Directors

Rohan R. Gavas
Company Secretary

Leela K. Khatau
Director

Mahendra K. Khatau
Chairman & Managing Director

Mumbai, 29th July, 2011

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

1. We have examined the attached Consolidated Balance Sheet of Indokem Limited and its subsidiary (Indokem Group) as at March 31, 2011 and the Consolidated Profit and Loss Account, and the Consolidated Cash Flow Statement for the year then ended.
2. These financial statements are the responsibility of Indokem Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit also includes, examining on test basis, evidence supporting the amounts and disclosure in the financial statements. ₹ An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiary, whose financial statements reflect total net assets of ₹ (-) 14.57 lakhs as at March 31, 2011 and total revenues of ₹ 345.51 lakhs for the year ended. These financial statements have been audited by other auditor whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiary, is based solely on the reports of the other auditor.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, 'Consolidated Financial Statements', issued by the council of the Institute of Chartered Accountants of India, and on the basis of the separate audited financial statements of the Indokem Group included in the consolidated financial statements.
5. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Indokem Group, we invite attention to following note of schedule 17 to the notes to accounts:

Note No. 2 regarding Accounts of Parent Company as per Note No. 2(c) Value and diminution in value of Inventory at Ankleshwar Plant amounting to ₹ 457.28 lacs and ₹ 117.69 lacs respectively being accepted as certified by the management only and Note No. 2.(d) for non provision of workers compensation amounting to ₹ 187.47 lacs(net).

Note no. 3 regarding Accounts of the subsidiary company, the balances of Sundry Debtors/Creditors and Deposits are subject to confirmation and are stated as per books of account only.

Subject to above, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Consolidated Balance Sheet, of the State of affairs of the Indokem Group, as at March 31, 2011;
- b) In the case of the Consolidated Profit and Loss Account of the consolidated results of operations of the Indokem Group for the year then ended, and
- c) In the case of the Consolidated Cash Flow Statement, of the consolidated cash flow of the Indokem Group for the year then ended.

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

Paresh S Doctor
Partner
Membership No. 36056

Mumbai
Dated: 29th July, 2011

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

(₹ in '000)

	Schedules	As at 31st March, 2011	As at 31 March, 2010
SOURCES OF FUNDS :			
SHAREHOLDERS' FUNDS			
Share Capital	1	31,74,72	24,49,72
Reserves & Surplus	2	22,12,41	15,60,28
		<u>53,87,13</u>	<u>40,10,00</u>
MINORITY INTEREST		6	6
LOAN FUNDS :			
Secured Loans	3	13,18,05	18,04,49
Unsecured Loans	4	7,73,12	13,96,52
		<u>20,91,17</u>	<u>32,01,01</u>
TOTAL :		<u>74,78,36</u>	<u>72,11,07</u>
APPLICATION OF FUNDS :			
FIXED ASSETS			
Gross Block	5	81,73,98	84,80,00
Less : Depreciation		48,94,85	46,10,47
Net Block		<u>32,79,13</u>	<u>38,69,53</u>
Add : Capital Work in Progress		8,68	8,68
		<u>32,87,81</u>	<u>38,78,21</u>
INVESTMENTS	6	4,00,50	4,00,50
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	8,74,77	10,05,24
Sundry Debtors	8	8,93,03	16,11,31
Cash and Bank Balances	9	4,46,83	51,65
Loans and Advances	10	4,71,57	4,60,76
Deferred Tax Asset		40,00	—
		<u>27,26,20</u>	<u>31,28,96</u>
Less: CURRENT LIABILITIES AND PROVISIONS			
Liabilities	11	20,77,82	27,07,40
Provisions		1,02,02	1,03,34
		<u>21,79,84</u>	<u>28,10,74</u>
NET CURRENT ASSETS		<u>5,46,36</u>	<u>3,18,22</u>
MISCELLANEOUS EXPENDITURE			
Amalgamation expenses (To the extent not written off or adjusted)	12	22,78	15,71
PROFIT AND LOSS A/C		<u>32,20,91</u>	<u>25,98,42</u>
TOTAL :		<u>74,78,36</u>	<u>72,11,07</u>
Notes to Accounts	17		

As per our Report attached

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

Paresh S. Doctor
 Membership No. 36056
 Mumbai : 29th July, 2011

For and on behalf of the Board of Directors

Rohan R. Gavas
 Company Secretary

Mahendra K. Khatau
 Chairman & Managing Director

Leela K. Khatau
 Director

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(₹ in '000)

	Schedules	For the year ended 31st March, 2011	For the year ended 31st March, 2010
INCOME			
Sales		28,01,33	52,24,89
Less : Excise Duty paid		23,33	23,47
		<u>27,78,00</u>	<u>52,01,42</u>
Other Income	13	5,04,22	3,10,53
Increase/(Decrease) in Inventories	14	(1,17,06)	(4,01,84)
TOTAL :		<u><u>31,65,16</u></u>	<u><u>51,10,11</u></u>
EXPENDITURE			
Materials	15	22,16,30	42,84,27
Administrative and Selling Expenses	16	15,87,35	14,70,98
Depreciation		3,16,04	3,18,12
TOTAL :		<u><u>41,19,69</u></u>	<u><u>60,73,37</u></u>
Profit/(loss) before Tax		(9,54,53)	(9,63,26)
Provision for MAT		—	(91)
		<u>(9,54,53)</u>	<u>(9,64,17)</u>
Excess/(Short) Provision for Tax in respect of earlier years (net)		19	(46)
Profit/(Loss) after tax		<u>(9,54,34)</u>	<u>(9,64,63)</u>
Add : Creation/Provision for deferred tax asset		40,00	—
Add : Balance brought forward		(23,06,57)	(16,35,47)
Add : Transfer from Capital Reserve		—	1,68
Balance carried forward to Balance Sheet	TOTAL :	<u><u>(32,20,91)</u></u>	<u><u>(25,98,42)</u></u>
Notes to Accounts	17		
EARNINGS PER SHARE (See Notes to Accounts)			
Basic & diluted earning per share	₹	(3.90)	(3.94)
Face value per share	₹	10.00	10.00

Note: Profit and Loss Account balance brought forward excludes the balance of amalgamated subsidiary viz. Radio Components and Transistors Company Limited.

As per our Report attached

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

Paresh S. Doctor
 Membership No. 36056
 Mumbai : 29th July, 2011

For and on behalf of the Board of Directors

Rohan R. Gavas
 Company Secretary

Mahendra K. Khatau
 Chairman & Managing Director

Leela K. Khatau
 Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(₹ in '000)

	For the Year 2010-11	For the Year 2009-10	
A. Cash inflow/(outflow) from operating activities			
Net profit /(loss) before tax and extra ordinary items	(9,14,34)		(9,64,63)
Adjustment for:			
Depreciation	3,16,04	3,18,12	
Amalgamation Expenses written-off	10,04	6,62	
Amortization of Goodwill	27,55	-	
Dividend income	(2)	(6)	
Loss / (Profit) on sale of assets	2,27,32	2,69,50	
Provision for Tax	-	1,12	
Excess provision for tax written back	(19)	-	
Interest (net)	6,26,60	4,20,45	
Provision for Tax/Deferred Tax Asset	(40,00)	-	
Provision for Doubtful Debts and Advances	(3,67,30)	(36,26)	9,79,49
Operating profit before changes in working capital	(1,14,30)		14,86
Adjustment for:			
Inventories	1,30,47	4,23,26	
Trade and other receivables, Other Current Assets	7,19,62	2,42,41	
Current liabilities	(6,07,51)	(12,43,62)	(5,77,95)
Cash generated from operations	1,28,28		(5,63,09)
Less: Interest paid (net)	(4,70,75)	(4,21,33)	
Direct tax paid	(11,54)	(32,75)	(4,54,08)
Cash inflow before extra ordinary items	(3,54,01)		(10,17,17)
Excess provision for tax written back	19	-	
Amalgamation Expenses	(17,11)	-	-
Net Cash inflow from Operating activities	(3,70,93)		(10,17,17)
B. Cash inflow / (outflow) from Investment activities			
Capital expenditure	(20,32)	(13,38)	
Sale proceeds of fixed assets/investments	10,85,00	14,03,28	
Dividend received	2	6	13,89,96
Net cash flow from Investing activities	10,64,70		13,89,96
C. Cash inflow / (outflow) from Financing activities			
Increase in Share Capital	7,25,00	-	
Increase / (Decrease) in secured loans	(6,13,35)	(7,24,22)	
Increase / (Decrease) in unsecured loans	(4,10,24)	3,18,55	(4,05,67)
Net cash flow from Financing activities	(2,98,59)		(4,05,67)
Net Changes in Cash & Cash equivalents	3,95,18		(32,88)
Cash and Cash equivalent (Opening balance)	51,65		84,53
Cash and Cash equivalent (Closing balance)	4,46,83		51,65

As per our Report attached

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

Paresh S. Doctor
 Membership No. 36056
 Mumbai : 29th July, 2011

For and on behalf of the Board of Directors

Rohan R. Gavas
 Company Secretary

Mahendra K. Khatau
 Chairman & Managing Director

Leela K. Khatau
 Director

SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in '000)

SCHEDULE - 1 : SHARE CAPITAL

AUTHORISED

2,83,60,000 (2,83,60,000) Equity Shares of ₹ 10/- each

75,00,000 Redeemable Preference share of ₹ 10/- each

**As at
31st March, 2011**

28,31,00

7,50,00

35,81,00

**As at
31st March, 2010**

28,36,00

–

28,36,00

ISSUED AND SUBSCRIBED

2,44,97,188 (1,52,97,188) Equity Shares of ₹ 10/- each.

72,25,000 Redeemable Preference shares of ₹ 10/- each

24,49,72

7,25,00

31,74,72

24,49,72

–

24,49,72

Less : 6,730 (6,730) Equity shares of ₹ 10/- each forfeited.

67

67

Add: Forfeited Shares Reissued.

31,74,05

67

24,49,05

67

TOTAL :

31,74,72

24,49,72

NOTES :

1. Issued and Subscribed Capital includes;
 1. 49,23,930 fully paid up shares each allotted pursuant to an agreement for consideration other than cash
 2. 1,00,000 fully paid up shares each allotted as bonus shares by capitalisation of reserves
 3. 624 Shares of Kapsales Electricals Limited are held by the minority shareholders
 4. 92,00,000 equity shares of ₹ 10/- each fully paid up, issued to the share holders of Sovereign Trading Enterprises Ltd. pursuant to scheme of Amalgamation.
 5. 72,25,000 Redeemable Preference Shares of Rs. 10/- each issued during the year for cash

SCHEDULE - 2 : RESERVES AND SURPLUS

Capital Reserve

On re-issue of Forfeited Share

On Forfeiture of Shares

Capital Profits

Share Premium Account

General Reserve

31

47

1,38,78

10,23,77

10,49,08

31

47

1,50,20

10,23,77

3,85,53

TOTAL :

22,12,41

15,60,28

NOTES :

1 CAPITAL RESERVE :

1.1 On re-issue of Forfeited Shares

Balance brought forward

31

31

31

31

1.2 On Forfeiture of Shares

Balance brought forward

47

47

47

47

1.3 CAPITAL PROFIT

Balance brought forward

Less : Adjusted during the year for depreciation on revalued assets

1,38,78

1,51,88

–

1,68

1,38,78

1,50,20

1.4 SHARE PREMIUM ACCOUNT

Balance brought forward

10,23,77

10,23,77

10,23,77

10,23,77

2 GENERAL RESERVE

Balance brought forward

10,49,08

3,85,53

10,49,08

3,85,53

(₹ in '000)

SCHEDULE - 3 : SECURED LOANS

	As at 31st March, 2011	As at 31st March, 2010
From Banks - Cash Credit	3,20,03	5,81,86
- Others	7,10,57	8,87,55
Interest accrued and due on above	1,86,06	56,42
Term Loans from Banks	73,26	91,57
Interest accrued and due on above	19,59	7,41
IOB Liqui. Rent. Loan	-	1,70,20
Interest accrued and due on above	-	3,46
Vehicle Loan	8,54	6,02
TOTAL :	13,18,05	18,04,49

NOTES :

- Credit arrangements from bankers are against hypothecation of stock and trade debtors as primary security. The Trading Division's arrangements are hypothecated by way of a part of "Khatau House", as collateral security. For Manufacturing Division's arrangements the second charge on the plant facilities at Ankleshwar is proposed to be created. Corporate Guarantee of Khatau Holding & Trading Co. P. Ltd. and Khatau Leasing & Finance Co. P. Ltd. alongwith personal guarantee of Mr. M. K. Khatau and Mrs. Asha M. Khatau are also given.
- The Term loans from the Financial Institutions and Banks are secured by mortgage and charge on the Company's plant facilities at Ankleshwar.
- Credit arrangements have been guaranteed by two Directors.
- Secured loans due in next twelve months.

6,43,51	51,58
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SCHEDULE - 4 : UNSECURED LOANS

From Financial Institutions	2,92	18,49
From Companies	1,01,37	7,54,79
Loan from Promoters	4,90,95	5,94,80
Interest accrued and due on above	35,37	28,44
Loan from Directors	1,31,95	-
Interest Accrued and due on above	10,56	-
TOTAL :	7,73,12	13,96,52

NOTES :

- Unsecured Loans due in next twelve months :
- Loan from Promoters represents Loan from a Director

2,92	15,57
-------------	-------

SCHEDULE - 5 FIXED ASSETS

(₹ in '000)

ASSET PARTICULARS	GROSS BLOCK					DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 1-Apr-10	Revaluation	Addition during year	Deduction/ Adjustments	As at 31-Mar-11	As at 1-Apr-10	For the year	Adjustment	As at 31-Mar-11	As at 31-Mar-11	As At 31-Mar-10
TANGIBLE ASSETS											
Land-Freehold	1,26,37	-	-	-	1,26,37	-	-	-	-	1,26,37	1,26,37
Land - Leasehold	19,49,75	-	-	8,46,10	11,03,65	80,55	12,21	3,61	89,15	10,14,50	18,69,20
Buildings	20,68,46	9,16,90	1,01	5,23,21	24,63,16	10,52,78	80,65	53,38	10,80,05	13,83,11	10,25,20
Plant & Machinery	40,62,13	-	7,16	-	40,69,29	32,60,30	2,12,93	-	34,73,23	5,96,06	8,01,83
Electrical Installation	17,82	-	-	-	17,82	15,29	73	-	16,02	1,80	2,53
Furniture & Fixtures	71,91	-	-	-	71,91	66,65	95	-	67,60	4,31	5,26
Office Equipments	1,35,72	-	2,60	-	1,38,32	1,19,08	4,48	-	1,23,56	14,76	16,64
Vehicles	36,12	-	9,56	-	45,68	13,62	4,08	-	17,70	27,98	22,49
INTANGIBLE ASSETS											
Goodwill	-	1,37,78	-	-	1,37,78	-	27,56	-	27,56	1,10,22	-
Total	84,68,28	10,54,68	20,33	13,69,31	81,73,98	46,08,27	3,43,60	56,99	48,94,85	32,79,13	38,69,53
Previous Year	1,04,00,43	-	10,30	19,30,73	84,80,00	45,50,29	3,18,12	2,57,95	46,10,47	38,69,53	

- Depreciation for the year includes Amortization of Goodwill amounting to ₹ 27,56 K
- Revaluation represents value of assets acquired at Fair Value upon amalgamation of Radio Components & Transistors Co. Ltd. with Indokem Ltd.
- Assets held for disposal at Ankleshwar plant are as follows:

	(₹ in '000)
Land Lease Hold	9,46,45
Building	6,95,86
Plant & Machinery	5,43,57

	As at 31st March, 2011	(₹ in '000) As at 31st March, 2010
SCHEDULE - 6 : INVESTMENTS (At cost, Long Term)		
OTHER INVESTMENTS		
TRADE INVESTMENTS		
Bharuch Eco-Aqua Infrastructure Limited 6,05,000 Equity Shares of ₹ 10/- each (Prv. Yr. 6,05,000) NSC-7 years (Pr. yr. 21,000)	60,50 21	60,50 21
NON TRADE INVESTMENTS		
Equity Shares - quoted		
Development Credit Bank Limited 1,200 Equity Shares of ₹ 10/ each.	18	18
Equity Shares - unquoted		
The Kapol Co-operative Bank Limited 4,200 Equity Shares of ₹ 10/- each.	43	43
Gujrat Small Industrial Corporation Limited 600 Equity Shares of ₹ 10/- each.	6	6
United Easter & Nitrochem Limited 30,000 Equity Shares of ₹ 10/ each.	1	1
Shamrao Vithal Co-op. Bank Limited 1,000 Equity Shares of ₹ 25/- each.	25	25
Surya Krupa Finance Ltd. 3,000 Equity Shares of ₹ 10/- each.	1	1
The Mogaveera Co-operative Bank Ltd. 10 Equity Shares of ₹ 100/- each.	1	1
Indokem Exports Limited 42,006 Equity Shares of Face Value ₹ 10/- each.	11,18	11,18
Bharat Chemicals & Fertilisers Ltd. 50 Equity Shares of Face Value ₹ 10/- each.	1	1
Mafatlal Engineering Ltd. 25 Equity Shares of Face Value ₹ 100/- each.	2	2
Debentures - unquoted		
Priyamvada Holdings Ltd. 2,00,000 Optionally Convertible Debentures Face Value ₹ 10/- each.	1,00	1,00
Indokem Exports Limited 19,800 Optionally Convertible Debentures. Face Value ₹ 10/- each.	19,80	19,80
Khatau Holdings & Trading Co. P. Ltd. 50,000 Optionally Convertible Debentures Face Value ₹ 10/- each.	1	1
Khatau Capacitors P Ltd. 3,06,846 Optionally Convertible Debentures Face Value ₹ 10/- each.	3,06,85	3,06,85
	4,00,53	4,00,53
Others		
Less : Provision for diminution in value of unquoted shares	(3)	(3)
TOTAL :	4,00,50	4,00,50

	As at 31st March, 2011	(₹ in '000) As at 31st March, 2010
SCHEDULE - 7 : INVENTORIES		
(As taken, valued and certified by the Management)		
Raw Materials (including materials in transit ₹ 34,70,310/-) : Previous Year ₹ 12,46,140/-	65,02	79,36
Work-in-Progress	3,11,37	4,01,52
Packing Materials	7,89	6,96
Stores and Spares	6,19	6,19
Traded goods	3,76,57	3,62,76
Finished goods (including goods in transit ₹ Nil : Previous Year ₹ Nil/-)	-	1,48,45
	1,07,73	-
TOTAL :	8,74,77	10,05,24
SCHEDULE - 8 : SUNDRY DEBTORS		
Debts due for over six months:		
Secured	1,50	2,33
Unsecured		
Considered Good	67,99	3,29,99
Considered Doubtful	43,60	42,09
Less: Provision for Doubtful Debts	43,60	42,09
	69,49	3,32,32
Other Debts considered good		
Secured	29,45	21,39
Unsecured	7,94,09	12,57,60
TOTAL :	8,93,03	16,11,31
SCHEDULE - 9 : CASH AND BANK BALANCES		
Cash, stamps and cheques on hand	1,92	1,87
Balances with Scheduled Banks in :		
Current Accounts	4,09,59	12,23
Fixed Deposits	31	28
Margin Money Accounts	35,01	37,27
TOTAL :	4,46,83	51,65
SCHEDULE - 10 : LOANS AND ADVANCES		
(Unsecured - Considered good unless stated otherwise)		
Advances recoverable in cash or in kind for value to be received	2,35,98	2,16,94
Accrued export incentives	6,01	5,77
Advances and loans to staff	1,10	1,85
Advances to suppliers		
Considered good	27,20	24,20
Considered doubtful	16,37	16,37
Less: Provision for Doubtful Advance to suppliers	16,37	16,37
Balance with Excise	95	26,71
Deposits		
Against premises	11,58	1,68
Others	1,03,78	1,07,73
Income-tax-net of Provision	74,51	63,19
Interest Receivable	5	8
Sales tax paid	10,41	12,61
TOTAL :	4,71,57	4,60,76
NOTES :		
1. Income-tax Paid	81,96	80,85
Less : Provision for Income-tax	7,45	17,66
	74,51	63,19
2. Advances recoverable in cash or in kind or for value to be received includes Loans to private company in which directors are interested		

	As at 31st March, 2011	(₹ in '000) As at 31st March, 2010
SCHEDULE - 11 : CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Acceptances	55,07	17,92
Sundry Creditors	12,31,08	18,23,07
Customer's Credit Balances	51,34	1,20,78
Deposits received from customers	1,93,94	2,06,48
Deposit against premises	36,35	1,16,35
Other Liabilities	5,10,05	4,22,80
	<u>20,77,82</u>	<u>27,07,40</u>
PROVISIONS		
Provision For Leave salary	15,51	16,49
Provision for Gratuity	79,52	79,87
Provision for Superannuation	6,98	6,98
	<u>1,02,02</u>	<u>1,03,34</u>
TOTAL :	<u><u>21,79,84</u></u>	<u><u>28,10,74</u></u>
SCHEDULE - 12 : MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Amalgamation Expenses	22,78	15,71
TOTAL :	<u><u>22,78</u></u>	<u><u>15,71</u></u>
(₹ in '000)		
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
SCHEDULE - 13 : OTHER INCOME		
Insurance and forwarding	2,42	2,58
Interest - gross TDS ₹ 17939/- (₹ 64,489/-)	2,92	6,67
Dividend	2	6
Rent Received TDS ₹ 7,95,655/- (₹ 24,76,806/-)	78,97	1,57,73
Miscellaneous income TDS ₹ 60,000/- (₹ 60,000/-)	21,77	53,94
Export incentives	1,21	5,14
Sundry debit/credit balances written back (net)	3,34,00	29,97
Prior Period Adjustments	3,47	-
Provision for Doubtful debts written back	-	47,08
Provision for Doubtful advances w/back	-	6,09
Bad Debts Recovered	7,14	-
Excess Provision earlier year w/back	34,81	-
Recovery of office expenses	17,49	1,27
TOTAL :	<u><u>5,04,22</u></u>	<u><u>3,10,53</u></u>
SCHEDULE - 14 : INCREASE/(DECREASE) IN INVENTORIES		
Closing Stock		
Traded Goods	3,76,57	3,62,76
Finished Goods	1,08,17	1,48,89
Work-in-progress	3,11,37	4,01,52
	<u>7,96,11</u>	<u>9,13,17</u>
Less : Opening Stock		
Traded Goods	3,62,75	3,70,60
Finished Goods	1,48,89	2,61,50
Work-in-progress	4,01,52	6,82,91
	<u>9,13,16</u>	<u>13,15,01</u>
TOTAL :	<u><u>(1,17,06)</u></u>	<u><u>(4,01,84)</u></u>

	For the year ended 31st March, 2011	(₹ in '000) For the year ended 31st March, 2010
SCHEDULE - 15 : MATERIALS		
Raw Materials consumed		
Opening Stock	79,86	1,02,32
Purchases	4,71,64	5,57,40
Freight and processing charges	24,80	13,46
	<u>5,76,30</u>	<u>6,73,18</u>
Less : Closing stock including Raw Material in transit	65,52	79,86
Raw Materials Consumed	5,10,78	5,93,32
Stores Consumed	3,61	1,49
Packing Materials Consumed	22,36	24,57
Materials Consumed	5,36,75	6,19,38
Purchases for resale	16,79,55	36,64,89
TOTAL :	<u><u>22,16,30</u></u>	<u><u>42,84,27</u></u>
SCHEDULE - 16 : ADMINISTRATIVE AND SELLING EXPENSES		
Power, Fuel and Water Charges	15,36	23,13
Rent	22,00	1,91
Rates & Taxes	1,05,54	52,86
Repairs to Building	6,84	8,82
Repairs to Plant and Machinery	1,00	59
Repairs to Others	7,09	6,63
Salary, Wages and Allowances	2,15,79	3,05,13
Company's Contribution to Provident and Other Funds	10,69	16,20
Gratuity Paid	13,28	5,73
Employees Welfare Expenses	11,19	12,22
Directors' Sitting Fees	38	44
Insurance	6,52	15,93
Miscellaneous Expenses	67,05	63,15
Security charges	26,92	25,96
Legal & Professional charges	25,36	18,93
Travelling/Conveyance	25,01	17,36
Sales Commission	35,81	38,07
Interest on :		
Term Loans	14,09	19,16
Other Loans	4,48,45	4,07,95
Other Finance and Bank Charges	1,75,79	48,56
Auditor's Remuneration :		
For Audit	1,80	1,68
For Tax Audit	33	30
For Other Services	24	22
For Expenses	17	20
Cash Discount	55,87	38,76
Freight Outward	25,34	41,06
Provision for Doubtful Debts/Advances	-	16,37
Provision for Doubtful Debtors	1,51	54
Amalgamation Expenses	10,04	6,62
Loss on Sale of Assets	2,27,32	2,69,50
Sundry debit/credit balances written off (net)	3,02	-
Amortisation of Goodwill	27,55	-
Prior Period Adjustments (net)	-	7,00
TOTAL :	<u><u>15,87,35</u></u>	<u><u>14,70,98</u></u>

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

- a) The Consolidated Financial Statements have been prepared in accordance with the Accounting Standard (AS) 21, 'Consolidated Financial Statements' issued by the council of the Institute of Chartered Accountants of India.
- b) The list of subsidiary company which is included in consolidation and the parent company's holdings therein is as under:

<u>Name of the Company</u>	<u>Percentage of Holding</u>
M/s. Kapsales Electricals Limited	99.97%

- c) Consolidated Financial Statements have been prepared using uniform accounting policies, in accordance with the generally accepted accounting principles.
- d) Other significant accounting policies - these are set out in the 'Significant Accounting Policies and Notes to Accounts', of the Company and its Subsidiaries.

Notes to Accounts

1. Contingent liabilities not provided for:
 - a. Claims against the Company not acknowledged as debts for :

	<u>(₹ in Lakhs)</u>
i. Sales tax matters	197.12
ii. Income tax matters	120.37
iii. Others	98.99
b. Corporate guarantees given	1,030.00
c. Liability on account of default in payment of statutory liabilities	Not ascertained
d. Bills discounted	410.15
e. Custom Duty on account of export obligations	39.70
2. In case of Parent Company :
 - a) Purchase / Sales during the year include purchase aggregating to ₹ 782.45 lacs (prev. year ₹ 2,811.52 lacs) and sales aggregating to ₹ 782.30 lacs (prev. year ₹ 2,810.96 lacs) respectively on account of goods re-purchased and resold on trading account. The loss on this account for the year is ₹ 0.15 lacs (prev. year loss of ₹ 0.56 lacs).
 - b) Other liabilities includes liabilities for expenses amounting to ₹ 105.67 lacs. (Prv.Year ₹ 212.04 Lacs)
 - c) Inventories at Ankleshwar Plant could not be verified physically due to prolong closure of the Plant and the same has been valued on the basis of technical estimate of ₹ 457.28 lacs at the year end as against its value of ₹ 624.74 lacs at the beginning of the year, after considering value of inventories amounting to ₹ 49.77 lacs transferred to Dahisar Mori Godown at Mumbai and provision for shortage / deterioration in quality amounting to ₹ 117.69 lacs as certified by the management. In absence of any other evidence the quantum and value of the said inventories is accepted as certified by the Management only.
 - d) The Company has signed Memorandum of Settlement with Union of workers of Ankleshwar Plant on 12th April, 2011 in pursuance to various demands lodged by them on 31st March, 2010. As per the terms of the settlement the company has agreed to pay a sum of ₹ 213.40 lacs as against existing provisions of ₹ 25.93 Lacs. However, the said additional liability of ₹ 187.47 Lacs has not been provided for in the accounts which is not complying the provisions contained in the Accounting Standard No. 4. on 'Contingencies and Events occurring after the Balance Sheet date' as issued by the Institute of Chartered Accountants of India.
- 3 In case of accounts of the Subsidiary Company, Kapsales Electricals Limited. balances in respect of sundry debtors, creditors and deposits in respect of the said Company, are subject to confirmation and are stated as per books of account only.
- 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 No provision for income tax has been made in these accounts because of unabsorbed losses and depreciation.

Signature to schedule "1" to "17"

As per our Report attached

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

For and on behalf of the Board of Directors

Paresh S. Doctor
Membership No. 36056
Mumbai : 29th July, 2011

Rohan R. Gavas
Company Secretary

Mahendra K. Khatau
Chairman & Managing Director

Leela K. Khatau
Director

KAPSALES ELECTRICALS LIMITED

KAPSALES ELECTRICALS LIMITED

TWENTY NINETH ANNUAL REPORT 2010-11

BOARD OF DIRECTORS : MR. M. K. KHATAU
MR. P. S. JOSHI
MR. SANTOSH S. SALUNKE

DIRECTORS' REPORT

To,
The Members,

Your Directors are pleased to present you Annual Report as well as Audited Balance Sheet of the Company as at 31st December, 2010.

OPERATIONS

The Company is gradually improving its performance. The Company has earned net profit of ₹ 136.92 lakh during the period as against loss of ₹ 37.93 lakh during the previous year. Your Directors are pleased to inform you that on account of continuous and sincere efforts of the entire management team, the net worth of the company became positive and the revival of the company is sustainable. Your Directors are hopeful that the performance will increase gradually in the years to come. The Board of Directors recommend to file an application to BIFR for de-registration of case.

You are well aware that your Company is 100% subsidiary of listed Company therefore it has to submit its quarterly performance for review to the Board Members of Holding Company. Thus at the Board Meeting held on 15th October 2010 at the time of review of quarterly performance for the quarter ended on 30th September 2010 of the company, the Board Members observed that net worth may be positive on account of recent developments taken place and therefore your Board Members shown desire to reduce accounting year of the Company from 31st March 2011 to 31st December 2010 to present true and fair view of positive net worth at the earliest. It is needless to mention that reduction of financial year is duly permitted as per provisions of section 2(17) read with section 166 and 210 of the Companies Act, 1956.

DIVIDEND

Your directors regret their inability to recommend payment of dividend to conserve the resources for future years.

INSURANCE

All properties and insurable interest of the Company including buildings, plant and machineries, stores and spares have been adequately insured.

AUDITORS

M/s. Devesh Shah & Associates, Chartered Accountant, Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are auditors for this Auditors Report as at 31.12.2010. The notes on the accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further comments.

DIRECTORS

Shri Santosh S. Salunke retires by rotation, and being eligible offer himself for reappointment

FIXED DEPOSITS

During the year under review, the Company has not accepted any deposits by invitation from public under Section 58-A of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO :

The above-mentioned details are not applicable to your Company.

PARTICULARS OF EMPLOYEES

There are no employees covered under Section 217 (2A) of The Companies Ad, 1956 during the year under review.

KAPSALES ELECTRICALS LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956 the Board of Directors hereby state:

1. That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. That the Directors had 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 the financial year and of the loss of the Company for that period;
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors had prepared the annual accounts on a going concern basis.

REFERENCE TO THE BOARD OF BIFR :

The Company has been registered as a Sick Unit under the Sick Industrial Companies (Special Provision Act, 1985) & Board recommended to file an application to BIFR for the de-regisration of the Company.

RESEREACH, DEVELOPMENT AND TECHNOLOGY ABSORPTION :

Since the Factory is not functioning for reasons stated earlier, particulars of energy consumption and conservation are not furnished.

APPRECIATION:

The Board places on record its sincere appreciation for the assistance and co-operation received from all its Members & Bankers.

For and on behalf of the Board
Kapsales Electricals Limited

Mahendra K. Khatau
Director

Registered Office:
Khatau House, Mogul Lane,
Mahim, Mumbai - 400016

Mumbai,
Date: 15.02.2011

KAPSALES ELECTRICALS LIMITED

AUDITORS' REPORT

The Members of,
Kapsales Electricals Limited,

We have audited the attached Balance Sheet of Kapsales Electricals Limited, as at 31st December 2010, and also the Profit and Loss Account for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- iii. The Balance Sheet, Profit and Loss Account dealt with by this report are in agreement with the books of account.
- iv. In our opinion, the Balance Sheet and, Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- v. On the basis of written representations received from the directors, as on 31st December, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st December, 2010 from being appointed as a director in terms of clause(g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi. In our opinion and to the best of our information and according to the explanations given to us, and subject to:
 - a) Note No. 5 regarding non-confirmation of Sundry Debtors, Sundry Creditors and Deposits;**
the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st December, 2010;
 - ii) in the case of the Profit and Loss Account, of the Profit for the period ended on that date;

For **Devesh Shah & Co.**
Chartered Accountants
(Firm Registration No. 102425W)

Devesh Shah
Proprietor
Membership No. 43930

Place : Mumbai
Dated: 15th February, 2011

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date on the accounts of KAPSALES ELECTRICALS LIMITED for the year ended 31st December, 2010.

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
2. All the assets have not been physically verified by the management during the year but there is a regular programme of verification which in our opinion, is reasonable having regards to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
3. During the year, the company has not disposed off any major part of the plant and machinery. However inspite of the erosion of the entire net worth of the Company, the accounts have been prepared on a going concern basis (refer Note B-1a of notes to the accounts).
4. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
5. 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.
6. On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
7. The following are the particulars of loans taken by the company from companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956:

Sr.No.	Name of party	Relationship with company	Amount (₹)	Year end balance (₹)
1.	Indokem Ltd.	Holding Co.	-	-

8. The Company has not granted any loans, secured or unsecured to any entities listed in the registers maintained under section 301 or to the Companies under the same management u/s.370(IB) of the Companies Act, 1956.
9. In our opinion the rate of interest and other terms and conditions on which loans have been taken from/granted to companies, firms or other parties listed in the registers maintained under Section 301 are not, prima facie, prejudicial to the interest of the company.
10. Based on the information and explanation given to us, the companies from whom the loan is taken has not stipulated the repayment schedule hence there is no irregularity . Since the repayment schedule is not stipulated there is no overdue amount of loans taken from/to companies, firms or other parties listed in the registers maintained under section 301 of the Companies Act, 1956.
11. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
12. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.
13. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of

KAPSALES ELECTRICALS LIMITED

five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

14. Based on the information and explanation given to us, the Company has not accepted any deposits during the year within the meaning of section 58A and 58AA of the Companies Act, 1956.
15. Based on the information and explanations given to us, the company does not have formal internal audit department. However, we are informed that its internal control procedures ensure reasonable internal checking of financial and other records. In our opinion the internal audit system is commensurate with the size of the Company and the nature of its business.
16. Based on the information and explanation given to us, the maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 for the products of the Company.
17. According to the records of the company, the company is not regular in depositing with appropriate authorities the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, and other statutory dues applicable to it. The details of arrears is as follows:

Particulars Statute	Nature of dues	Amount	Amt outstanding for more than 6 months	Date of Payment
Sales-tax	Undisputed	79,39,459	79,39,459	–

18. According to the records of the company, there are no dues of sales tax, income-tax, customs tax/wealth-tax, excise duty/cess which have not been deposited on account of any dispute.
19. The Company has been registered with BIFR for more than five years and the accumulated losses of the company are more than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
20. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has defaulted in repayment of dues to a bank. The details of the same is as below:

Name of the Bank	Amount O/s	Period of default
X-223 CC	1,98,37,666	Not identified
TOTAL	1,98,37,666	

21. Based on our examination of documents and records, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
22. Based on our examination of the records and information given to us, there are no transactions related to shares and securities. However the shares and securities held by the Company is in its own name.
23. The company has not given any guarantee for loans taken by others from bank or financial institutions.
24. Based on our examination of records there were no term loans raised during the year.
25. Based on our examination of the balance sheet of the company as at 31.12.2010 we find that the company has not raised any short term or long-term funds.
26. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act hence question as to whether the price at which shares have been issued is prejudicial or not to the interest of the company is not applicable.

KAPSALES ELECTRICALS LIMITED

27. During the year covered by our audit report, the company has not issued any debentures and is not required to create any security in respect of such debentures.
28. During the year no money is raised by way of public issues.
29. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For **Devesh Shah & Co.**
Chartered Accountants

Devesh Shah
Proprietor
Membership No. 43930

Place : Mumbai
Dated: 15th February, 2011

KAPSALES ELECTRICALS LIMITED

BALANCE SHEET AS AT 31ST DECEMBER, 2010

(₹ in '000)

	Schedules	As at 31st Dec, 2010	As at 31 March, 2010
SOURCES OF FUNDS:			
SHARE HOLDERS' FUND			
Share Capital	1	92,600	20,100
Reserves and Surplus	2	20,025	20,025
		<u>112,625</u>	<u>40,125</u>
LOAN FUNDS			
Secured Loans	3	—	19,838
Unsecured Loans	4	10,058	54,722
		<u>10,058</u>	<u>74,560</u>
TOTAL :		<u>122,683</u>	<u>114,685</u>
APPLICATION OF FUNDS:			
FIXED ASSETS			
Gross Block	5	45,135	45,135
Less: Depreciation		28,244	27,076
Net Block		<u>16,890</u>	<u>18,059</u>
INVESTMENTS	6	2	2
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	450	450
Sundry Debtors	8	4,966	4,854
Cash and Bank Balances	9	26	62
Other Current Assets	10	3,195	2,798
Deferred tax asset		4,000	—
		<u>12,638</u>	<u>8,164</u>
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	11	10,954	29,338
Provisions		—	—
		<u>10,954</u>	<u>29,338</u>
NET CURRENT ASSETS		1,685	(21,174)
Profit and Loss Account		104,106	117,798
TOTAL :		<u>122,683</u>	<u>114,685</u>
Accounting Policies and Notes on Accounts	18		

As per our Report attached

For **Devesh Shah & Co.**
Chartered Accountants
(Firm Registration No. 102425W)

Devesh Shah
Proprietor
Membership No. 43930
Mumbai : 15th February, 2011

For and on behalf of the Board of Directors

Mahendra K. Khatau
Director

Santosh S. Salunke
Director

Mumbai : 15th February, 2011

KAPSALES ELECTRICALS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2010

(₹ in '000)

	Schedules	For the year ended 31st Dec, 2010	For the year ended 31st March, 2010
INCOME			
Sales	12	864	1,152
Increase in Inventories	13	-	-
Misc. Income / Excess Balances written back		33,399	
TOTAL:		34,263	1,152
EXPENDITURE:			
Raw materials Consumed	14	161	63
Manufacturing, Administrative & Selling Expenses	15	6,034	515
Expenses on Employees	16	545	2,784
Interest and Other Finance Charges	17	16,666	27
Depreciation		1,166	1,555
TOTAL:		24,571	4,945
PROFIT/(LOSS) FOR THE YEAR		9,692	(3,793)
NET PROFIT/(LOSS) FOR THE YEAR	TOTAL:	9,692	(3,793)
Add: Creation/Provision for deferred tax asset		4,000	-
PROFIT/(LOSS) Brought Forward		(117,798)	(114,006)
Balance Carried to Balance Sheet		(104,106)	(117,799)
Accounting Policies and Notes on Accounts	18		

As per our Report attached

For **Devesh Shah & Co.**
Chartered Accountants
(Firm Registration No. 102425W)

Devesh Shah
Proprietor
Membership No. 43930
Mumbai : 15th February, 2011

For and on behalf of the Board of Directors

Mahendra K. Khatau
Director

Santosh S. Salunke
Director

Mumbai : 15th February, 2011

KAPSALES ELECTRICALS LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST DECEMBER, 2010

(₹ in '000)

SCHEDULE 1 : SHARE CAPITAL

AUTHORISED

30,10,000 Equity Shares of ₹ 10/- each (As at 31-03-2010)
20,10,000 Equity Shares of ₹ 10/- each (As at 31-12-2010)
75,00,000 Redeemable Preference Shares of
₹ 10/- each

As at
31st Dec, 2010

As at
31st March, 2010

—

30,100

20,100

—

75,000

—

95,100

30,100

ISSUED AND SUBSCRIBED AND PAID-UP

20,10,000 Equity Shares of ₹ 10/- each
72,50,000 Redeemable Preference Shares of
₹ 10/- each

20,100

20,100

72,500

—

TOTAL:

92,600

20,100

SCHEDULE 2 : RESERVES AND SURPLUS

Share Premium Account

20,025

20,025

TOTAL:

20,025

20,025

SCHEDULE 3 : SECURED LOANS

From Banks :

Term Loans

—

—

Cash Credits and Over Drafts

—

19,838

TOTAL:

—

19,838

SCHEDULE 4 : UNSECURED LOANS

From Companies

10,058

44,388

From Holding Company

—

10,334

TOTAL:

10,058

54,722

SCHEDULE - 5 : FIXED ASSETS

(₹ in '000)

ASSET	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 1-Apr-10	Additions During the Period	Deductions/ Adjustments	As on 31-Dec-10	As on 1-Apr-10	For the year	Adjustments	As on 31-Dec-10	As on 31-Dec-10	As on 31-March-10
Leasehold Land at Ankleshwar	8,461	—	—	8,461	1,555	77	—	1,632	6,830	6,906
Buildings	13,488	—	—	13,488	6,749	338	—	7,087	6,400	6,739
Plant and Machinery	18,100	—	—	18,100	13,926	716	—	14,642	3,459	4,175
Technical Know-how Fees	3,069	—	—	3,069	3,069	—	—	3,069	—	—
Electrical Installation	158	—	—	158	114	6	—	120	38	45
Furniture and Fixtures	261	—	—	261	226	13	—	239	22	36
Office Equipments	477	—	—	477	318	17	—	335	142	159
Computers	1,121	—	—	1,121	1,121	—	—	1,121	—	—
Vehicles	—	—	—	—	—	—	—	—	—	—
Capital Work in Progress	—	—	—	—	—	—	—	—	—	—
Total	45,135	—	—	45,135	27,078	1,166	—	28,244	16,894	18,060
Previous Year	45,135	—	—	45,135	25,521	1,555	—	27,076	18,060	19,615

KAPSALES ELECTRICALS LIMITED

	As at 31st March, 2010	(₹ in '000) As at 31st March, 2010
SCHEDULE 6 : INVESTMENTS		
(At Cost)		
Unquoted		
7 years National Saving Certificates	1	1
Shares of The Kapol Co-Op.Bank Ltd. 100 Equity Shares of ₹ 10/- each	1	1
TOTAL:	2	2
SCHEDULE 7 : INVENTORIES		
(As taken, valued and certified by a Director.)		
Raw Materials	400	400
Work in Progress	50	50
TOTAL:	450	450
SCHEDULE 8 : SUNDRY DEBTORS		
(Considered Good for which Company hold no other security other than Debtor's Personal Security)		
Considered Good		
Secured		
Un Secured, Considered good		
- more than six months	4,643	4,531
- Others	323	323
Considered Doubtful	4,155	4,155
	9,121	9,009
Less : Provision for doubtful Debts	(4,155)	(4,155)
(Refer Note No.9 in Schedule 20)	4,966	4,854
SCHEDULE 9 : CASH AND BANK BALANCES		
Cash and Cheques on hand	7	42
Balance with scheduled Banks		
- in Current Accounts	19	20
- in Margin Money Account	-	-
TOTAL:	26	62
SCHEDULE 10 : OTHER CURRENT ASSET		
(Unsecured-Considered good unless stated otherwise)		
TDS receivable	63	85
Advances given (recoverable in cash or kind)	387	497
Advances to Suppliers & Other Adv.	1,505	970
Deposits	1,240	1,240
Prepaid Expenses	-	6
TOTAL:	3,195	2,798
SCHEDULE 11 : CURRENT LIABILITIES & PROVISIONS:		
CURRENT LIABILITIES		
Sundry Creditors	2,443	21,554
Statutory Liabilities	8,027	4,387
Creditors for expenses	-	17
Security Deposit from Customers	-	222
Other Liability	483	357
Temporary Bank OD	-	1,117
Advance from Customers	-	1,685
	10,954	29,339
PROVISIONS		
Provision for Taxation	-	-
TOTAL:	10,954	29,339

KAPSALES ELECTRICALS LIMITED

	For the year ended 31st Dec, 2010	For the year ended 31st March, 2010
(₹ in '000)		
SCHEDULE 12 : SALES		
Gross Sales	864	1,152
Less: Excise Duty	-	-
Net Sales	TOTAL: 864	1,152
SCHEDULE 13 : INCREASE IN INVENTORIES		
Stock as on 31.12.2010		
Finished Goods	44	44
Work in Progress	50	50
	94	94
Less:-		
Stock as on 1.4.2010		
Finished Goods	44	44
Work in Progress	50	50
	94	94
INCREASE/(DECREASE) IN INVENTORIES	TOTAL: -	-
SCHEDULE 14 : RAW MATERIALS CONSUMED		
Opening Stock of Raw materials	450	450
Purchases	-	-
Freight and Forwarding Charges	-	-
	450	450
Less: Closing Stock of Raw materials	450	450
Raw Materials consumed	-	63
Stores and consumables consumed	161	-
	TOTAL: 161	63
SCHEDULE 15 : MANUFACTURING, ADMINISTRATIVE AND SELLING EXPENSES		
Labour Charges	-	38
Rent, Rates and Taxes	5,488	17
Insurance charges	-	15
Selling and Distribution Expenses	-	8
Servicing Charges	304	-
Water Charges	49	-
Miscellaneous Expenses	4	43
Conveyance and Travelling Expenses	97	128
Legal and Professional Charges	41	210
Postage, Telegram and Telephone Charges	37	46
Auditors' Remuneration		
For Audit	8	8
For Other Services	7	2
	TOTAL: 6,034	515
SCHEDULE 16: EXPENSES ON EMPLOYEES		
Salaries, wages and Bonus	217	2,660
Company's Contribution to Provident & Other Funds	56	
Employees Welfare Expenses and Other Allowances	271	124
	TOTAL: 545	2,784
SCHEDULE 17 : INTEREST AND OTHER FINANCING CHARGES		
Interest other than bank	505	27
Other Finance and Bank Charges	16,161	-
	TOTAL: 16,666	27

Schedule 18

A. PRINCIPAL ACCOUNTING POLICIES:

1. BASIS FOR PREPARATION OF ACCOUNTS :

The accounts have been prepared by the company in accordance with the historical cost convention and the applicable accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of Companies Act, 1956.

2. REVENUE RECOGNITION :

Sales are recognised when goods are supplied and are recorded net of trade discounts, rebates, sales tax and excise duties.

Incomes from services rendered are booked based on agreements / arrangements with the concerned parties.

3. EXPENDITURE :

Expenses are accounted on accrual basis and provision is made for all known losses and liabilities. However, following expenses are accounted in the year, in which it is incurred.

- (i) Custom/excise duty on material in bond.
- (ii) Discount under dealers scheme.
- (iii) Insurance claims
- (iv) Leave Encashment/Medical claims/LTA claims.

4. FIXED ASSETS :

Fixed assets are stated at cost less depreciation except in respect of Leasehold Land, which is amortised over the period of lease.

Depreciation is provided (except in case of leasehold land, which is being amortised over the period of lease) on the straight line method and at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

5. INVESTMENTS :

Investments are stated at cost.

6. INVENTORIES :

Closing Stocks have been valued as under:

- i) Raw material, Packing material and stores: At Cost. Based on FIFO method.
- ii) Work in progress: At cost or average sale realization price, whichever is lower.
- iii) Finished Goods : At cost or average sale realization price, whichever is lower.

7. FOREIGN CURRENCIES TRANSACTIONS :

Exchange differences relating to import of raw materials are dealt with in the Profit & Loss Accounts.

8. MODVAT CREDIT :

Modvat credit available on the materials (inputs) is adjusted against consumption and to the extent modvat credit not recouped in payment of excise duty on the products despatched, is shown as Modvat Credit Receivable in "Loans and Advances".

Modvat credit on capital goods is adjusted against the purchase cost thereof.

9. PRIOR PERIOD ADJUSTMENTS :

All identifiable items, if any, of income and expenditure pertaining to prior period are accounted through "Prior Period Adjustment Account" and are disclosed net of Income and expenditure.

KAPSALES ELECTRICALS LIMITED

B. NOTES TO THE ACCOUNTS

Notes annexed to and forming part of the Balance Sheet as at 31st December, 2010 and the Profit and Loss Account for the period ended on the date.

1. a) During the period, with a view to reduce debt burden of the Company, there is an increase in the Share Capital due to fresh allotment of Preference Shares of ₹ 725 Lakh. After adjusting accumulated losses of ₹ 1041.06 Lakh, the networth became positive by ₹ 85.19 Lakh, thus the Company's accounts have been prepared on a going concern basis.
- b) Since the accumulated loss had exceeded the net worth as on 31.03.2001 the company has been registered under section 15(1) of Sick Industrial Companies (Special Provision) Act, 1985, however during the period under review, the Networth became positive therefore the Company will file Miscellaneous Application for discharge / deregistration of the Case from the purview of BIFR / SICA 1985.
2. The company does not have a Company Secretary as required under provision of section 383A of the Companies Act, 1956. The Board of Directors of the company is in the process of filing up the position.
3. Contingent liabilities not provided for;
 - a) In earlier year, due to financial constraints, it has not been possible for the Company to honor commitments for statutory payments in time however thereafter the Company has paid major portion of its undisputed liabilities. The liability, if any, on account of delayed payment / default is not ascertained and accordingly no provision is made in the accounts for such uncertain liability.
4. In the opinion of the Board of Directors, the current assets, loans and advances and investments have a realisable value in the course of business which is at least equal to the amounts at which they are shown in the Balance Sheet, unless otherwise specified. 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. Balances in respect of Sundry Debtors, Creditors, and Deposits are as per books of accounts only, since no confirmation have been called for by the company. Some of the accounts are under reconciliation and the difference if any, arising on such reconciliation may affect revenue and will be adjusted as and when the same is completed.

In the meanwhile, the company has reviewed the outstanding of its customers and has made a provision for doubtful debts for a sum of ₹ 41.55 lacs representing the deductions made by the customers towards short/ defective supplies, liquidated damages, price difference etc.

6. The Company had not provided for interest on the borrowings since 01.04.2001. The Central Bank of India has sanctioned a compromise proposal for ₹ 761 lacs towards full and final settlement of dues of the Company. The company has accepted the said proposal & subsequently paid ₹ 636 lacs. The interest liability of ₹ 119.62 lacs was paid to Bank and is accounted for during the period under review.
7. Depreciation on fixed assets has been provided for the period on prorata basis.
8. The company has no information as to whether any of its suppliers constitute "Small Scale Industries Undertaking" and therefore the amount due to such suppliers could not be ascertained.
9. No provision for income tax is made in the accounts due to carried forward losses. The Company is of the view that there shall not be any Tax / MAT liability under the provision of the Income Tax Act, 1961.
10. Deferred tax asset/(liability):

The net deferred Asset as on 31.12.2010 is ₹ 40.50 Lacs in the form of Carry forward losses and depreciation. The Company has accounted for deferred tax assets of ₹ 40 Lacs during the period under review.

11. Auditor's Remuneration :	<u>Current year</u>	<u>Previous year</u>
i) Fees as Auditor	₹ 8,000/-	₹ 7,500/-
ii) For other services	₹ 7,000/-	₹ 2,500/-

12. Figures in the Profit and Loss Account for the current period are for 9 months i.e. from 1.04.2010 to 31.12.2010 and hence the same are not comparable with the figures of the previous year which were for 12 months. The figures have been regrouped, wherever necessary, so as to make them comparable.

KAPSALES ELECTRICALS LIMITED

13. Additional information required under part II of schedule VI of the Companies Act, 1956 are as under
(₹ In 000)

	Unit	31st Dec. 2010		31st March, 2010	
		Qty. (M.T.)	Value (₹)	Qty. (M.T.)	Value (₹)
a) Raw Material Consumption					
Insulating Material (PP Film)	Ton	—	—	—	—
Impregnating Liquid	K. Ltr.	—	—	—	—
Aluminium Foil	Tons	—	—	—	—
Semi finished capacitors			0	—	63
			0	—	63

Note: Consumption includes write off of old & unserviceable Raw Material items

	Value		%	
	Value	%	Value	%
Of the above				
Imported	—	—	—	Nil
Indigenous	0	100.00	63	100.00
	0	100.00	63	100.00

Note: Consumption includes write off of old & unserviceable Raw Material.

b) Value of Import on CIF basis				
- Raw Material		Nil		Nil
c) Value of Stores & Spares consumed				
- Imported		Nil		Nil
- Indigenous	100%	161	100%	10
d) Expenditure in Foreign Exchange		Nil		Nil
e) Earning in Foreign Exchange		Nil		Nil
f) FOB value of Exports		Nil		Nil
g) Capacities, Production/Purchases, Stocks and Sales of Finished Goods.				

(₹ In 000)

Class of Goods	Unit	Licenced Capacity (Installed Capacity)	Opening Stock		Actual Production / Purchases Qty.	Closing Stock		Sales	
			Qty.	Value		Qty.	Value	Qty.	Value
Power Capacitor	Kvar	10,00,000 (10,00,000)	— (330)	— (44)	— (Nil)	— (330)	— (44)	— (—)	— (—)
Paper Condensers	PCS	10,00,000 (10,00,000)	—	—	—	—	—	—	—
Metalised Polypropylene Condensers	PCS	5,00,000 (5,00,000)	—	—	—	—	—	—	—
Associated Equipments	Nos	—	—	—	—	—	—	—	—

Note: Figure in brackets related to previous Year

As per our Report attached

For **Devesh Shah & Co.**
Chartered Accountants
(Firm Registration No. 102425W)

Devesh Shah
Proprietor
Membership No. 43930

Mumbai : 15th February, 2011

For and on behalf of the Board of Directors

Mahendra K. Khatau
Director

Santosh S. Salunke
Director

Mumbai : 15th February, 2011

KAPSALES ELECTRICALS LIMITED

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956,
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :

I. REGISTRATION DETAILS

Registration No.	21,376	State Code	11
Balance Sheet Date	31.12.2010		

II. CAPITAL RAISED DURING THE YEAR (₹ in '000)

Public Issue	Bonus Issue	Right Issue	Private Placement
NIL	NIL	NIL	72,500

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (₹ in '000)

Total Liabilities	122,683	Total Assets	122,683
-------------------	---------	--------------	---------

SOURCES OF FUNDS

Paid up Capital	92,600	Reserve & Surplus	20,025
Secured Loans	–	Unsecured Loans	10,058

APPLICATION OF FUNDS

Net Fixed Assets	16,890	Investments	2
Net Current Assets	1,685	Miscellaneous Assets	–
Accumulated Losses	104,106		

IV. PERFORMANCE OF COMPANY (₹ in '000)

Turnover	864	Total Expenses	24,571
Profit before Tax	9,692	Profit after Tax	9,692
Earning per share in (₹)	4.82	Dividend Rate %	NIL

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/ SERVICE OF COMPANY (as per monetary terms)

N.A.

As per our Report attached

For **Devesh Shah & Co.**
Chartered Accountants
(Firm Registration No. 102425W)

Devesh Shah
Proprietor
Membership No. 43930

Mumbai : 15th February, 2011

For and on behalf of the Board of Directors

Mahendra K. Khatau
Director

Santosh S. Salunke
Director

Mumbai : 15th February, 2011

INDOKEM LIMITED

Registered Office: "Khatau House", Plot No. 410/411, Mogul Lane, Mahim, Mumbai – 400016.

CONSENT FOR RECEIVING DOCUMENTS IN ELECTRONIC FORM

Dear Shareholders,

The Ministry of Corporate Affairs has announced a "Green Initiative in Corporate Governance" thereby allowing paperless compliance through electronic mode. Your Company supports this environment friendly initiative of the Government of India and proposes to send Notices for General Meetings / Annual Reports / Other Shareholder Communication through Electronic Mode to the Registered E-Mail Addresses of Shareholders.

The Annual Report and the Notice of General Meetings and other documents will also be available on the Company's website at www.indokem.co.in. Please note that as a shareholder, you will be entitled to receive physical copies of all notices and documents free of cost, upon specific request to the Company.

Shareholder holding shares in the physical form and willing to receive the Annual Report and other documents in the electronic mode, are requested to fill the form below and send the same to our Registrar and Transfer Agents viz. **Sharex Dynamic (India) Private Limited, Unit No. 1, Luthra Industrial Premises, Andheri Kurla Road, Safed Pool, Andheri (E), Mumbai - 400 072.**

Shareholders holding shares in the dematerialized mode and willing to receive the Annual Report and other documents in the electronic mode, are requested to register their email id with their Depository Participants where their Demat account is maintained.

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

Place: Mumbai
Date: 29th July, 2011

Rohan R. Gavas
(Company Secretary)



INDOKEM LIMITED

Registered Office: "Khatau House", Plot No. 410/411, Mogul Lane, Mahim, Mumbai – 400016.

CONSENT FOR RECEIVING DOCUMENTS IN ELECTRONIC FORM

I/We agree to receive documents in electronic mode pursuant to the 'Green Initiative' by the Ministry of Corporate Affairs vide Circular dated 29th April, 2011. Please register the email id mentioned below:

1. Name(s) of Shareholder(s) (including joint holders, if any) : _____

2. No. of Shares held : _____

3. Registered Folio No./DP ID & Client ID No. : _____

E-mail ID for receipt of documents in the electronic mode :

Place : _____

Date : _____

(Name and Signature of the Shareholders)

For Physical Shares : Kindly send to Sharex Dynamic (India) Private Limited.

For Demat Shares : Kindly send to the Depository Participant where demat a/c is being maintained.

INDOKEM LIMITED

(Formerly: Khatau Junker Limited)

Registered Office: "Khatau House", Plot No. 410/411, Mogul Lane, Mahim, Mumbai – 400016.

ATTENDANCE SLIP

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

Full Name of the Member Attending

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

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

I hereby record my presence at the Forty-Fifth Annual General Meeting held at "Khatau House", Plot No. 410/411, Mogul Lane, Mahim (W), Mumbai – 400016 on Thursday, 29th September, 2011 at 4.00 p.m.

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

Member's/Proxy's Signature
(To be signed at the time of handing over this slip)



INDOKEM LIMITED

(Formerly: Khatau Junker Limited)

Registered Office: "Khatau House", Plot No. 410/411, Mogul Lane, Mahim, Mumbai – 400016.

PROXY FORM

I/We _____ of _____ in the district

of _____ being member(s) of the above named Company, hereby

appoint _____ of _____ in the

district of _____ or failing him _____

of _____ in the district of _____ as my/our proxy

to vote for me/us on my/our behalf at the 45th Annual General Meeting of the Company to be held at "Khatau House", Plot No. 410/411, Mogul Lane, Mahim (West), Mumbai – 400016 on Thursday, 29th day of September, 2011 at 4.00 p.m. or at any adjournment thereof.

Signed this _____ day of _____ 2011.

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

Please affix
Revenue
Stamp
₹ 1/-

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

BOOK-POST

If undelivered please return to:

INDOKEM LIMITED

“Khatau House”, Plot No. 410 / 411
Mogul Lane, Mahim, Mumbai – 400016