

# Indokem Limited

(CIN NO.: L31300MH1964PLC013088)

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

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

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

Respected Sir/ Madam,

**Scrip Code: 504092**

**Subject: Disclosure under Regulation 34 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

With reference to the subject matter, please find enclosed herewith Annual Report of the Company for the Financial Year 2020-2021 in terms of Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Request you to kindly take the same on record.

Thanking You,

Yours Truly,  
For **INDOKEM LIMITED**



Rajesh D. Pisal  
Company Secretary and Compliance Officer  
Mumbai, 6<sup>th</sup> September, 2021

**Encl: As above**



A Khatau Group



**55<sup>TH</sup>** ANNUAL REPORT  
**2020-21**

## APPEAL TO SHAREHOLDERS

In order to save trees and environment by cutting down the consumption of costly paper habits, the Ministry of Corporate affairs (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliance by the Companies through electronic mode including service of notice / documents including Annual Report to be sent by email to its members. In accordance with the Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011 issued by the Ministry, Companies had started the practice of sending various notices and documents, including documents for Annual General Meeting and Annual Report to its shareholders through electronic mode, whose e-mail addresses are registered with the Company. In such case, the company is required to obtain email addresses of its members for sending the notice / documents through email by giving an opportunity to every member to register their email address and changes therein, if any, from time to time with the Company. To be a part of Green Initiative in the Corporate Governance, Indokem Limited has started to send documents like the notices for convening the General Meeting and Annual Reports in electronic form, to the email addresses of those members which are available in the Register of Members of the Company. To support this green initiative of the Government in full measure, members who have not registered their email addresses so far, are requested to register their email addresses in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their email addresses to the Company or its Registrar and Share Transfer Agents (RTA).

You are kindly requested to send an email to [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) and / or [iklsecretarial@gmail.com](mailto:iklsecretarial@gmail.com) in order to register your email ID with Name of first holder, Folio No. / DP ID and Client ID. Members are further requested to provide copy of their PAN Card, Aadhar Card, bank details, contact number and address with proof, if there is any change.

On registration, all the communication will be sent to the email ID registered in the Folio No. /DP ID and Client ID to save time and to save trees.

We are sure you would appreciate the "Green Initiative" taken by MCA and as a responsible citizen you will whole heartedly support this initiative.

This move by the Ministry will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. It will also ensure prompt receipt of communication and avoid loss in postal transit. We are sure that you would appreciate the "Green Initiative" taken by MCA and Indokem's desire to participate in such initiatives. Please contact the following:

**REGISTRAR & SHARE TRANSFER AGENTS:**

**LINK INTIME INDIA PRIVATE LIMITED**

C-101, 247 Park, L.B.S. Marg,  
Vikhroli (West), Mumbai- 400 083.  
Tel No.: +91-22- 49186270.

**Email:** [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

**Website:** [www.linkintime.co.in](http://www.linkintime.co.in)

**SECRETARIAL DEPT.**

**INDOKEM LIMITED**

Plot No: 410 / 411, Khatau House,  
Mogul Lane, Mahim (West), Mumbai- 400 016.  
Tel No.: +91-22- 6123 6711 / 6123 6767

**Email:** [iklsecretarial@gmail.com](mailto:iklsecretarial@gmail.com)

**Website:** [www.indokem.co.in](http://www.indokem.co.in)

**INDOKEM LIMITED**  
(CIN : L31300MH1964PLC013088)

**BOARD OF DIRECTORS:**

Mr. Mahendra K. Khatau	Chairman and Managing Director
Mr. Manish M. Khatau	Whole-time Director
Mrs. Asha M. Khatau	Non-executive Director
Mr. Kailash Pershad	Non-executive Independent Director
Mr. Bhalchandra Sontakke	Non-executive Independent Director
Mr. S. Rajagopalan (Died on 27.07.2020)	Non-executive Independent Director
Mr. Rahul Singh (w. e. f. 25.08.2020)	Non-executive Independent Director

**KEY MANAGERIAL PERSONNEL:**

Ms. Rupal B. Parikh	Chief Financial Officer
Mr. Rajesh D. Pisal	Company Secretary and Compliance Officer

**AUDITORS:**

CNK & Associates, LLP

**BANKERS:**

HDFC Bank Ltd.  
Axis Bank Ltd.  
Bank Of India  
Indian Overseas Bank

**REGISTRAR & SHARE TRANSFER AGENT:**

Link Intime India Private Limited  
C-101, 207 Park, L.B.S. Marg,  
Vikhroli (West), Mumbai - 400 083.  
Email: [mt.helpdesk@linkintime.co.in](mailto:mt.helpdesk@linkintime.co.in)  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)

**REGISTERED OFFICE:**

Plot No: 410 / 411, Khatau House,  
Mogul Lane, Mahim (West),  
Mumbai - 400 016.  
Tel No.: +91-22- 6123 6767 / 6123 6711  
Email: [iklsecretarial@gmail.com](mailto:iklsecretarial@gmail.com)  
Website: [www.indokem.co.in](http://www.indokem.co.in)

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**55<sup>th</sup> Annual General Meeting (AGM)**

Day, Date & Time: Thursday, 30<sup>th</sup> September, 2021 at 3:00 P.M.  
Through Video Conferencing ("VC") / Other Audio Visual Means.

## **CHAIRMAN'S MESSAGE**

### **My Dear Shareholders,**

It is my privilege to present the 55<sup>th</sup> Annual Report of your company. We have attempted to present the company's information in an all-encompassing format for a deeper and richer understanding of our sustainable journey.

I would now briefly review performance of the Company during the year ended 31<sup>st</sup> March, 2021. F.Y. 2020-21 (FY21) was a mixed bag for our company. FY21 begun amid the first wave and closed in the first quartile of the second wave of the pandemic striking the country. Besides the severe health challenges, it disrupted our economic momentum and recovery throughout the year, though at a varying extent. We are all living in very uncertain and unprecedented times. The impact of the pandemic on our operations was substantial. We were all under lockdown in the first and last few months of FY21. COVID impact on communities around the world has been devastating. Coming to our financials, the total gross revenue earned by the Company was Rs. 79.24 crores as against total revenue of Rs. 89.61 crores of previous year, which is decrease of 12% as compared to last year. Despite COVID-19 pandemic; your Company has done well which is not reflected in figures. Profit after tax for the year was Rs. 2.96 crore compared to profit after tax of Rs. 0.51 crores in financial year 2019-20. Ushering in FY21 under the shadow of a complete lockdown, we ensured adequate protection of all our assets – people, goodwill, manufacturing facilities, inventory installed equipment base, cash – as our first priority. By mid May 2020, the lockdown restrictions started to be less stringent and geared ourselves to cater to the increased business activities. The recovery started thereafter with sequential increase in demand. In FY21, we worked towards restructuring several of the Company's operations to reduce costs, streamline operations and match capacity with market demand. Responding effectively to the challenges of market cycles has helped us perform steadily during periods of downturns.

We are living in time where various extraordinary changes are taking place around us which is altogether reshaping the way we live and the way we work. Though our inspiring Legendary Founder, Shri. Dharamsey Khatau, is not in amongst us the values he cherished and which have in fact equipped our Company to withstand the test of time - Integrity, Excellence, Humility, Hard work and Larger purpose - continue to guide us as we endeavor strengthening our people, processes and products, keeping in focus what our Company is and ought to be in the years to come.

The Indian chemicals industry stood at US\$ 178 billion in 2019 and is expected to reach US\$ 304 billion by 2025 registering a CAGR of 9.3%. The demand for chemicals is expected to expand by 9% per annum by 2025. The chemical industry is expected to contribute US\$ 300 billion to India's GDP by 2025. Most of the products we use in our life are enabled by chemistry. As a diverse entity, driven by science and technology, our Company is well poised to face the future.

Your Company has also invested in new machineries to manufacture new products range from Ambernath Units. IT system and infrastructure is being continuously monitored and enhanced with any required upgrades. Our major products have received GOTS (Global Organic Textile Standard) certification. Company has invested on automation and attractive Packing Material for our products which has shown better results. There is also investment in Quality Control equipment in Laboratory and qualified staff to meet global standards. Company has invested in digitization by purchasing Laptops for the employees working from home, and ensured that work continued despite overall tough times; Company will continue to invest in digitization and modernization. Company has successfully registered maximum of its products under Zero Discharge of Hazardous Chemicals (ZDHC) certification; and has been assessed and received ISO 45001:2008 certification during the year. You would be happy to note that we have arranged free vaccination drive for our employees and labourers at all offices and plants

The Board of Directors of the Company, at its meeting held on 27<sup>th</sup> July, 2021, has considered and approved a Scheme of Amalgamation (the "Scheme") between the Company and Refnol Resins and Chemicals Limited ("RRCL"). The appointed date for the scheme is 1<sup>st</sup> April, 2021 or such other date as may be fixed or approved by the National Company Law Tribunal ("NCLT") as and when applicable.

Looking back at FY21, we saw contraction in the demand conditions in the export market, as compared to the previous year, with trade and supply side reeling under impact of COVID-19 pandemic. Customer confidence was uncertain and this has reflected in a marked slowdown witnessed in some of the large sectors of the economy. Concerns do exist on account of expected third wave of COVID-19 and increasing fuel prices which may push up inflation. Trade protection policies of USA and China, fluctuations in foreign exchange rates, persistently tight credit



conditions accentuated by the challenges in the NBFC sector, rising unemployment and low rural and urban income growth were key contributors to the dampened sentiment, which can have an impact on exports and costs of imports. Shutdown of capacities in China due to environmental issues leads to increase in price of input materials, which impacts Company's profitability as the same are not absorbed by the market through price increases and / or could have a negative impact on the demand in the market. I may say that I am very happy with the performance we have been able to achieve notwithstanding difficult business and pandemic conditions.

We continuously innovated by launching new products thereby moving forward in our journey. At the same time we continue to uphold the highest standards of corporate governance treating them as an ethical requisite rather than a regulatory necessity and continue to base all our actions on the principles of fairness trust and transparency. Looking forward the business environment will remain true to its nature – as uncertain and as unpredictable as ever. In such an environment, only those organisations that put in efforts to remain relevant to the changing needs and preferences of customers – understanding the consumer requirements and adapting the business model to suitably address these requirements will be able to deliver long-term growth and sustainable returns to all the stakeholders.

I regret to inform the sudden and sad demise of Mr. Rajagopalan Sesha, Independent Director on the Board of Indokem Limited, on 27<sup>th</sup> July, 2020, due to cardiac arrest. The Company immensely benefitted by his knowledge and experience during his tenure. All the directors and employees of the Company express their deep sympathy, sorrow and condolences to his family.

On behalf of the Board, I am very happy to announce the appointment of Mr. Rahul Singh joined our company as the Independent Non-executive Director, effective 25<sup>th</sup> August, 2020. Rahul Singh has over 15-year-long career as Company Secretary and Compliance Officer with variety of industrial businesses in India, including Copper, Automobile, Real Estate, Telecommunications, Mobile Manufacturing, Steel, Aluminium Foil and amplifier Sector. Apart from this, he has diverse experience in related sectors, a deep understanding of Corporate Laws, Legal, Insolvency and Bankruptcy Code 2016, SEBI, FEMA and other applicable laws.

Looking ahead into the future, we are confident that our expanded installed base, newly added products, new sales approach and market strategy will drive our march forward. We take immense pride in our people, who have demonstrated extreme agility, resilience and commitment towards serving the customers amid these testing times; and also ensuring safety and well-being of themselves and their families. On behalf of our Board, I thank you all, for your continued trust and support in taking Indokem to greater heights. Please join me in acknowledging the invaluable role of all our frontline COVID warriors and praying for a speedy return to normalcy for our 1.35+ billion fellow Indians and everyone across the globe!

To conclude, we remain encouraged and confident of achieving our long-term objectives of inclusive, sustainable and profitable growth. As we look ahead, I feel confident of strong growth in the medium to long term. I am confident that our disciplined strategy, prudent approach, focus on agile execution and our committed team will enable us to improve performance further and create greater shareholder value.

Even in 2021, after completion of 55 years of our Company, we work with the same newness, optimism and purpose. We at Indokem deeply value the involvement, critical analysis and encouragement shown by Directors and I am privileged to have them on the Board of our Company. I appreciate the efforts of every member of Indokem Family - we may be growing in numbers, but our Purpose is common and shared. In the travails of the past and in the new paradigm we are envisaging for the future, our constant source of strength is the indefatigable spirit of our employees and I would like to thank them for their commitment, patience and hard work. I am grateful to our employees, customers, suppliers, banks and financial institutions for giving us an opportunity to serve and helping us evolve our vision and articulate growth related strategies. The Company has received and I am sure, will continue to receive active cooperation from its shareholders. I recognise the positive approach of the communities which surround our production sites in India. I thank you for your faith; it brings out the best in us.

**Sincerely,**

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

**INDOKEM LIMITED**

(CIN: L31300MH1964PLC013088)

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

**NOTICE OF ANNUAL GENERAL MEETING**

**Notice** is hereby given that the **FIFTY FIFTH** Annual General Meeting of the members of the Company will be held on Thursday, 30<sup>th</sup> September, 2021 at 3:00 P.M. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

**ORDINARY BUSINESS:**

- To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2021 including the Balance Sheet as at 31<sup>st</sup> March, 2021 and the Statement of Profit and Loss and the Cash Flow Statement as on that date together with the Directors' and Auditor's Report thereon.
- To appoint a Director in place of Mrs. Asha Mahendra Khatau (DIN: 00063944), who retires by rotation at this Annual General Meeting and being eligible has offered herself for re-appointment.

**SPECIAL BUSINESS:**

- Approval for Transactions with the Related Parties under Section 188 of Companies Act, 2013:

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

**SPECIAL RESOLUTION:**

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

Maximum value of Contract / Transaction (per annum)				(Rs. in Crores)
Sr. No.	Name of related parties	Transaction defined u/s 188 of Companies Act, 2013		
		Sale, purchase or supply of any goods, materials	Leasing of property of any kind	Availing or rendering of any services or appointment of any agent for purchase or sale of goods, materials, services or property
On actual basis, exempted being in the ordinary course of business and on arm's length basis. (Subject to a maximum of amount p.a. as mentioned against the name of the Company)				
1.	Khatau Holding and Trading Company Pvt. Ltd.	1	0.25	1
2.	Prism Plantations Pvt. Ltd.	1	0.25	1
3.	Priyamvada Holdings Ltd.	1	0.25	1
4.	Refinol Resins & Chemicals Ltd.	15	0.25	1
5.	Samudra Dye-chemt Pvt. Ltd.	1	0.25	1
<b>PARTNERSHIP FIRMS:</b>				
1.	Orchard Acres	15	0.50	1

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

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

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

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

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

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

**Sd/-**

**Rajesh D. Pisal  
Company Secretary**

**Place: Mumbai  
Date: 13<sup>th</sup> August, 2021**

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021 and all other relevant circulars issued from time to time, physical attendance of the Members to the AGM venue is not required and general meeting be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations



& Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by NSDL.

6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.indokem.co.in](http://www.indokem.co.in). The Notice can also be accessed from the websites of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
7. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 2/2021 dated January 13, 2021.

**THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-**

**The remote e-voting period begins on Monday, 27<sup>th</sup> September, 2021 at 09:00 A.M. and ends on Wednesday, 29<sup>th</sup> September, 2021 at 05:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Thursday 23<sup>rd</sup> September, 2021, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Thursday 23<sup>rd</sup> September, 2021.**

**How do I vote electronically using NSDL e-Voting system?**

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

**Step 1: Access to NSDL e-Voting system**

**A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email ID in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	If you are already registered for <b>NSDL IDeAS facility</b> , please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com/">https://eservices.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “ <b>Beneficial Owner</b> ” icon under “Login” which is available under “ <b>IDeAS</b> ” section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or <b>e-Voting service provider - NSDL</b> and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> . Select “ <b>Register Online for IDeAS</b> ” Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a>

	<p>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or <b>e-Voting service provider - NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>
Individual Shareholders holding securities in demat mode with CDSL	<p>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</p> <p>After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</p> <p>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></p> <p>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page.</p> <p>The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</p>
Individual Shareholders (holding securities in demat mode) login through their depository participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or <b>e-Voting service provider-NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

<b>Login type</b>	<b>Helpdesk details</b>
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43

**B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
  - c) How to retrieve your ‘initial password’?
    - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
    - (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered
6. If you are unable to retrieve or have not received the “ Initial password” or have forgotten your password:
  - a) Click on “**Forgot User Details/Password?**” (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) **Physical User Reset Password?**” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

- c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
  8. Now, you will have to click on “Login” button.
  9. After you click on the “Login” button, Home page of e-Voting will open.

**Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.**

**How to cast your vote electronically and join General Meeting on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join General Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [pcssamitatanksale@gmail.com](mailto:pcssamitatanksale@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 18001020990 and 1800224430 or send a request to Mr. Amit Vishal or Ms. Pallavi Mhatre at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e-mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [iklsecretarial@gmail.com](mailto:iklsecretarial@gmail.com).
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [iklsecretarial@gmail.com](mailto:iklsecretarial@gmail.com). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-voting and joining virtual meeting for Individual shareholders holding securities in demat mode.

3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join General meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
5. Members who would like to express their views/pose questions/register as speaker shareholder at the AGM, may send their questions in advance before Thursday, 23<sup>rd</sup> September, 2021 by 3.00 p.m. from their registered email address mentioning their name, demat account number/folio number and mobile number, to the Company's email address [iklsecretarial@gmail.com](mailto:iklsecretarial@gmail.com). The Members who have registered themselves as speaker will only be allowed to ask queries / express their views during the AGM. The Company reserves the right to limit the number of Members asking questions depending on the availability of time at the AGM.

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

**Sd/-**

**Rajesh D. Pisal  
Company Secretary**

**Place: Mumbai  
Date: 13<sup>th</sup> August, 2021**

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

**Explanatory Statement u/s. 102 of the Companies Act, 2013:**
**ITEM NO. 3:**
**Transactions with Related Parties u/s 188 of the Companies Act, 2013**

The provisions of Section 188(1) of the Companies Act, 2013 governs Related Party Transactions and require a Company to obtain prior approval of the Board of Directors and in case paid up share capital or transactions as may be prescribed from time to time are more, then prior approval of shareholders by way of Special Resolution is required.

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

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

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

In light of the provisions of the Companies Act, 2013, the Board of Directors of your Company has approved the proposed transactions along with annual limits that your Company may enter into with its Related Parties (as defined under the Companies Act, 2013) for the financial year 2021-22 in the Board Meeting held on 28<sup>th</sup> May, 2021.

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

<b>Maximum value of Contract / Transaction (per annum)</b>		<b>(Rs. in Crores)</b>		
<b>Sr. No.</b>	<b>Name of related parties</b>	<b>Transaction defined u/s 188 of Companies Act, 2013</b>		
		<b>Sale, purchase or supply of any goods, materials</b>	<b>Leasing of property of any kind</b>	<b>Availing or rendering of any services or appointment of any agent for purchase or sale of goods, materials, services or property</b>
On actual basis, exempted being in the ordinary course of business and on arm's length basis. (Subject to a maximum of amount p.a. as mentioned against the name of the Company)				
1.	Khatau Holding and Trading Company Pvt. Ltd.	1	0.25	1
2.	Prism Plantations Pvt. Ltd.	1	0.25	1
3.	Priyamvada Holdings Ltd.	1	0.25	1
4.	Refnol Resins & Chemicals Ltd.	15	0.25	1
5.	Samudra Dye-chem Pvt. Ltd.	1	0.25	1
<b>PARTNERSHIP FIRMS:</b>				
1.	Orchard Acres	15	0.50	1



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

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

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

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

Members are hereby informed that pursuant to second proviso of Section 188 (1) of the Companies Act, 2013, no member of the Company shall vote on such Special Resolution to approve any contract or arrangement which may be entered into by the Company, if such member is a related party.

The Board of Directors of your Company has approved this item in the Board Meeting held on 28<sup>th</sup> May, 2021. The Board of Directors is of the opinion that the transactions are on arm's length basis and are in the ordinary course of business and recommends the Resolution as set out in the accompanying Notice for the approval of members of the Company as a Special Resolution.

### ANNEXURE - A

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

<b>Name</b>	Mrs. Asha Mahendra Khatau
<b>DIN</b>	00063944
<b>AGE</b>	63 Years
<b>Date of Appointment</b>	30/10/2009
<b>Qualification</b>	Graduate
<b>Expertise in functional areas</b>	Mrs. Asha Khatau is a B.A. Graduate and has an experience of over 27 years in the fields of General Management as a Consultant and Advisor.
<b>Disclosure of relationship between Directors inter-se</b>	Mrs. Asha M. Khatau is (Spouse) of Mr. Mahendra K. Khatau, Chairman and Managing Director and (Mother) of Mr. Manish M. Khatau, Whole-time Director.
<b>Name of listed entities in which the person also holds the Directorship, Chairmanship and the membership of Committees of the Board</b>	Indokem Limited – Risk Management Committee – Member, Committee of Board of Director – Member Refnol Resins & Chemicals Limited - Stakeholders Relationship Committee- Chairpersonship, Risk Management Committee- Chairpersonship, Committee of Board of Director – Member
<b>Number of shares held in Indokem Limited</b>	45243

**DIRECTORS' REPORT**

To,  
**The Members of Indokem Limited**

Your Directors have pleasure in presenting the **Fifty Fifth Annual Report** together with the Audited Accounts for the financial year ended **31<sup>st</sup> March, 2021**.

**1. Financial Results:**
**(Rs. in Lakhs)**

Particulars	For the financial year ended 31.03.2021	For the financial year ended 31.03.2020
A – Income from Continuing Operations	<b>7924</b>	8961
Profit / (Loss) Before Interest, Depreciation & Taxes	<b>537</b>	294
<b>Less: Interest</b>	<b>123</b>	131
Depreciation	<b>115</b>	112
<b>Profit / (Loss) Before Tax</b>	<b>299</b>	51
<b>Less: Provision for Tax</b>	<b>-</b>	-
Less: Excess / Short Provision of previous year	<b>3</b>	-
Profit / (Loss) After Taxes	<b>296</b>	51
B – Income from Discontinuing Operations	-	-
<b>Profit / (Loss) for the year</b>	<b>296</b>	51
<b>Total other comprehensive income</b>	<b>(6)</b>	15
<b>Total comprehensive income / (loss) for the year</b>	<b>290</b>	66
<b>Profit / (Loss) Brought Forward from last year</b>	<b>(1662)</b>	(1728)
<b>Surplus / (Deficit) carried to Reserves</b>	<b>(1372)</b>	(1662)

**2. Dividend:**

Considering the accumulated losses, the Board of Directors of your Company does not consider it appropriate to recommend any Dividend for the financial year ended 31<sup>st</sup> March, 2021.

**3. Operational Performance:**

EBITDA at Rs. 537 lakhs registered an increase over EBITDA of Rs. 294 lakhs in F. Y. 2019-20. PAT for the year was Rs. 296 lakhs registering an increase over the PAT of Rs. 51 lakhs in F. Y. 2019-20. From March 2020 India saw a rapid spread of COVID-19 and as a consequence, revenue from operations for F. Y. 2020-21 at Rs.7924 lakhs was lower by 12% over previous year Rs. 8961 lakhs.

**4. COVID-19:**

The COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lock-downs for first half of the FY 2020-21 of all economic activity. For the Company, the focus immediately shifted to ensuring the health and well-being of all employees, and on minimizing disruption to services for all our customers globally. During the FY 2020-21, the Company's head Office was mostly work from home as per guidelines.

**5. Transfer to Reserves:**

Pursuant to provisions of Section 134(3)(j) of the Companies Act, 2013, in view of inadequate profits for the year under review, no amount has been transferred to the reserves.

**6. Directors and Key Managerial Personnel:**

Pursuant to the provisions of Section 149 of the Act, Mr. Kailash Pershad (DIN: 00503603), Mr. Rajagopalan Sesha (DIN: 00289643) and Mr. Bhalchandra Sontakke (DIN: 01225753) were appointed as Independent Directors of the Company at the AGM convened on 28<sup>th</sup> September, 2018. They have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Act and there has been no change in the circumstances, which may affect their status as Independent Director during the year.

We regret to inform you of the sudden and sad demise of Mr. Rajagopalan Sesha, Independent Director on the Board of Indokem Limited, on Monday 27<sup>th</sup> July, 2020, due to cardiac arrest. The Company immensely benefitted

from his knowledge and experience during his tenure. The Board places on record its sincere appreciation for the valuable guidance provided by Mr. Rajagopalan during his tenure as Independent Director of the Company. All the directors and employees of the Company conveyed deep sympathy, sorrow and condolences to his family.

Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company passed a resolution on 25<sup>th</sup> August, 2020 approving appointment of Mr. Rahul Singh (DIN: 07477748) as additional Independent Non-executive Director on the Board of the Company, to fill casual vacancy created due to sad demise of Mr. Rajagopalan Sessa, Independent Director. Further, Mr. Rahul Singh was appointed as Non-executive Independent Director of the Company for a period of Five (5) years at the 54<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> September, 2020.

Mr. Manish M. Khatau was re-appointed as Whole-time Director for a period of Three (3) years with effect from 1<sup>st</sup> March, 2021.

Mrs. Asha M. Khatau retires by rotation and being eligible, has offered herself for re-appointment.

During the year, the Non-executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees and reimbursement of expenses incurred by them for attending meetings of the Company.

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company are Mr. Mahendra K. Khatau as Chairman and Managing Director, Mr. Manish M. Khatau as Whole-time Director, Ms. Rupal B. Parikh as Chief Financial Officer and Mr. Rajesh D. Pisal as Company Secretary. During the year, there were no changes to the Key Managerial Personnel.

**7. Appointment of Director:**

Mrs. Asha M. Khatau, Non-executive Director of your Company, retires by rotation and being eligible, offers herself for re-appointment. The details regarding Mrs. Asha M. Khatau as required under Regulation 17 of SEBI Listing Regulations, 2015 are disclosed in the notice of the Annual General Meeting. None of the other Directors are related inter se except Mr. Mahendra K. Khatau and Mr. Manish M. Khatau who are related to each other.

**8. Remuneration of Directors and Key Managerial Personnel:**

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

**9. Statutory Auditors:**

Pursuant to the provisions of Section 139 of the Companies Act, 2013, CNK & Associates LLP, Chartered Accountants, Mumbai, were appointed as the Statutory Auditors of the Company on 29<sup>th</sup> September, 2017 for a period of five years to hold office until the conclusion of the 56<sup>th</sup> Annual General Meeting. They have confirmed that they are not disqualified from continuing as Auditors of the Company.

The on financial statements referred to in the Auditor's Report are self-explanatory and do not call for any further comments. The Auditor's Report does not contain any qualification, reservation, adverse remark or disclaimer.

**10. Secretarial Audit Report:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Ragini Chokshi & Co. Company Secretaries, Mumbai to undertake Secretarial Audit of the Company for the financial year ended 31<sup>st</sup> March, 2021. The Secretarial Audit Report in the prescribed **Form MR-3** issued by Ragini Chokshi & Co. (Company Secretaries) forms part of this Annual Report.

In addition to Secretarial Audit Report, SEBI has introduced Annual Secretarial Compliance Report for listed Companies. The said report was issued by the M/s. Ragini Chokshi & Co., Company Secretaries.

**11. Instances of fraud, if any reported by the Auditors:**

There have been no instances of fraud reported by the Auditors under Section 143(12) of the Companies Act, 2013.

**12. Statement on compliance of applicable Secretarial Standards:**

The Company complies with all applicable mandatory provisions of Secretarial Standards issued by the Institute of Company Secretaries of India.

**13. Corporate Governance:**

The Company has taken appropriate steps and measures to comply with all Corporate Governance regulations and related requirements as envisaged under Regulation 27 of Listing Regulations. A separate report on Corporate Governance along with a certificate from Ragini Chokshi and Co., Practicing Company Secretaries, with regard to compliance of conditions of Corporate Governance as stipulated in Regulation 34(3) of the Listing Regulations forms part of this Annual Report.

A certificate from Ragini Chokshi and Co., Practicing Company Secretaries, has also been received stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Company by SEBI, Ministry of Corporate Affairs (MCA) or any such statutory authority.

**14. Training and Familiarization Programme for Directors:**

The Company has provided information and made the Independent Directors aware about the major developments in legal and regulatory areas, particularly regarding Companies Act, 2013 and Regulation 25 (7) of SEBI Listing Regulations, 2015. The details of Familiarization Programme for the Independent Directors are available on the website of the Company at [www.indokem.co.in](http://www.indokem.co.in).

**15. Statement of declaration given by Independent Directors:**

All the Independent Directors have submitted their declaration to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 and pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

**16. Particulars of Employees:**

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

**17. Directors' Responsibility Statement:**

Pursuant to Section 134(3)(c) read with 134(5) of the Companies Act, 2013, your Directors hereby confirm that:

- (i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed and there are no material departures;
- (ii) Appropriate accounting policies have been selected and applied 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 Profit of the Company for that period;
- (iii) Proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Annual Accounts had been prepared on a going concern basis;
- (v) The Internal Financial Controls had been laid down to be followed by the Company and the such internal financial controls are adequate and are operating effectively; and
- (vi) In order to ensure compliance with the provisions of all applicable laws, proper systems had been devised and that such systems were adequate and operating effectively.

**18. Disclosures:**

As required under Regulation 34(2) read with Schedule V of SEBI Listing Regulations, 2015, the **Management Discussion and Analysis** is enclosed as a part of the Annual Report.

The Company has taken necessary steps to adhere to all the requirements of SEBI Listing Regulations, 2015. **A report on Corporate Governance** together with the Certificate of the Statutory Auditors confirming compliance with the conditions of Corporate Governance as stipulated in Regulation 34(3) read with Schedule V of SEBI Listing Regulations, 2015 is included as a part of the Annual Report.

**19. Extract of Annual Return:**

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return in the prescribed Form MGT-9 for the financial year ended 31<sup>st</sup> March, 2021 is hosted on the Company's website and can be accessed at <https://www.indokem.co.in>.

**20. Number of Meetings of the Board:**

During the year, four Board Meetings and four Audit Committee Meetings were convened and held. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. The Requisite quorum was present during all the Meetings. Intimation of the Board meetings and Committee meetings are given well in advance and communicated to all the Directors. Normally, Board meetings and Committee meetings are held at the Registered Office of the Company. The agenda along with the explanatory are sent in advance to all the Directors in accordance with the Secretarial Standard-1 issued by the Institute of Company Secretaries of India. Senior Executives are invited to attend the Board meetings as and when required. For details of the meetings of the Board, please refer to the Corporate Governance Report, which forms part of this report.

**21. Performance Evaluation of the Board:**

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees and individual Directors pursuant to the provisions of the Act and the Corporate Governance requirements as prescribed under SEBI Listing Regulations, 2015. The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of the criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning, etc.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members on the basis of the criteria such as the composition of Committees, effectiveness of Committee meetings, etc.

The Board and the Nomination and Remuneration Committee reviewed the performance of the individual Directors on the basis of the criteria such as contributions of individual Director to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings etc. In addition, the Chairman was also evaluated on the key aspects of his role.

A separate meeting of Independent Directors was convened in the month of February, 2021, to discuss the following:

- (i) Review the performance of Non-independent Directors and the Board as a whole;
- (ii) Review the performance of the Chairman of the Company, taking in to account the views of Executive Directors and Non-executive Directors;
- (iii) Assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All Independent Directors were present at the Meeting and discussed the above and expressed their satisfaction.

**22. Policy on Directors' Appointment and Remuneration and other details:**

The Company's policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the Corporate Governance Report, which forms part of this report.

**23. Internal Financial Control Systems and their Adequacy:**

Company has established Internal Financial Control over financial reporting in the financial year 2016-17.

The details in respect of Internal Financial Control and their adequacy are included in the Management Discussion and Analysis, which forms part of this report.

**24. Disclosure of composition of Audit Committee and providing Vigil Mechanism / Whistle Blower:**

The details pertaining to composition of Audit Committee are included in the Corporate Governance Report, which forms part of this report. The composition of the Audit Committee consists of majority of Independent Directors.

The Company has established a vigil mechanism and oversees through the committee, the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of employees and the Company. The Company has a vigil mechanism named Vigil Mechanism / Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. The detail of the Policy is posted on the website of the Company.

**25. Share Capital:**

During the year under review, the Company has not issued any shares. There is no change in share capital structure of the Company during the financial year 2020-21. There was no public, rights, preferential or bonus shares issued during the year. The Company has neither issued any shares with differential voting rights, sweat equity shares, nor has it granted any stock options. The Company has not bought back any of its securities during the year under review.

**26. Code of Conduct:**

The Company has laid down a Code of Conduct applicable to the Board of Directors and senior management which is available on Company's website. All Board members and senior management personnel have affirmed compliance with the Code of Conduct.

**27. Insider Trading Policy:**

As required under the new Insider Trading Policy Regulations of SEBI, your Directors have framed Insider Trading Regulations and Code of Internal Procedures and Conducts for Regulating, Monitoring and Reporting of Trading by Insider. For details please refer to the Company's website.

**28. Disclosure under Sexual Harassment of Women At Workplace (Prevention, Prohibition And Redressal) Act, 2013:**

In line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has set up Internal Complaints Committees at its workplaces to redress complaints received regarding sexual harassment. No complaints have been reported during the financial year 2020-21. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

**29. Particulars of Loans, Guarantees or Investments:**

Pursuant to Section 186 of the Companies Act, 2013, the details of loans given, investments made or guarantees given are given in Note No. 28 to the financial statements for the financial year 2020-21.

The loans, investments, guarantees and securities provided by the Company during the financial year ended 31<sup>st</sup> March, 2021, together with the existing loans, investments, guarantees and securities do not exceed the limits prescribed under Section 186(2) of the Act.

**30. Fixed Deposits:**

The Company has neither accepted nor renewed any deposits falling within the purview of Section 73 of the Companies Act, 2013 read with Rule 2(c) of the Companies (Acceptance of Deposits) Rules, 2014 as amended from time to time and as such, no amount of principal or interest was outstanding as of the date of the Balance Sheet. The Company had no unpaid / unclaimed deposit(s) as on 31<sup>st</sup> March, 2021. Therefore details mentioned in Rule 8(5) (v) & (vi) of Companies (Accounts) Rules, 2014 relating to deposits, covered under Chapter V of the Act is not required to be given.



**31. Transactions with Related Parties:**

All Related Party Transactions that were entered into during the financial year were on an arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Act and the Listing Regulations. None of the transactions with related parties fall under the scope of Section 188(1) of the Companies Act, 2013. All Related Party Transactions are placed before the Audit Committee and before the Board for their prior approval. Prior approval of the Audit Committee is obtained on a yearly basis for the transactions which are of a foreseen and repetitive nature. The Company has also sought approval of the Members for approval of such related party transactions as per the requirements of the Listing Regulations. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website. All the Related Party Transactions as entered into by the Company were on arm's length basis and in the ordinary course of business. Information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are stated in **Annexure B in Form AOC-2** which forms part of this report.

**32. Insurance:**

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

**33. Corporate Restructuring:**

The Board of Directors of the Company, at its meeting held on 27<sup>th</sup> July, 2021, have considered and approved a Scheme of Amalgamation (the "Scheme") between the Company and Refnol Resins and Chemicals Limited ("RRCL"). The scheme contemplates the amalgamation of RRCL with the Company. The appointed date for the scheme is 1<sup>st</sup> April, 2021 or such other date as may be fixed or approved by the National Company Law Tribunal ("NCLT") as and when applicable.

The Scheme is subject to receipt of approvals of shareholders and creditors of the Companies involved and approval of other regulatory authorities as may be required, including those of the BSE Limited, Securities and Exchange Board of India ("SEBI") and the National Company Law Tribunal, Mumbai Bench ("NCLT").

The corporate restructuring is viewed as a potential value creator for all shareholders combined with an objective of consolidating the business activities, expand the business and achieve larger product portfolio, economies of scale, efficiency, optimisation of logistics and distribution network. It also creates an opportunity for pooling of resources resulting in stronger balance sheet and net worth to meet future investment requirements. Once the scheme is made effective, after due regulatory and other approvals (as may be required).

**34. Material Changes and Commitments:**

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

**35. State of Company's Affairs:**

There is no change in the nature of business during the year under review. No order has been passed by any Regulatory Court or Tribunal, which can impact the going concern status of the Company and its operations in future.

**36. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:**

Your Company is engaged in the continuous process of energy conservation by way of improved operational and maintenance practices:

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

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

**(ii) Furnace Oil / LDO Consumption:**

There is no major consumption of Furnace Oil / Light Diesel Oil. However, there are some processing activities carried out limiting the consumption of energy.

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

Apart from the above mentioned strategies, your Company is in the process to upgrade and install new machineries which will altogether result in energy saving and will add to operational efficiency in coming years.

**(c) Impact of the measures at (a) and (b) for reduction of consumption of energy and consequent impact on the cost of production:**

There is no such special impact for the same.

**(d) Energy consumption and energy consumption per unit of production:**

As per Form- A forming part of Annexure C

**B. Technology Absorption:**

Your Company has taken positive efforts for technology absorption and its up gradation;

- (a) Modification in air conditioning system to improve process conditions.
- (b) Modification in existing machines for high value and new products developments including process simplification.
- (c) The Company focused its Research and Development efforts on process and process development of new products and formulations, trouble shooting.

There are various benefits resulted due to above factors and measures been considered such as:

- (i) Cost reduction
- (ii) Improvement in quality
- (iii) Improvement in operating performance
- (iv) New product developments

**37. Foreign Exchange Earnings and Outgo:**
**(Rs. in Lakhs)**

PARTICULARS	31.03.2021	31.03.2020
<b>I. Foreign Exchange Earned</b>		
<b>F. O. B. Value of Export</b>	<b>2379</b>	2359
<b>II. Foreign Exchange Outgo</b>		
C. I. F. Value of Imports of Raw Materials	<b>671</b>	318
Expenses in Foreign Currency	<b>2</b>	10
<b>TOTAL</b>	<b>673</b>	328

**38. Safety, Health and Environment:**

- a) **Safety:** The Company encourages a high level of awareness of safety issues among its employees and strives for continuous improvement. Employees are trained in safe practices to be followed at work place.
- b) **Health:** Your Company attaches utmost importance to the health of its employees. Periodic checkup of employees is done to monitor their health. Health related issues if any are discussed with visiting Medical Officer.
- c) **Environment:** Company always strives hard to give importance to environmental issues in normal course of operations. Adherence to environmental and pollution control norms as per Maharashtra Pollution Control guidelines is of highest concern to the Company.

**39. Risk Management:**

The Company recognizes that risk is an integral part of business and is committed to managing the risks in a proactive and efficient manner. The Company periodically assesses risks in the internal and external environment, along with the cost of treating risks and incorporates risk treatment plans in its strategy, business and operational plans. The Company through its risk management process, strives to contain impact and likelihood of the risks within the risk appetite as agreed from time to time with the Board of Directors. The Board of Directors has developed and implemented Risk Management Policy for the Company. There are no risks which in the opinion of the Board threaten the existence of the Company. However, some of the risks which may pose challenges are set out in the Management Discussion and Analysis Report, which forms part of this report.

**40. Research and development:**

Your Company continuously makes significant investments in research and development (R&D) to develop products that the textile industry needs today and will need tomorrow. Your Company's in-house laboratories have produced a number of products that are used by textile industry around the world.

**41. Committees of Directors and Key Managerial Personnel:**

Composition of Audit Committee of Directors, Nomination and Remuneration Committee of Directors and Stakeholders Relationship / Grievance Committee of Directors, number of meetings held of each Committee during the financial year 2020-21 and meetings attended by each member of the Committee as required under the Companies Act, 2013 are provided in Corporate Governance Report forming part of the report.

**42. Corporate Social Responsibility (CSR):**

Your Company does not fall under the criteria of Corporate Social Responsibility as laid down under Section 135 of the Companies Act, 2013 and by virtue of above your Company has not initiated any initiative for the same.

**43. Cost Audit:**

Your Company does not fall under the eligibility criteria to conduct Cost Audit. Company has maintained Cost Records as required under Section 148 of the Companies Act, 2013 during the financial year 2020-21.

**44. Cautionary Statement:**

Statements in the Board's Report and the Management Discussion & Analysis describing the Company's objectives, expectations or forecasts may be forward-looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

**45. Listing:**

Your Company's shares are listed with The Bombay Stock Exchange (BSE Limited), Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001. (Stock Code - 504092). The Company confirms that it has paid the Annual Listing Fees for the year 2021-22 to BSE where the Company's Shares are listed.

**46. Appreciation:**

The Board of Directors is thankful to the employees, customers, vendors, investors of the Company for their continuous support and is grateful for the confidence and faith shown by them. Your Directors take this opportunity to place on record their sincere gratitude to the Banks, Central and State Government Departments and the Local Authorities for their guidance and support.

**For and on behalf of the Board**

**Sd/-**

**Mr. Mahendra K. Khatau**

**Chairman & Managing Director**

**DIN: 00062794**

**Place: Mumbai**

**Date: 13<sup>th</sup> August, 2021**

**ANNEXURE A**

**[Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

- i. The ratio of the remuneration of each Executive Director to the median remuneration of the employees of the Company for the financial year:

(Rs. in Lakhs)

Sr. No.	Particulars	Remuneration for the financial year ended 31 <sup>st</sup> March, 2021	Ratio of Remuneration to median remuneration of employees
1.	Mr. Mahendra K. Khatau, Chairman & Managing Director	53.71	8.20
2.	Mr. Manish M. Khatau, Whole-time Director	27.46	16.05

**Note:** The Non-executive Non-independent Directors of the Company are not paid any remuneration by the Company. The Independent Directors of the Company are entitled to sitting fees as per the statutory provisions and within the limits approved by the shareholders. The details of remuneration of Independent Directors are provided in the Corporate Governance Report.

- ii. The percentage increase in remuneration of each Executive Director, Chief Financial Officer, Company Secretary in the financial year is given below:

Executive Directors, Chief Financial Officer and Company Secretary	% increase / (decrease) in remuneration in the financial year
Mr. Mahendra K. Khatau - Chairman and Managing Director	(18.73)
Mr. Manish M. Khatau – Whole-time Director	(18.75)
Ms. Rupal B. Parikh – Chief Financial Officer	(10.49)
Mr. Rajesh D. Pisal – Company Secretary	(08.23)

- iii. The percentage increase in the median remuneration of employees in the financial year: (8.24%)
- iv. The number of permanent employees on the rolls of Company as on 31<sup>st</sup> March, 2021: 100
- v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there any exceptional circumstances for increase in the managerial remuneration:  
Average Percentile Increase for other than managerial personnel: (7.91%)  
Average Percentile Increase for managerial personnel: (14.05%)
- vi. It is affirmed that the remuneration paid during the period under review is as per the remuneration policy of the Company.

**ANNEXURE B****FORM NO. AOC – 2**

***[Pursuant to Section 134(3)(h) of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]***

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

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

No such transactions were entered during the financial year 2020-21.

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

The contracts or arrangements or transactions entered with the related parties during the financial year 2020-21 under review, were not material and the same were disclosed in the to accounts forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2021.

**For and on behalf of the Board**

**Sd/-**

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

**Place: Mumbai**

**Date: 13<sup>th</sup> August, 2021**



**ANNEXURE C**
**FORM A**

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

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

Particulars	For the financial year ended 31.03.2021	For the financial year ended 31.03.2020
<b>A. Power and Fuel Consumption</b>		
1. Electricity		
(a) Purchased Units in Lakhs	<b>3.64</b>	3.86
Total Amount – Rs. In Lakhs	<b>36.54</b>	39.64
Cost Rs. / Unit	<b>10.03</b>	10.27
(a) <b>Own Generation</b>		
(i) Through Diesel Generator Set: Units generated / Lakhs Units Per Ltr. of Diesel Oil Cost – Rs. / Unit Cost – Rs. / Unit	<b>N.A.</b>	N.A.
(ii) Through Steam Turbine / Generator		
2. Coal (specify quality and where used)	<b>N.A.</b>	N.A.
3. Furnace Oil Quantity – Ltrs.	<b>42606</b>	52379
Total Amount – Rs. In Lakhs	<b>16.53</b>	28.20
Average Rate – Rs. / Unit	<b>38.80</b>	53.84
1. Others / internal generation Gas - (000 NM <sup>3</sup> ) Total Amount – (Rs. in Lakhs) Average Rate – ( Rs. / NM <sup>3</sup> )	<b>N.A.</b>	N.A.
<b>B. Production / Consumption of:</b>	<b>For the financial year ended 31.03.2021</b>	For the financial year ended 31.03.2020
<b>Products</b>		
Dyes	MT	395.545
Sizing Chemicals	MT	6488.190
Auxiliaries	MT	1535.015
Capacitors	Units	431

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW OF ECONOMY, INDUSTRY STRUCTURE AND DEVELOPMENTS:

In 2020, the world experienced a crisis like no other and it is expected to continue in 2021. It will go into the history of mankind as a pandemic year marked by world changing moments that brought about paradigm-shift in terms of new normal and unprecedented disruption in health, education, trade and economy. The year tested human resilience in a formidable manner and worldwide it was fought through repeated lockdowns, closing international borders, stalling travel and public transport. The situation proved to be an eye-opener for the entire world in terms of available healthcare facilities which needed immediate intervention and build-up. The countries across the world faced the crisis with several policy interventions to fight COVID-19 pandemic, extending socio-economic support, strengthening their healthcare infrastructure, releasing guidelines on physical distancing, etc. An immediate scientific research and development associations was sought after and several vaccines were developed to combat the escalating situation. The World Bank estimated 4.3% contraction of the global economy in 2020. The pandemic has caused heavy toll on life and livelihood and pushed millions into poverty. This may impact economic activities and the income level for some time. Assuming success of the vaccine rollout, the World Bank indicated that the global economy will expand by 4% in 2021. However, the latest surge of Covid-19 infection in the leading economies may dent the expansion to some extent.

As we stare at the dreadful new Covid spike that has engulfed many states of India, it is natural to be downcast and fearful. Even before COVID, it was clear that real GDP growth was on a downward trend. Then came the full nationwide lockdown from 25 March 2020 right upto 8<sup>th</sup> June, 2020. GDP growth crashed by 24.4% in April-June 2020, which was the worst quarterly slump ever. July-September 2020 also posted a negative GDP growth of 7.3%. Then things slowly began to look up. For October-December 2020, GDP growth swung into the positive zone — tiny at 0.4% versus same quarter in the previous year, but positive nevertheless. The Indian economy contracted by more than 8% in FY21. The restricted mobility and social distancing measures severely impacted economic activities which triggered the slump in manufacturing sector, household consumption and increased unemployment rates. The people aggregating sectors such as travel and tourism, airlines are yet to witness a turnaround in their trajectory.

The size of the world Textile Dyestuff industry is estimated at US\$ 6.5 bn. and is growing at about 3%. China continues to be the largest manufacturer of dyes followed by India. The world market for high performance pigments is estimated at US\$ 5.5 bn. (constitutes both organic and inorganic pigments) and is expected to grow at about 4% in the coming years. The main user industries, namely, Textile, Paper, Paint and Coatings will continue to grow because of increasing demands from the middle-class population and increase in discretionary spending. The Company will participate in this growth by - i) increasing manufacturing and working capital efficiencies, ii) introducing new dyes, pigments, textile chemicals and products for non-textile applications, iii) broadening market reach in new geographies and iv) investing in newer capacities of existing and new products.

The global dyes and pigments market size was valued at US\$ 32.9 bn. in 2020 and is expected to grow at a compound annual growth rate (CAGR) of 5.1% from 2021 to 2028. Major producers are actively venturing into enhancing their products by utilizing advanced technologies for the efficient removal of hazardous pollutants during the manufacturing process. Manufacturers are likely to experience varied production costs due to volatility in the prices of raw materials.

The global Textile Dyes market is majorly segmented on the basis of types, application, fibers, and region. Based on types textile dyes market is segmented as Direct dyes, Acid dyes, Basic dyes, Fiber-reactive dyes, Vat dyes, Mordant dyes, Solvent dyes, Disperse dyes, and others (Sulphur dyes, Azoic colours, etc.). Based on application, of textile dyes the market is segmented into yarn dyeing, garment dyeing. Based on fiber the market segmented into cotton, wool, silk, nylon, viscose, and others (acrylic, jute etc.) and based on region market is segmented into North America, Europe, APAC, Latin America, Middle East & Africa.

Upsurge in production of textiles in developing countries to meet the rise in consumer demand, low cost of labor, and an increase in population are the various factors that drive the growth of the global textile dyes industry. However, the market growth is hampered due to implementation of various health & environment regulations toward the use of textile dyes. This is attributed to the fact that these dyes contain toxic substances such as arsenic, lead and heavy metals, which increase environmental pollution, thereby negatively impacting the growth of the textile dye industry.

Textile dyeing processes consume huge amount of water as a solvent. Hence, development of new processes that minimize the water wastage is anticipated to create a significant opportunity for the market growth.

Several industries within the manufacturing sector witnessed negative growth. The chemical industry also was no exception and growth was adversely impacted during the financial year. The outlook for the financial year 2021-22, continues to be challenging as COVID-19 epidemic, availability of inputs and rise in the crude oil prices can pose challenges for the industry.

**OPPORTUNITIES AND CHALLENGES:**

- The world market for textiles is growing and, therefore, the demand for dyes will continue to grow in future.
- Rising domestic demand in Textile Dyes and chemicals, India's attractiveness as a manufacturing destination and its improved ease of doing business are some factors that suggest possibility of further growth in the chemical industry.
- Government initiatives like 'Make in India' and FDI are further anticipated to aid the growth of the market over the coming years.
- The Indian Textile chemicals industry continues to be benefited due to availability of technically skilled manpower and competitive labour costs.
- Pollution and effluent problems have become the single biggest factor in restricting the growth of the textiles dyes industry in the developed nations. Tighter rules and regulations, strict laws and high standard for treatment of the effluents have forced these countries to look for better opportunities without sacrificing their interest. If India has to capitalize on these opportunities, then there seems to be no harm in encouraging this industry in the country provided proper measures are taken for effluent treatment.
- Shutdown of capacities in China due to the environmental issues is likely to continue in the near term. Most of the raw materials for textile dye stuffs is coming from China; due to the ongoing strict environment standards in place; there is an acute shortage of raw materials, leading to huge increase in prices. Main products affected are VAT dyes, Disperse dyes, Direct dyes, Pigment emulsions and Reactive dyes, etc.
- As per new environmental regulations of Government of China, higher environment standards have been made top priority wherein they will expand environmental inspections to more cities and regions in a fresh round of checks as part of a three-year anti-pollution plan. The regulations have had an adverse effect on the availability of raw materials for the industry. This has raised major concerns for us and impacted the rate of most of the products which has gone up steeply. Cost of few of the raw materials used in manufacturing of VAT, Pigment, Disperse and Basic Dyes have gone up abnormally. Another main reason for severe impact on profits was reduction in gross margin due to increase in raw materials input costs which could not be passed on to the customers.
- This increase in prices and shortage of raw materials is impacting production and thereby leading to abnormal increase in prices, which viciously again leads to increase in prices and shortage of raw materials. Fluctuations in foreign exchange and availability of raw materials may impact sales realizations. Treatment costs are expected to remain high because of stricter regulatory norms and increasing demand for cleaner and greener products from user industries.
- Risk of global economic slowdown as a result of the pandemic and rising trade tensions may impact the Textile Dyes and Chemicals sector as a whole.

The cost of compliance and complex regulatory process also impact operations economically. The ability to scale up, offering differentiated products through innovations, implementing effective sales and marketing strategy and maintaining high levels of regulatory standards will clearly separate winners from the crowds in this space.

**OVERVIEW OF COMPANY:-**

Indokem Limited is one of the leading manufacturing Company of Textiles Dyes and Chemicals and Exporter of related products. The manufacturing Index of the Company remained broadly positive; but had shown temporary weakness at the beginning of the year due to the COVID-19 pandemic. In spite of this, the Company has kept pace with the changes and there is tremendous growth in future.

- During F. Y. 2020-21, your Company achieved a turnover of Rs.79.24 Crores, which is a decrease of 12% as compared to last year, mainly due to lockdown imposed because of COVID-19 pandemic. Considering the pandemic situation, Company has done well which is not reflecting in figures.
- The Board of Directors of the Company, at its meeting held on 27<sup>th</sup> July, 2021, have considered and approved a Scheme of Amalgamation (the "Scheme") between the Company and Refnol Resins and Chemicals Limited ("RRCL"). The scheme contemplates the amalgamation of RRCL with the Company. The appointed date for the scheme is 1<sup>st</sup> April, 2021 or such other date as may be fixed or approved by the National Company Law Tribunal ("NCLT") as and when applicable.
- A second wave in 2021 has disrupted the nation's essential services and transport facilities. Production and business operations have been severely affected and brought to a standstill for another year.
- Company has invested in digitization by purchasing Laptops for the employees working from home, and ensured that work continued despite overall tough times. Company will continue to invest in digitization and modernization.
- Company has also invested in new machineries to manufacture new products range from Ambernath Units.
- Company has also invested in modernization of Effluent Treatment Plants of all the Ambernath Units.
- Company is continuously investing in Quality Control machinery in Laboratory and has qualified staff to meet global standards.
- IT system and infrastructure is being continuously monitored and enhanced with all required upgrades.
- Our major product has received Global Organic Textile Standard (GOTS) certification and successfully completed annual GOTS audit. GOTS is the worldwide leading textile processing standard for organic fibers, including ecological and social criteria, backed up by independent certification of the entire textile supply chain.
- Company has successfully registered maximum of its products under Zero Discharge of Hazardous Chemicals (ZDHC) certification.
- Company has been assessed and received ISO 45001:2008 certification during the year.
- Customers have shown great trust in our Reactive Dyes range of products and now we are focusing on Pigment Emulsions range for which there is less competition.
- Company is regularly investing in new and attractive Packing Material for the products which has shown better effects.
- Company is continuously investing in the registration and renewal of Trademarks to safeguard Intellectual Property Rights.
- New Corporate clients have shown faith in our products since last couple of years.

#### **FUTURE OUTLOOK:**

During the year, Indian economy witnessed significant slowdown due to lockdowns imposed due to COVID-19 pandemic, impacting consumer demand. The global trade tensions and credit squeeze in domestic market played a major role in driving down demand and growth expectations. Your Company expects to face COVID impact situation by harnessing the intrinsic strengths of its brands, innovation capabilities, and strong distribution network and cost efficiency programs. Currently there is uncertainty on pace of recovery of the economy, but Management is making sure that the organization remains fully energized during the period and ready to bounce back on the next opportunity. Your Company will be able to sustain any short term disruptions without affecting the long term strategy. During the year under review, the Company faced turbulence in the market and the same has been reflected in the results of the Company. The Company is taking all corrective measures to strengthen itself against the volatility and we hope that our commitment will continue to drive the Company, as we move forward.

#### **RISKS AND CONCERNS:**

- Chemicals industry is a highly regulated industry with stringent environmental norms. Any change in policy by the Government may have an adverse impact on the performance of the Industry. However, Indokem Limited

follows best in class process controls and systems, and hence we are always ready to adapt to any changes in the Government Regulations.

- Shutdown of capacities in China due to environmental issues leads to increase in price of input materials, which impacts Company's profitability to the extent that the same are not absorbed by the market through price increases and / or could have a negative impact on the demand in the market. The Company has started concentrating on supply chain Management system with focus on inventory Management to mitigate impact of fluctuation in the raw material prices.
- Huge fluctuation in the foreign exchange rates had an adverse impact on the Company's import and export transactions which finally impacted financials of the Company. Further rise in the crude oil prices has weakened Indian Rupee due to increase in import costs.
- As part of the global policy, the relevant parameters for all manufacturing sites are analyzed to minimize the risk associated with protection of environment, safety of operations and health of people at work. These are then monitored regularly with reference to statutory regulations prescribed by government authorities and guidelines defined by Indokem. The Company fulfills its legal requirements concerning emission, waste water and waste disposal. Improving work place safety continues to be top priority at all manufacturing units.
- The Company continues its focus on compliance in all areas of its business operations by rationalizing and strengthening controls. This is also an important component of Company's Code of Conduct. The Company has set in place the requisite mechanism for meeting with the compliance requirements and periodic monitoring to avoid any deviation. Company aims to set exemplary and sustainable standards, not only through products, services and performance, but also through integrity and behavior.

#### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. In order to supplement the internal control process, the Company has appointed an Internal Auditor who is authorised by the Audit Committee to assess the adequacy and compliance of internal control process and provide their report covering observations and recommendations. Based on the report of internal audit function, the Company undertakes corrective actions in their respective areas and thereby strengthens the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

Further, in compliance with the Companies Act, 2013, and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company has laid down a system of internal financial controls over financial reporting and adequacy and operating effectiveness of such controls. These controls are designed to provide a reasonable assurance regarding:

- Adherence to the Company's policies and procedures;
- Safeguarding assets;
- Prevention and detection of fraud and error;
- Reliability, completeness and accuracy of accounts;
- Timely reporting of information (financial, non-financial, internal and external).

#### **QUALITY MANAGEMENT SYSTEM:**

Your Company maintains its quality systems from lower level Management to higher level Management by imparting ethical standards in its approach and behavior and implementing the same in day to day business practices. The Company is complying with ISO, GOTS and ZDHC certification for its manufacturing units.

#### **HUMAN RESOURCE MANAGEMENT:**

Your Company has maintained good and cordial relations with all employees and continues to invest in the training and development of all. Company has not taken all steps for wellbeing of the employees in the COVID-19 pandemic, and has not taken any decision which adversely impact the job security or salaries of the employees. Company has also organized Vaccination facility for its employees and contract laborers; as well as provided Work from Home to all the employees other than employees of Production Department. The Board gives guidance to the Management

ensuring that the implications of safety and sustainability are addressed properly in all the strategic initiatives. Company considers its committed and talented workforce as one of its most critical assets and key to driving sustainable performance, growth and developing competitive advantage. The number of employees increased by 1 from 99 as on 31<sup>st</sup> March, 2020 to 100 as on 31<sup>st</sup> March, 2021.

**CAUTIONARY STATEMENT:**

Statements in the Management Discussion and Analysis describing the Company's objectives, expectations or forecast may be forward looking within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic supply and demand conditions affecting selling prices of finished goods, input availability and prices, changes in Government regulations, tax laws, economic developments with the country and other factors such as litigations and industrial relations.

**CONCLUSION:**

Your Company has already turned around and expects further growth in its performance in coming year on account of several initiatives taken by the Company in improving plant efficiency, new product developments and focus on Research and Development. We have come a long way from where we had begun and we continue to set new benchmarks for ourselves in order to constantly improve our performance. To summarise, your Company is optimistic for the growth in the medium term in revenues as well as operating margins.

**For and on behalf of the Board**

**Sd/-**

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

**Place: Mumbai  
Date: 13<sup>th</sup> August, 2021**

## CORPORATE GOVERNANCE REPORT

### COMPLIANCE REPORT FOR THE FINANCIAL YEAR 2020-21:

The Company is committed towards following the best governance practices and maintaining a culture within the organization, which promotes an overall development and not just a materialistic approach. This report is prepared in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 'SEBI Listing Regulations, 2015', and the Company has complied with the spirit of the Regulations:

#### I. COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY:

The Company continues to lay great importance on the adoption of best compliance practices and maintenance of transparency at all levels of the hierarchy. At Indokem Limited, it is imperative that the Company's affairs are managed in a fair and transparent manner.

We, at Indokem, ensure that we evolve and follow the Corporate Governance guidelines and best practices. We consider it our inherent responsibility to disclose timely and accurate information regarding our financials and performance as well as the leadership and governance of the Company.

#### II. BOARD OF DIRECTORS:

- i. As on 31<sup>st</sup> March, 2021, the Company has six Directors. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations, 2015 read with Section 149 of the Companies Act, 2013.
- ii. None of the Directors on the Board holds Directorship in more than ten Public Companies. Further, none of them is a member in more than ten Committees or Chairman of more than five Committees across all the Public Companies in which he / she is a Director. Necessary disclosures regarding Committee positions in other Public Companies as on 31<sup>st</sup> March, 2021 have been made by the Directors. None of the Directors are related to each other except Mr. Mahendra K. Khatau, Mrs. Asha M. Khatau and Mr. Manish M. Khatau.
- iii. Independent Directors are Non-executive Directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations, 2015 read with Section 149 (6) of the Companies Act, 2013. The maximum tenure of Independent Directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations, 2015 read with Section 149 (6) of the Companies Act, 2013.
- iv. The Board met 4 times during the year on 16<sup>th</sup> July, 2020, 25<sup>th</sup> August, 2020, 10<sup>th</sup> November, 2020 and 12<sup>th</sup> February, 2021 and the gap between two meetings was in compliance with the relaxations /circulars issued by the Ministry of Corporate Affairs (MCA) and SEBI during the financial year 2020-21 due to widespread COVID-19 Pandemic. The necessary quorum was present for all the meetings.
- v. The Board periodically reviews the compliance reports of all laws applicable to the Company, prepared by the Company.
- vi. During the Audit Committee and Board Meetings, the Chairman and Company Secretary gives extensive briefings to the Board members on the business of the Company and on various financial, legal & compliance issues.
- vii. The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and at the last Annual General Meeting (AGM) and the number of Directorship and Committee Chairmanships / Memberships held by them in other Public Limited Companies as on 31<sup>st</sup> March, 2021 are given herein below:



Name and Category of the Director		Attendance particulars		Number of Directorship (s) held in Indian public limited Companies (including Indokem Ltd.)	Committee(s) position (including Indokem Ltd.)	
		Board Meeting	Last AGM		M	C
1	Mr. Mahendra K. Khatau Chairman & Managing Director – Promoter	4	Yes	3	1+1	4+2
2	Mr. Manish M. Khatau Whole-time Director – Promoter	4	Yes	1	3	-
3	Mrs. Asha M. Khatau Non-executive Director – Promoter	4	Yes	3	2+1	0+2
4	Mr. Kailash Pershad Non-executive Independent Director	4	Yes	2	3+0	1+0
5	Mr. Rajagopalan Sessa Non-executive Independent Director	1	No	2	3+2	-
6	Mr. Bhalchandra Sontakke Non-executive Independent Director	3	Yes	2	2+2	2+2
7	Mr. Rahul Singh Non-executive Independent Director	3	Yes	3	3+2+1	0+0+1

\* Excludes Directorships held in Private Limited Companies, Foreign Companies and Section 8 Companies.

- viii. Details of Equity Shares of the Company held by Non-executive Directors as on 31<sup>st</sup> March, 2021 are given below:

Name of the Directors	Category	Number of equity shares
Mrs. Asha M. Khatau	Non-executive Director	45,243
Mr. Kailash Pershad	Non-executive Independent Director	NIL
Mr. Bhalchandra Sontakke	Non-executive Independent Director	NIL
Mr. Rahul Singh	Non-executive Independent Director	NIL

The Company has not issued any convertible instruments to any of the Non-executive Directors.

**Details of Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting:**

Mrs. Asha Mahendra Khatau (DIN: 00063944), Non-executive Director is liable to retire by rotation at the ensuing AGM and being eligible offers herself for re-appointment.

Profile of Mrs. Asha Mahendra Khatau as required under Regulation 36(3) of the SEBI Listing Regulations, 2015 and Companies Act, 2013 is given as Annexure to the Notice of the AGM to be held on 30<sup>th</sup> September, 2021.

**Core Skills/ Expertise/ Competencies Available with the Board:**

In terms of requirement of Listing Regulations, 2015, the Board has identified the following core skills / expertise / Competencies of the Directors in the context of the Company's business for effective functioning as given below:

<u>Director</u>	<u>Industry Knowledge</u>	<u>Leadership</u>	<u>Expertise and Experience in Finance</u>	<u>Strategy and Planning</u>	<u>Board Governance</u>	<u>Merger and Acquisition</u>	<u>Exposure in Policy Shaping and Industry Advocacy</u>	<u>Sales and Marketing</u>
Mahendra K. Khatau	✓	✓	✓	✓	✓	✓	✓	✓
Asha M. Khatau	✓	✓	✓	✓	✓	✓	✓	✓
Manish M. Khatau	✓	✓	✓	✓	✓	✓	✓	✓
Kailash Pershad	✓	✓	✓	✓	✓	✓	✓	✓
B. G. Sontakke	✓	✓	✓	✓	✓	✓	✓	
Rahul Singh	✓	✓	✓	✓	✓	✓	✓	

### III. COMMITTEES OF THE BOARD:

There are six Board Committees which comprise of four Statutory Committees and two other Committees that have been formed considering the needs of the Company and best practices in Corporate Governance as on 31<sup>st</sup> March, 2021 which are as follows:

#### 1. AUDIT COMMITTEE:

The terms of reference, category and composition of the Committee and meetings and attendance details of the members are given below:

<b>Extract of terms of reference</b>	<b>Category and Composition</b>		<b>No. of meetings attended</b>
	<b>Name</b>	<b>Category</b>	
<p>The Audit Committee of the Board is constituted in line with the provisions of Regulation 17 of SEBI Listing Regulations, 2015 and Section 177 of the Companies Act, 2013.</p> <ul style="list-style-type: none"> <li>➤ Oversight of financial reporting process.</li> <li>➤ Review the audit of Company's financial statements.</li> <li>➤ Evaluation of internal financial controls and risk management systems.</li> <li>➤ Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company.</li> <li>➤ The Company's risk management policies.</li> <li>➤ To review and monitor the functioning of Vigil Mechanism and actions taken in respect thereof.</li> </ul>	Mr. Kailash Pershad	Chairman (Non-executive / Independent Director)	4
	Mr. Rahul Singh	Member (Non-executive / Independent Director)	2
	*Mr. Rajagopalan Sesha	Member (Non-executive / Independent Director)	1
	Mr. Bhalchandra Sontakke	Member (Non-executive / Independent Director)	3
	Mr. Mahendra K. Khatau	Member (Chairman & Managing Director)	4

The Company Secretary acts as the Secretary to the Committee.

\* Mr. Rajagopalan Sesha expired on Monday 27<sup>th</sup> July, 2020 due to cardiac arrest.

**No. of meetings held:** Four meetings of Audit Committee of the Board of Directors were held during the Financial year ended 31<sup>st</sup> March, 2021.

**Dates:** 16<sup>th</sup> July, 2020, 25<sup>th</sup> August, 2020, 10<sup>th</sup> November, 2020 and 12<sup>th</sup> February, 2021.

**2. NOMINATION AND REMUNERATION COMMITTEE:**

In compliance with the provisions of Regulation 19 of the SEBI Listing Regulations, 2015 and Section 178 of the Companies Act, 2013 the Company has adopted a policy which deals with the manner of Nomination, Remuneration and Evaluation of the Board of Directors, Key Managerial Personnel and employees in Senior Management. The policy has been posted on the Company's website at [www.indokem.co.in](http://www.indokem.co.in).

The terms of reference, category and composition of the Committee and meetings and attendance details of the members are given below:

Extract of terms of reference	Category and Composition		No. of meetings attended
	Name	Category	
The Nomination and Remuneration Committee of the Board is constituted in line with the provisions of Regulation 19 of SEBI Listing Regulations, 2015 and Section 178 of the Act. ➤ Recommend to the Board the setup and composition of the Board and its Committees. ➤ Recommend to the Board the appointment / re- appointment of Directors and Key Managerial Personnel. ➤ Recommend to the Board the Remuneration Policy for Directors, Executives, Key Managerial Personnel and senior Management employees. ➤ Oversee familiarization programmes for the Directors.	Mr. B. G. Sontakke	Chairman (Non-executive / Independent)	1
	Mr. Kailash Pershad	Member (Non-executive / Independent)	1
	Mr. Rahul Singh	Member (Non-executive / Independent)	0

**No. of meetings held:** One meeting of Nomination and Remuneration Committee of the Board of Directors was held on 25<sup>th</sup> August, 2020 during the financial year ended 31<sup>st</sup> March, 2021.

**POLICY ON NOMINATION, REMUNERATION AND EVALUATION:**
**A. Performance Evaluation:**

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, 2015 the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of the Audit Committee and Nomination and Remuneration Committee. A structured questionnaire was prepared, after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, execution and performance of specific duties, obligation and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

**B. Familiarization Program for Independent Directors:**

In compliance with Regulation 25 (7) of SEBI Listing Regulations, 2015 and Schedule IV of Companies Act, 2013, the Board of Directors has approved a Policy "Familiarization Program for Independent Directors". The Policy has been posted on the website of the Company at [www.indokem.co.in](http://www.indokem.co.in)

In compliance with the provisions of Schedule II (D) of the SEBI Listing Regulations, 2015 and Section 178 of the Companies Act, 2013, the Company has adopted a policy which deals with the manner of Nomination,

Remuneration and Evaluation of the Board of Directors, Key Managerial Personnel and employees in Senior Management. The policy has been posted on the website of the Company at [www.indokem.co.in](http://www.indokem.co.in)

**C. Criteria for Appointment of Director, Key Managerial Personnel (KMP) and Senior Management:**

- i. Criteria for qualifications, positive attributes and independence of Directors, KMP & Senior Management Personnel.
- ii. Identifying candidates who are qualified to become Directors, KMP & Senior Management Personnel.

**D. Remuneration of Directors:**

**i. Remuneration to Executive Directors:**

Remuneration paid to the Executive Directors is recommended by the Nomination and Remuneration Committee, approved by the Board and is subject to the overall limits as approved by the shareholders.

Details of remuneration paid / payable to the Executive Directors for the year ended 31<sup>st</sup> March, 2021 are given below:

(Amount in ₹)

Sr. No.	Particulars	Mr. Mahendra K. Khatau (Chairman and Managing Director)	Mr. Manish M. Khatau (Whole-time Director)
1	Salary	3,00,000/-	1,10,000/-
2	House Rent Allowance	1,50,000/-	85,000/-
3	House Maintenance Allowance / City Compensatory Allowance	80,000/-	74,520/-
4	Reimbursement of Gas Electricity and other utility	15,000/-	NIL
5	Medical Reimbursement	5,000/-	6,000/-
6	Leave Travel Concession	5,000/-	6,000/-
7	Provident Fund	NIL	13,200/-
8	Gratuity @ 4.8 % of basic	14,400/-	5,280/-
	<b>Total</b>	<b>5,69,400/- pm.</b>	<b>3,00,000/- pm.</b>
1	Service Contract	5 Years	3 Years
2	Notice Period	3 months	3 months

**ii. Sitting Fees paid to Non-executive Directors and Independent Directors:**

During the year 2020-21, the Company paid fees of Rs.7,500/- per meeting to its Non-executive Directors and Independent Directors for attending meetings of Board and meetings of Committees of the Board.

Details of total sitting fees paid / payable to the Non-executive Directors and Independent Directors for the year ended 31<sup>st</sup> March, 2021 are given below:

(Amount in ₹)

Name of Director	Sitting Fees Paid		
	Board Meeting	Audit Committee Meeting	Nomination and Remuneration Committee
<b>Non-executive Director</b>			
Mrs. Asha M. Khatau	22,500	-	-
<b>Non-executive Independent Directors</b>			
Mr. Kailash Pershad	30,000	30,000	7,500
Mr. Rajagopalan Sessa	7,500	7,500	-
Mr. Bhalchandra Sontakke	22,500	22,500	7,500
Mr. Rahul Singh	22,500	15,000	-

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

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

### 3. STAKEHOLDERS RELATIONSHIP COMMITTEE:

The terms of reference, category and composition of the Committee and meetings and attendance details of the members are given below:

Extract of terms of reference	Category and Composition		No. of meetings attended
	Name	Category	
The Stakeholders Relationship Committee of the Board is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations, 2015 and Section 178 of the Companies Act, 2013. ➤ Consider and resolve the grievances of security holders. ➤ Consider and approve issue of share certificates, transfer and transmission of securities, etc.	Mr. Bhalchandra Sontakke	Chairman (Non- executive / Independent)	3
	Mr. Kailash Pershad	Member (Non-executive / Independent)	4
	Mr. Rajagopalan Sessa	Member (Non-executive / Independent)	1
	Mr. Rahul Singh	Member (Non-executive / Independent)	2

The Company Secretary acts as the Secretary to the Committee.

**No. of meetings held:** Four meetings of Stakeholders Relationship Committee of the Board of Directors were held during the financial year ended 31<sup>st</sup> March, 2021.

**Dates:** 16<sup>th</sup> July, 2020, 25<sup>th</sup> August, 2020, 10<sup>th</sup> November, 2020 and 12<sup>th</sup> February, 2021.

#### E. Name, designation and address of Compliance Officer:

**Mr. Rajesh D. Pisal**

**General Manager - Legal & Company Secretary**

Indokem Limited

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

Telephone: 91 22 6123 6711 Email: [iklsecretarial@gmail.com](mailto:iklsecretarial@gmail.com)

#### F. Details of investors complaints received during the year 2020-21 are as follows:

No. of complaints received at the beginning of the year	00
No. of complaints received during the year	00
No. of complaints resolved during the year	00
No. of complaints pending at the end of the year	00

All the complaints were duly resolved within stipulated time limits.

**4. RISK MANAGEMENT COMMITTEE:**

The terms of reference, category and composition of the Committee and meetings and attendance details of the members are given below:

Extract of terms of reference	Category and Composition		No. of meetings attended
	Name	Category	
The Risk Management Committee of the Board is constituted in line with the provisions of Regulation 21 of SEBI Listing Regulations, 2015. ➤ Frame implement and monitor the risk management plan for the Company.	Mr. Mahendra K. Khatau	Chairman (Chairman & Managing Director)	-
	Mr. Manish M. Khatau	Member (Whole-time Director)	-
	Mrs. Asha M. Khatau	Member (Non-executive Director)	-

**No. of meetings held:** NIL

**5. SHARE TRANSFER COMMITTEE:**

The terms of reference, category and composition of the Committee and meetings and attendance details of the members are given below:

Extract of terms of reference	Category and Composition		No. of meetings attended
	Name	Category	
➤ 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 in accordance with request received from our members with the help of our Registrar and Share Transfer Agent (RTA), Link Intime India Private Limited	Mr. Mahendra K. Khatau	Chairman (Chairman & Managing Director)	-
	Mr. Manish M. Khatau	Member (Whole-time Director)	-
	Mr. Bhalchandra Sontakke	Member (Non-executive / Independent)	-

**No. of meetings held:** No meeting of Share Transfer Committee of the Board of Directors was held during the financial year ended 31<sup>st</sup> March, 2021.

**6. COMMITTEE OF BOARD OF DIRECTORS:**

The terms of reference, category and composition of the Committee and meetings and attendance details of the members are given below:

Extract of terms of reference	Category and Composition		No. of meetings attended
	Name	Category	
The Committee of Board of Directors is constituted to look after such matters as may be delegated by the Board from time to time.	Mr. Mahendra K. Khatau	Chairman (Chairman & Managing Director)	8
	Mr. Manish M. Khatau	Member (Whole-time Director)	8
	Mrs. Asha M. Khatau	Member (Non-executive Director)	8

**No. of meetings held:** Eight meetings of Committee of the Directors were held during the financial year ended 31<sup>st</sup> March, 2021.

**Dates:** 30<sup>th</sup> July, 2020, 15<sup>th</sup> September, 2020, 15<sup>th</sup> December, 2020, 20<sup>th</sup> January, 2021, 27<sup>th</sup> January, 2021, 1<sup>st</sup> March, 2021, 23<sup>rd</sup> March, 2021, and 31<sup>st</sup> March, 2021.

**IV. GENERAL BODY MEETINGS:**
**A. Details of Annual General Meetings held during the preceding 3 years and Special Resolution passed thereat is given below:**

<b>54<sup>th</sup> Annual General Meeting</b>
<b>Date and Time:</b> 29 <sup>th</sup> September, 2020 at 3:00 P.M.
<b>Venue:</b> Through Video Conferencing ("VC")/Other Audio Visual Means ("OVAM").
<b>Details of Special Resolution passed:</b>
<ol style="list-style-type: none"> <li>Resolution under Section 188 of Companies Act, 2013 for entering into related party transactions.</li> <li>Resolution for re-appointment of Mr. Manish M. Khatau, Whole Time Director of the Company for a period of 3 years under the provisions of Section 196, 197, 203 of the Companies Act, 2013 read with Schedule V to the Act.</li> </ol>

<b>53<sup>rd</sup> Annual General Meeting</b>
<b>Date and Time:</b> 30 <sup>th</sup> September, 2019 at 3:00 P.M.
<b>Venue:</b> Plot No. 410 / 411, Khatau House, Mogul Lane, Mahim (West), Mumbai – 400 016.
<b>Details of Special Resolution passed:</b>
<ol style="list-style-type: none"> <li>Resolution under Section 188 of Companies Act, 2013 for entering into related party transactions.</li> </ol>

<b>52<sup>nd</sup> Annual General Meeting</b>
<b>Date and Time:</b> 28 <sup>th</sup> September, 2018 at 3:00 P.M.
<b>Venue:</b> Plot No. 410 / 411, Khatau House, Mogul Lane, Mahim (West), Mumbai – 400 016.
<b>Details of Special Resolution passed:</b>
<ol style="list-style-type: none"> <li>Resolution under Section 188 of Companies Act, 2013 for entering into related party transactions.</li> <li>Resolution for re-appointment of Mr. Kailash Pershad, Independent Director of the Company for a second term of 5 consecutive years under the provisions of Section 149, 150, 152 of the Companies Act, 2013 read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI Listing Regulations, 2015.</li> <li>Resolution for re-appointment of Mr. Bhalchandra Sontakke, Independent Director of the Company for a second term of 5 consecutive years under the provisions of Section 149, 150, 152 of the Companies Act, 2013 read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI Listing Regulations, 2015.</li> <li>Resolution for re-appointment of Mr. Rajagopalan Sesha, Independent Director of the Company for a second term of 5 consecutive years under the provisions of Section 149, 150, 152 of the Companies Act, 2013 read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI Listing Regulations, 2015.</li> </ol>

**B. Postal Ballot:**
**1. Resolutions passed through Postal Ballot:**

There were no resolutions passed through postal ballot during the financial year ended 31<sup>st</sup> March, 2021.

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

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

**3. Procedure for postal ballot:**

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

**C. E-voting facility:**

E-voting facility was offered to all the members to enable them to cast their votes electronically, instead of dispatching the Ballot Form by post.



**II. COMPANY POLICIES:**

All the below stated policies are available on the website of the Company at [www.indokem.co.in](http://www.indokem.co.in)

**1. Whistle Blower Policy:**

The Company has adopted The Whistle Blower Policy, as part of Vigil Mechanism to provide appropriate avenues to the Directors and employees to bring the attention of the Management to any issue, which is perceived to be in violation of or in conflict. The Whistle Blower Policy aims to encourage all employees to inform the Company regarding any kind of misuse of Company property, mismanagement or wrongful conduct prevailing in the Company and no personnel has been denied access thereto. The disclosure would be sent to the Chairman of the Audit Committee / the 'Ombudsman' who would investigate and recommend to the Management of the Company to take such disciplinary or corrective action as may be deemed fit. Proper measures are taken to ensure the confidentiality of the whistle blower.

**2. Policy dealing with Related Party Transactions:**

The Board of Directors of the Company has adopted the policy and procedures with regard to Related Party Transactions. This policy specifically deals with the review and approval of Material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions. All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for Related Party Transactions on a yearly basis for transactions, which are of repetitive nature and/ or entered in the ordinary course of business and are at Arm's Length.

**3. Policy for preservation of documents:**

The Policy for preservation of documents has been framed under Regulation 9 of Chapter III Schedule II (D) of the SEBI Listing Regulations, 2015. The Company is required to preserve documents of the Company. The purpose of this Policy is to ensure that all the necessary documents and records of the Company are adequately protected and preserved as per the statutory requirements and to ensure that the records of the Company which are no longer needed or are of no value are discarded after following the due process for discarding the same. This Policy is also for the purpose of aiding employees of the Company in understanding their obligations in retaining and preserving the documents and records which are required to be maintained as per the applicable statutory and regulatory requirement.

**4. Archival Policy for any Material Event / Information disclosed to the Stock Exchange:**

The Board of Directors of the Company has adopted the following Archival Policy with regard to any Material Events or Information in terms of Regulation 30 of the SEBI Listing Regulations, 2015 that are disclosed to the Stock Exchange in terms of the Company's Policy for Determination of Materiality of any event and information. The purpose of this Policy is to archive any of the material events or information, which is disclosed by the Company to the Stock Exchange for a period of five years. Any disclosure of events or information, which has been submitted by the Company to the Stock Exchange under Regulation 30 of the SEBI Listing Regulations, 2015 and Policy of the Company (Disclosed Information), will be available on the website of the Company for a period of five years from the date of its disclosure. Disclosed Information which is over five years old will be archived from the Website of the Company. Anyone intending to review this disclosed information may write to the Compliance Officer of the Company.

**5. Policy on Prevention of Sexual Harassment at Workplace:**

The policy on Prevention of Sexual Harassment at Workplace applies to all categories of employees of the Company, including permanent Management and workmen, temporaries, trainees and employees on contract basis at their workplace or at client sites. The Company will not tolerate sexual harassment, if engaged in by clients or by suppliers or any other business associates. In conclusion, the Company reiterates its commitment to providing its employees, a workplace free from harassment/ discrimination and where every employee is treated with dignity and respect.

**6. Policy for Determination of Materiality:**

The Board of Directors of the Company has adopted the following policy and procedures with regard to disclosure of events / information (Material) of the Company. This policy is framed keeping in view the requirement of Regulation 30 of SEBI Listing Regulations, 2015. The Company is required to make disclosures of any events or information, which, in the opinion of the Board of Directors of the Listed Company, is material to the Company. The purpose of this Policy is to determine Materiality of Events and Information based on criteria specified under Regulation 30(4)(i) of the SEBI Listing Regulations 2015 and to ensure that the Company shall make disclosure of events / information specified in para A and B of Part A of Schedule III of the SEBI Listing Regulations, 2015 to the Stock Exchange.

**7. Prevention of Insider Trading Code:**

As per SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a revised Code of Conduct for Prevention of Insider Trading & Code of Corporate Disclosure Practices. All the Directors, employees and third parties such as auditors, consultants, etc. who could have access to the unpublished price sensitive information of the Company are governed by this code. The trading window is closed during the time of declaration of results and occurrence of any material events as per the code. The Company has appointed Mr. Rajesh D. Pisal, Company Secretary and Compliance Officer who is responsible for setting forth procedures and implementation of the code for trading in Company's securities.

**III. DISCLOSURES:**
**1. Related Party Transactions:**

- i. All transactions entered into with Related Parties as defined under Companies Act, 2013 and Regulation 23 of the SEBI Listing Regulations, 2015 during the financial year 2020-21 were undertaken in compliance with the aforesaid regulatory provision;
- ii. There were no materially significant transactions with related parties during the financial year 2020-21 which were in conflict with the interest of the Company; the Board has approved a policy for related party transactions which has been uploaded on the website of the Company and can be accessed at [www.indokem.co.in](http://www.indokem.co.in)
- iii. For related party transactions, refer Note No. 28 of to Accounts annexed to the Financial Statements.

**2. Code of Conduct:**

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

**3. Vigil Mechanism:**

The Company has established a Vigil Mechanism, which includes Whistle Blower Policy, for its Directors and Employees, to provide a framework to facilitate responsible and secure reporting of concerns of unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct & Ethics. The details of establishment of Vigil Mechanism / Whistle Blower Policy are posted on the website of the Company at [www.indokem.co.in](http://www.indokem.co.in) No Director / Employee has been denied access to the Audit Committee.

**4. Details of remuneration paid to the statutory auditors:**

The details of total fees for all services paid by the Company to the statutory auditors are as follows:

<b>Payment to Statutory Auditors and its Network Firms</b>	<b>31<sup>st</sup> March, 2021 (Rs. in lakhs)</b>
Audit and Limited Review Fee	5
Tax Audit	1
In other capacity - Other Services	10
Reimbursement of Expenses	0
<b>Total</b>	<b>16</b>

**IV. DISCLOSURES ON WEBSITE:**

Company's official website [www.indokem.co.in](http://www.indokem.co.in) provides comprehensive information about Company's business. The website has entire section dedicated to Company's profile, its core values, Corporate Governance, etc. which enables shareholders to access information at their convenience.

The Annual Report of the Company, quarterly / half yearly and the annual results and the press release and other documents of the Company are placed on the official website of the Company and the same can be downloaded.

Following information has been disseminated on the Website of the Company.

1. Details of business of Company
2. Terms and Conditions of appointment of Independent Directors
3. Composition of various Committees of Board of Directors
4. Code of conduct for Board of Directors and Senior Management Personnel
5. Details of establishment of Vigil Mechanism / Whistle Blower Policy
6. Policy on dealing with Related Party Transactions
7. Details of Familiarization Programmes imparted to Independent Directors
8. Policy for determining Materiality of Events
9. Policy for Preservation of Documents
10. Prevention of Insider Trading Rules, 2015
11. Code of Practices and Procedures for Fair Disclosure of UPSI
12. Policy on Nomination, Remuneration and Evaluation
13. Board Performance and Evaluation Policy
14. Policy on Prevention of Sexual Harassment at Workplace
15. Archival Policy for any Material Event / Information disclosed to the Stock Exchange

**V. COMPLIANCE WITH MANDATORY / NON-MANDATORY REQUIREMENTS:**
**1. Mandatory Requirements:**

The Company has complied with the applicable mandatory requirements of the SEBI Listing Regulations, 2015.

**2. Non-mandatory Requirements:**
**i. The Board:**

The Company presently has an Executive Chairman.

**ii. Shareholder Rights:**

The quarterly / half yearly and yearly financial results were published in one regional language (Marathi) newspaper and one English newspaper. These were not sent individually to the shareholders.

**iii. Modified Opinion(s) in audit report:**

There is no audit modification in the financial statements of the Company for the financial year ended 31<sup>st</sup> March, 2021.

**iv. Separate post of Chairman and CEO:**

The Company has same person as Chairman and Managing Director.

**v. Reporting of Internal Auditor:**

Internal Auditors are invited to the meetings of the Audit Committee wherein they report directly to the Committee.

**VI. MEANS OF COMMUNICATION:**

The quarterly, half yearly and annual financial results of the Company are sent out to the BSE Ltd. where the securities of the Company are listed, immediately after they are approved by the Board. The results are thereby published in leading newspapers in India which includes The Global Times (Marathi edition) and Business Standard (English Edition). The results are simultaneously posted on the website of the Company at [www.indokem.co.in](http://www.indokem.co.in). The official news releases of the Company are displayed on the website of the Company and on the website of BSE Ltd.

The Company has designated email ID - [iklsecretarial@gmail.com](mailto:iklsecretarial@gmail.com) exclusively for investor servicing and the contact details with respect to Investor Grievance has been provided on the website of the Company at [www.indokem.co.in](http://www.indokem.co.in) Management Discussion and Analysis Report is a part of the Company's Annual Report.

**VII. GENERAL SHAREHOLDER INFORMATION:**
**1. Annual General Meeting for F. Y. 2020-21:**

Date : 30<sup>th</sup> September, 2021  
 Time : 3:00 P.M.  
 Venue : Through Video Conferencing / Other Audio Visual Means.

**2. Financial Calendar:**

Financial Year	1 <sup>st</sup> April, 2020 to 31 <sup>st</sup> March, 2021
Date of AGM:	30 <sup>th</sup> September, 2021
Date of Book Closure	Friday, 24 <sup>th</sup> September, 2021 to Thursday, 30 <sup>th</sup> September, 2021
Dividend payment Date	The Company has not declared any dividend during last three years.

**3. Listing on Stock Exchanges:**

The Equity Shares of the Company are listed on BSE Limited  
 The BSE Limited  
 25th Floor, P. J. Towers,  
 Dalal Street, Mumbai – 400 001

**4. Stock Code:**

BSE Limited: 504092

**5. ISIN for Equity Shares:**

INE716F01012

**6. Market Price Data:**

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

Month	High (Rs.)	Low (Rs.)
April, 2020	9.70	6.42
May, 2020	8.30	6.78
June, 2020	8.80	6.46
July, 2020	11.77	8.06
August, 2020	16.54	9.50
September, 2020	13.64	10.08
October, 2020	12.79	10.34
November, 2020	13.65	10.40
December, 2020	21.25	11.62
January, 2021	28.95	21.30
February, 2021	24.50	20.00
March, 2021	25.70	21.10

**7. Performance of the share price of the Company in comparison to the BSE Sensex:**

**8. Registrar and Transfer Agents:**

Name and Address: Link Intime India Private Limited  
 C-101, 247 Park, L.B.S. Marg,  
 Vikhroli (West), Mumbai – 400 083.  
 Telephone: 49186270.  
 Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) Website: [www.linkintime.co.in](http://www.linkintime.co.in)

**9. Address for acceptance of documents:**

- i. Share Transmission in physical form and other communication in that regard, including share certificates and change of address etc. may be addressed to our Registrar and Share Transfer Agents at the address mentioned above.
- ii. Shareholders may also contact Compliance Officer of the Company, Indokem Limited, Plot No. 410 / 411, Khatau House, Mogul Lane, Mahim (West), Mumbai – 400 016.

**10. Share Transfer System:**

Link Intime India Private Limited, the Registrar and Share Transfer Agents looks after the share transfer. Securities and Exchange Board of India has barred physical transfer of shares of listed Companies effective from April 01, 2019 and mandated the share transfer only through Electronic mode. However, the above decision does not prohibit the investor from holding the shares in physical form; investor has the option of holding shares in physical form even after April 01, 2019. Also the Board Decision is not applicable for transmission (i.e. transfer of title of shares by way of inheritance / succession) and transposition (i.e. re- arrangement / interchanging of the order of name of shareholders) cases.

The Company obtains half yearly certificate of compliance with the share transfer formalities as required under Regulation 40(10) of the Listing Agreement with Stock Exchanges from a Company Secretary in Practice, and files a copy of the certificate with the Stock Exchanges where Company's shares are listed.

As required by SEBI, a Reconciliation of Share Capital Audit is conducted on a quarterly basis by a Practicing Company Secretary and Certificate issued in this regard is forwarded to the Stock Exchange.

**11. Shareholding pattern as on 31<sup>st</sup> March, 2021:**

Sr. No.	Category	No. of Shares held	(%) of Shareholding
1.	Promoters and Promoter group	17253011	70.93
2.	Banks / Financial Institutions and Insurance Cos.	54775	0.23
3.	Private Corporate Bodies	138510	0.57
4.	Indian Public / HUF / Clearing Members	6703137	27.55
5.	NRIs / OCBs / Foreign Nationals	176167	0.72
6.	Others	0	0.00
<b>Total</b>		<b>24325600</b>	<b>100.00</b>

**12. Distribution of Shareholding as on 31<sup>st</sup> March, 2021:**

Shares of Nominal Value	No. of Shareholders	(%) of Shareholders	No. of Shares	(%) of Shares
Up to – 5,000	25235	99.42	4726389	19.43
5,001 – 10,000	71	0.28	478232	1.97
10,001 – 20,000	40	0.16	532973	2.19
20,001 – 30,000	8	0.03	197417	0.81
30,001 – 40,000	6	0.02	204715	0.84
40,001 – 50,000	3	0.01	133636	0.55
50,001 – 1,00,000	7	0.03	493560	2.03
100,001 and above	13	0.05	17558678	72.18
<b>Total</b>	<b>25383</b>	<b>100.00</b>	<b>24325600</b>	<b>100.00</b>

**13. Dematerialisation of Shares as on 31<sup>st</sup> March, 2021:**

Dematerialised Form	Equity Shares of Rs. 10 each	
	Number of Shares	% of total
NSDL	6202338	25.50%
CDSL	15048258	61.86%
Physical Form	3075004	12.64%
<b>Total</b>	<b>24325600</b>	<b>100.00</b>

**14. Company has not issued any GDRs / ADRs / Share Warrants or any Convertible Instruments.**
**15. Commodity price risk or foreign exchange risk and hedging activities:**

The Company being a sizable user of commodities, exposes it to the price risk on account of procurement of commodities. However, there are no hedging instruments available to specifically mitigate the risk. In respect of foreign exchange risk the Company proposes to use foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to its commitments.

**16. Address for Correspondence:**
**Indokem Limited**

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

**Telephone:** 6123 6767

**Designated e-mail address for Investor Services:** [iklsecretarial@indokem.co.in](mailto:iklsecretarial@indokem.co.in)

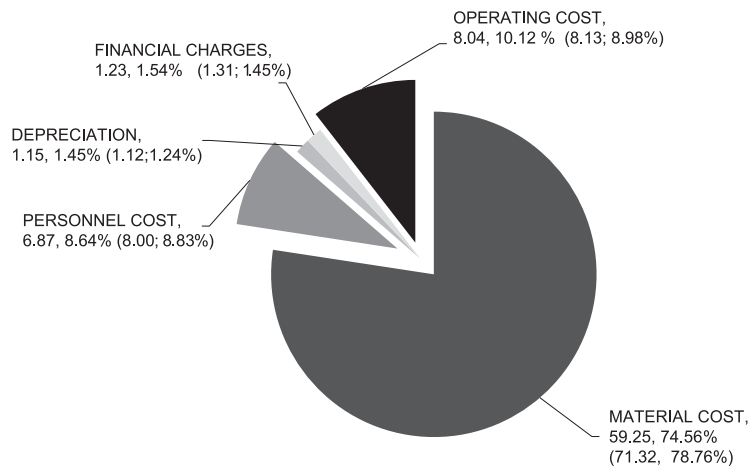
**Website:** [www.indokem.co.in](http://www.indokem.co.in)

**17. Plant Locations:**

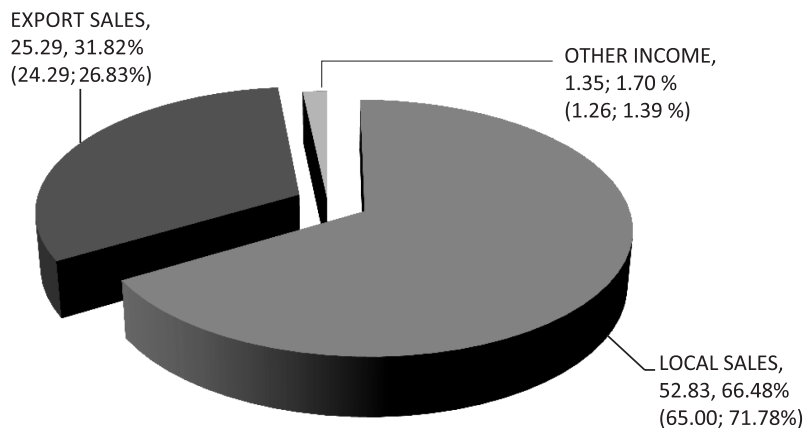
- i. Company Owned Plant - Plot No. 66, Chikhlori MIDC, Ambarnath, Dist. Thane, Maharashtra – 421 505.
- ii. Rented Plant - Plot No. 112, Chikhlori MIDC, Ambarnath, Dist. Thane, Maharashtra – 421 505.
- iii. Rented Plant - Plot No. 125, Chikhlori MIDC, Ambarnath, Dist. Thane, Maharashtra – 421 505.
- iv. Rented Plant - Plot No. 128, Chikhlori MIDC, Ambarnath, Dist. Thane, Maharashtra – 421 505.
- v. Company Owned Godown - Survey No. 81/2, Hissa No.2B, at Village Dahisar Mori, Taluka and District Thane - 421 204.

**FINANCIAL HIGHLIGHTS F. Y. - 2020-21**

**DISTRIBUTION OF REVENUE (Rs. in crores)  
( Previous year's values in brackets )**



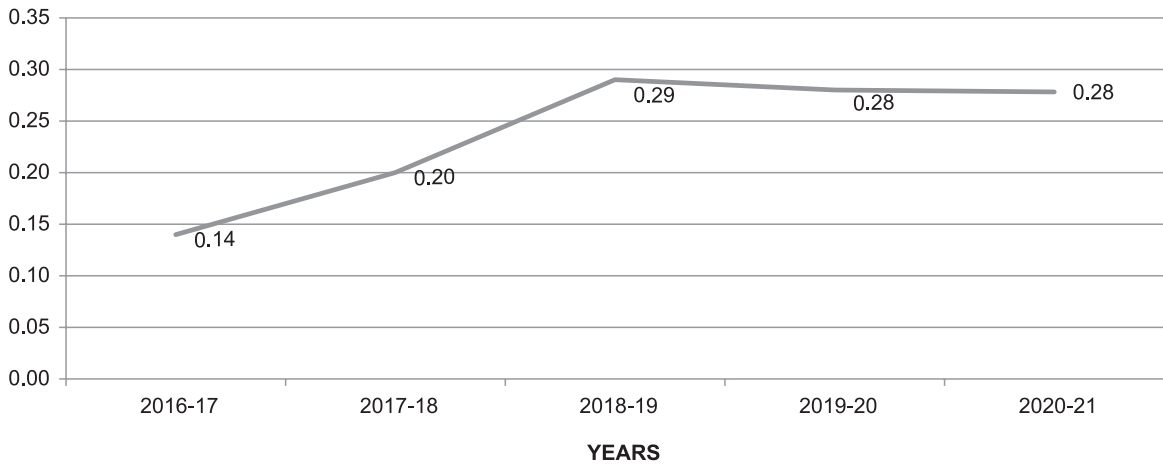
**SOURCES OF REVENUE (Rs. in crores)  
( Previous year's values in brackets )**



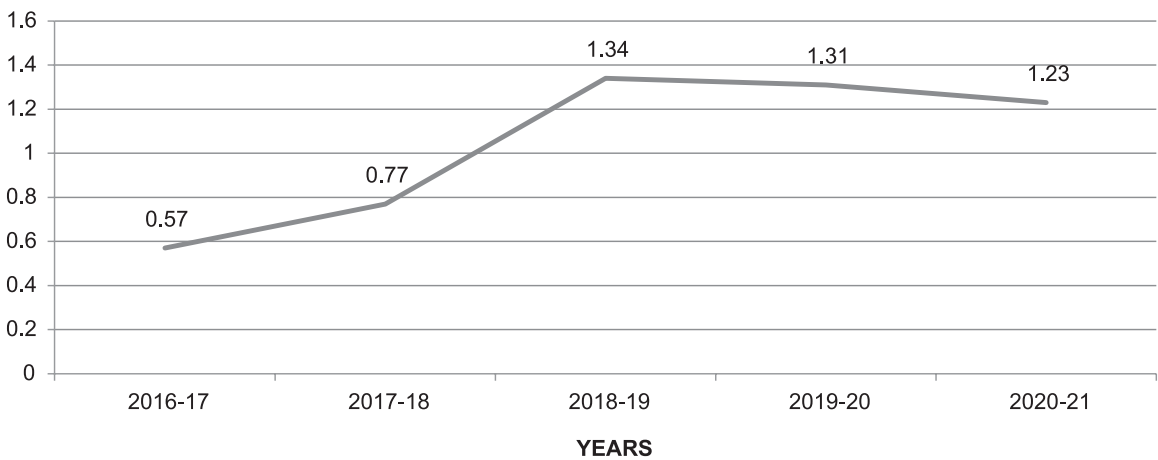


**FINANCIAL HIGHLIGHTS F. Y. - 2020-21**

**DEBT EQUITY RATIO (TIMES )**



**INTEREST AND FINANCE COSTS (Rs. in crores)**



**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR  
MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

This is to confirm that the Company has adopted a Code of Conduct for all the members of the Board and Senior Management of the Company. It is further confirmed that all the Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company as on 31<sup>st</sup> March, 2021.

**Place: Mumbai**  
**Date: 28<sup>th</sup> May, 2021**

**Sd/-**  
**Mahendra K. Khatau**  
**Chairman and Managing Director**  
**DIN: 00062794**

**CERTIFICATION BY CHAIRMAN AND MANAGING DIRECTOR AND CHIEF FINANCIAL  
OFFICER TO THE BOARD**

To,  
**The Members of Indokem Limited,**

We hereby certify that:

1. We have reviewed Financial Statements and the Cash Flow Statement for the Financial year ended 31<sup>st</sup> March, 2021 and that to the best of our knowledge and belief:
  - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit Committee:
  - a. Significant changes in internal control over financial reporting during the year;
  - b. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - c. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

**Place: Mumbai**  
**Date: 28<sup>th</sup> May, 2021**

**Sd/-**  
**Mahendra K. Khatau**  
**Chairman and Managing Director**  
**DIN: 00062794**

**Sd/-**  
**Rupal B. Parikh**  
**Chief Financial Officer**

**Independent Auditor's Certificate on Compliance with the Corporate governance requirements Under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To,

**The Members of Indokem Limited**

1. This Certificate is issued in accordance with the terms of our engagement letter dated August 18, 2020.
2. This report contains details of compliance of conditions of Corporate Governance by Indokem Limited ("the Company"), for the year ended March 31, 2021 as stipulated in Regulation 17 to 27, clause (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations") pursuant to the Listing Agreement of the Company with stock exchanges.

**Management's Responsibility for compliance with conditions of the SEBI Listing Regulations**

3. The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company. This responsibility includes design, implementation and maintenance of internal control, procedures and all relevant supporting records and documents to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

**Auditor's Responsibility**

4. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.
5. Pursuant to the requirements of the SEBI Listing Regulations, it is our responsibility to provide a reasonable assurance as to whether the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended 31 March 2021.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India (ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Service Engagements.

**Opinion**

8. In our opinion, and to the best of our information and according to explanations given to us and the representations provided by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned SEBI listing regulations for the year ended 31 March 2021.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**Restriction on Use**

10. This certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the aforesaid regulations and should not be used by any other person or may not be suitable for any other purpose. Accordingly we do not accept or assume any liability or any duty or any care for any other purpose or any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

**For CNK & Associates LLP  
Chartered Accountants  
Firm Registration No. 101961W/ W-100036**

**Sd/-  
Manish Sampat  
Membership No. 101684  
UDIN: 21101684AAAAFY4242**

**Place: Mumbai  
Date: 21<sup>st</sup> July, 2021**

**CERTIFICATE ON CORPORATE GOVERNANCE**

**Certificate on compliance with the conditions of Corporate Governance under  
SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To,

**The Members,**

**Indokem Limited,**

We have examined the compliance of the conditions of Corporate Governance by INDOKEM LIMITED ('the Company') for the financial year ended 31<sup>st</sup> March, 2021, as stipulated in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "the SEBI Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended 31<sup>st</sup> March, 2021.

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

**For Ragini Chokshi & Co**

**Sd/-**

**Makarand Patwardhan**

**(Partner)**

**C. P. No: 9031**

**FCS No: 11872**

**UDIN: A011872C000381054**

**Place: Mumbai**

**Date: 27<sup>th</sup> May, 2021**

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

**(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To,

**The Members of  
INDOKEM LIMITED**

KHATAU HOUSE, MOGUL LANE, MAHIM, MUMBAI MH 400016 IN

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **INDOKEM LIMITED** having CIN **L31300MH1964PLC013088** having registered office at Khatau House, Mogul Lane, Mahim, Mumbai-400016 (hereinafter referred to as "the Company"), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my / our opinion and to the best of my / our information and according to the verifications (including Directors Identification Number (DIN) status at the portal ([www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me / us by the Company and its officers, I / We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

<b>Sr. No</b>	<b>Name of Director</b>	<b>DIN</b>	<b>Date of Appointment in Company</b>
1.	Shri Mahendra Kishore Khatau	00062794	01/04/2010
2.	Smt Asha Mahendra Khatau	00063944	30/10/2009
3.	Shri Kailash Pershad	00503603	31/10/2006
4.	Shri Bhalchandra Gopinath Sontakke	01225753	30/10/2009
5.	Shri Manish Mahendra Khatau	02952828	11/02/2016
6.	Shri Rahul Singh	07477748	25/08/2020

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate 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 Ragini Chokshi & Co**

**Sd/-**

**Makarand Patwardhan**

**(Partner)**

**C. P. No: 9031**

**FCS No: 11872**

**UDIN: A011872C000381164**

**Place: Mumbai**

**Date: 27<sup>th</sup> May, 2021**

**SECRETARIAL AUDIT REPORT**
**Form No. MR - 3**
**FOR THE PERIOD 01-04-2020 TO 31-03-2021**
**[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]**

To,

**The Members**
**INDOKEM LIMITED**

KHATAU HOUSE, MOGUL LANE, MAHIM, MUMBAI, MH 400016 IN

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **INDOKEM LIMITED** (CIN: L31300MH1964PLC013088) (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering 1<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the audit period 1<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2021 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws Framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings;(to the extent applicable)
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not Applicable to the Company during the Audit Period)**
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not Applicable to the Company during the Audit Period)**
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable as the Company has not issued any debt securities during the period under review)**
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review)**
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable as the Company has not delisted its equity shares from any stock exchange during the period under review)**
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable as the Company has not bought back any of its securities during the period under review)**
  - i) Securities and Exchange Board of India (Depositories & Participants) Regulations, 2018; **(To the extent applicable)**

We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.

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

1. Factories Act, 1948;
2. Industries (Development & Regulation) Act, 1951
3. Labour Laws and other incidental laws
4. Environment Protection Act, 1986 and other Environmental Laws
5. Hazardous Wastes (Management and Handling) Rules, 1980 and Amendment Rule, 2003
6. The Legal Metrology Act, 2009
7. Other local laws as applicable to various plants and offices

Based on the Compliance Certificates obtained by the Company from the various functional heads and Factory Managers, we relied on the Compliances of the above mentioned statutes.

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

- a) Secretarial Standards i.e SS-1 & SS-2 issued by The Institute of Company Secretaries of India.
- b) The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreements entered into by the Company with Stock Exchanges.

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

1. As per Sub Regulation 6 of Regulation 30 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, read with Sub-Para 4 of Para A of Schedule III, there was a delay of 71 Minutes and 54 Minutes in submitting the outcome/disclosure of Board meeting held on 16<sup>th</sup> July, 2020 and 25<sup>th</sup> August, 2020 respectively.

However, the Company provided the explanation that these incidences happened at the time of lockdown prevailing due to COVID 19 crises where Company and its Statutory Auditors were working from different locations resulting into communication gap because of internet connectivity and technical issues.

**We further report that**

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

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

All decisions of the Board and Committee meeting were carried with requisite majority.

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

The Compliance by the company of applicable Financial Laws like Direct & Indirect Tax Laws, Goods and Service Tax has not been reviewed in the audit since the same has been subject to the review by the statutory financial audit and other designated professionals.

We further report that during the audit period, the company had no specific events or actions which might have a bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. except following :

1. Mr. Manish M. Khatau was re-appointed as the Whole-time Director of the Company for a period of 3 years commencing from 1<sup>st</sup> March, 2021 to 29<sup>th</sup> February, 2024.
2. Mr. Rahul Singh (DIN: 07477748) appointed as Independent Non-executive Director to hold office for a period of five years w. e. f. 29<sup>th</sup> September, 2020.



3. Re-appointment of Mrs. Asha Mahendra Khatau (DIN: 00063944), who retired by rotation in the Annual General Meeting held on 29<sup>th</sup> September, 2020.
4. Cessation of Mr. Rajagopalan Iyengar Sesha, Non-executive Independent Director due to death on 27<sup>th</sup> July, 2020.
5. Appointment of Mr. Mahendra Khatau as Managing Director to hold office from 01/04/2020 to 31/03/2025.

**For Ragini Chokshi & Co.**  
**(Company Secretaries)**  
Sd/-  
**Makarand Patwardhan**  
**(Partner)**  
**C. P. NO. 9031**  
**FCS NO. 11872**  
**UDIN: A011872C000354192**

**Place: Mumbai**  
**Date: 21<sup>st</sup> May, 2021**

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**ANNEXURE TO SECRETARIAL AUDIT REPORT**

To,  
The Members,  
**Indokem Limited**  
Khatau House, Mogul Lane, Mahim, Mumbai, MH 400016 IN.  
Our report of even date is to be read along with this letter.

1. The maintenance of Secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provision of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

**For Ragini Chokshi & Co.**  
**(Company Secretaries)**  
Sd/-  
**Makarand Patwardhan**  
**(Partner)**  
**C. P. NO. 9031**  
**FCS NO. 11872**  
**UDIN: A011872C000354192**

**Place: Mumbai**  
**Date: 21<sup>st</sup> May, 2021**

## INDEPENDENT AUDITOR'S REPORT

**To the Members of Indokem Limited**

**Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the financial statements of Indokem Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the statement of Profit and Loss (including other comprehensive income), statement of cash flows and Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### **Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

When we read the above reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matter**

During the last week of March 2021, the state government imposed lockdown in Maharashtra due to outbreak of Phase II of covid-19, to contain the outbreak of COVID 19, due to which we were not able to attend the physical verification of inventory carried out by the management subsequent to the year end. Consequently, we have performed alternate procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence – Specific considerations for selected items" and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these financial statements.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure - A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss, and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
 

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 22 to the financial statements.
    - ii. The Company did not have any long-term contracts including derivative for which there were any material foreseeable losses.
    - iii. The Company is not required to transfer any amount to the investor Education and Protection Fund during the ended March 31, 2021.
    - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.
- v. The Company has not declared and paid any dividend during the year, hence the compliance of section 123 of the Act is not applicable.

For **C N K & Associates LLP**  
Chartered Accountants  
Firm Registration No.:101961W / W-100036  
Sd / -  
**Manish Sampat**  
Partner  
Membership No.: 101684

Place : Mumbai  
Date : May 28, 2021  
UDIN: 21101684AAAAEX9032

## ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets;
- (b) As explained to us, all the fixed assets have not been physically verified by the management during the year but there is a regular program of verification which in our opinion is reasonable, having regard to the size of the Company and nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records, the title deeds of the immovable properties, other than those disclosed below, are in the name of the Company.

Asset Class	No. of Cases	Gross Block (in Lakhs)	Net Block (in Lakhs)	Remarks
Buildings	2	133.60	102.68	The Company became the owners of the premises by virtue of Scheme of Amalgamation of M/s. Manish Dyes Products Private Limited and M/s. Ramakem Limited, with the Company. However, pending completion of the relevant registration formalities, the immovable properties continue to be in the name of the erstwhile amalgamated companies.

- (ii) As informed to us, the inventory has been physically verified by the Management at reasonable intervals during the year, discrepancies noticed on verification between the physical stocks and the book records were not material in relation to the size of the Company and the same have been properly dealt with in the books of accounts.
- (iii) According to the information and explanations provided to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) are not applicable to the Company.

- (iv) According to the information and explanations provided to us, the Company has complied with provisions of Section 185 & 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and securities.
- (v) According to the information and explanations provided to us, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the rules framed there under to the extent notified.
- (vi) According to the information and explanations given to us, the Company is not required to maintain cost records pursuant to the Companies (Cost Records and Audit) Amendment Rules, 2016, and prescribed by the Central Government under sub-section (1) of section 148 of the Companies Act 2013;
- (vii) According to the information and explanation given to us, in respect of statutory dues,
- a) According to the information and explanation given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including employees' provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax and other statutory dues as applicable, except in case of:

Category	Month of Delay	No. of Days	Amount in ₹
Professional Tax - HO	November	33	200
Professional Tax – Coimbatore	October – March	16	7,500

There were no undisputed amounts payable with respect to employees' provident fund, employees' state insurance, income-tax, sales-tax, goods and service tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues in arrears as at March 31, 2021 for a period of six months from the date they became payable.

- b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax and duty of customs at March 31, 2021 which have not been deposited on account of a dispute, are as follows:

Name of the Statute	Nature of Dues	Amount (in Lakhs)	Period to which the amount relates	Forum where the matter is pending
Income Tax Act, 1961	Income Tax	11.92	2007-08	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	2.09	2006-07	Commissioner of Income Tax (Appeals)
The Employees; Provident Funds and Miscellaneous Provisions Act, 1952	Provident Fund - Ankleshwar	61.37	March 1997 to August 2007	Central Government Industrial Tribunal – Ahmedabad
The Employees; Provident Funds and Miscellaneous Provisions Act, 1952	Provident Fund - Ankleshwar	3.30	March 2007 to July 2011	Central Government Industrial Tribunal – Ahmedabad

- (viii) In our opinion, the Company has not defaulted in the repayment of loans or borrowings to financial institution, banks. The Company has not taken any loans or borrowings from any government and has not issued any debentures.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. The term loans availed by the Company have been applied for the purposes for which they were obtained.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the records of the Company examined by us and the information and explanations given to us, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013 (Also refer Note No. 30 of the financial statements).

- (xii) The Company is not a Nidhi Company and therefore the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- (xiii) According to the records of the Company examined by us and the information and explanation given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details thereof have been disclosed in the Financial Statements etc., as required by the applicable accounting standards. (Also refer Note No. 28 of the financial statements).
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore clause 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause 3(xv) of the Order is not applicable to the Company.
- (xvi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For C N K & Associates LLP**  
 Chartered Accountants  
 Firm Registration No.:101961W / W-100036  
 Sd / -  
**Manish Sampat**  
 Partner  
 Membership No.: 101684

Place : Mumbai  
 Date : May 28, 2021  
 UDIN: 21101684AAAAEX9032

## **Annexure - B to the Auditors' Report**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

#### **Opinion**

We have audited the internal financial controls over financial reporting of Indokem Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, except in case of inventory where preventive controls need to be strengthened although mitigating control exists; the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.



**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **C N K & Associates LLP**

Chartered Accountants

Firm Registration No.:101961W / W-100036

Sd / -

**Manish Sampat**

Partner

Membership No.: 101684

Place : Mumbai

Date : May 28, 2021

UDIN: 21101684AAAAEX9032

**BALANCE SHEET AS AT MARCH 31, 2021**

₹ in lakhs

	Note No.	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	3(a)	24,93	25,67
Capital work-in-progress	3(b)	1,44	79
Goodwill		71	71
Intangible assets	4	12	18
<b>Financial assets</b>			
Investments	5(a)	1	1
Loans	5(b)	-	-
Other financial assets	5(c)	35	35
Income tax assets (net)	6	20	27
Other non-current assets	7	2,22	2,30
<b>Total Non-current Assets</b>		<b>29,98</b>	<b>30,28</b>
<b>Current Assets</b>			
Inventories	8	9,99	11,27
<b>Financial assets</b>			
Investments	5(a)	-*	-*
Trade and other receivables	5(d)	22,81	20,81
Cash and cash equivalents	5(e)	69	41
Bank balance other than cash and cash equivalents	5(f)	8	5
Loans and Advances	5(b)	1	1
Other financial assets	5(c)	1,24	41
Other current assets	7	1,03	90
<b>Total Current Assets</b>		<b>35,85</b>	<b>33,86</b>
<b>Total Assets</b>		<b>65,83</b>	<b>64,14</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	9(a)	24,33	24,33
Other equity	9(b)	7,59	4,70
<b>Total Equity</b>		<b>31,92</b>	<b>29,03</b>
<b>LIABILITIES</b>			
<b>Non-current Liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	10(a)	7,52	7,13
Other financial liabilities	10(c)	2,23	2,21
Employee benefit obligations	11	1,27	1,27
<b>Total Non-current Liabilities</b>		<b>11,02</b>	<b>10,61</b>
<b>Current Liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	10(b)	1,36	90
Trade payables	10(d)	-	-
(i) Total outstanding dues of Micro and Small Enterprises		-	-
(ii) Total outstanding dues of creditors other than Micro and Small Enterprises		17,87	20,12
Other financial liabilities	10(c)	57	56
Employee benefit obligations	11	67	65
Other current liabilities	12	2,42	2,27
<b>Total Current Liabilities</b>		<b>22,89</b>	<b>24,50</b>
<b>Total Liabilities</b>		<b>33,91</b>	<b>35,11</b>
<b>Total Equity and Liabilities</b>		<b>65,83</b>	<b>64,14</b>

See accompanying notes 1 to 32 forming part of the Ind AS financial statements

As per our attached report of even date

**For C N K & Associates LLP**

Chartered Accountants

Firm Registration No.: 101961 W / W - 100036

**Manish Sampat**

Partner

Membership No.: 101684

**Place : Mumbai**
**Date: May 28, 2021**
**For and on behalf of the Board of Directors**
**Mahendra K. Khatau**

Chairman &amp; Managing Director

DIN : 00062794

**Rupal B. Parikh**

Chief Financial Officer

**Manish M. Khatau**

Director

DIN : 02952828

**Rajesh D. Pisal**

Company Secretary

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021**

₹ in lakhs

	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
<b>CONTINUING OPERATIONS</b>			
<b>Income</b>			
Revenue from operations	13	79,24	89,61
Other income	14	23	94
<b>Total Income</b>		<b>79,47</b>	<b>90,55</b>
<b>Expenses</b>			
Cost of materials consumed	15	57,71	65,06
Purchase of stock in trade		2,08	5,96
Changes in inventories of finished goods and work-in-process	16	(54)	31
Employee benefits expenses	17	6,81	8,15
Finance cost	18	1,23	1,31
Depreciation / amortisation	3 & 4	1,15	1,12
Other expenses	19	8,04	8,13
<b>Total Expenses</b>		<b>76,48</b>	<b>90,04</b>
<b>Profit / (loss) before tax from continuing operations</b>		<b>2,99</b>	<b>51</b>
Current tax	20	-	-
Excess / short Provision for previous years		3	-
<b>Profit / (loss) after tax</b>		<b>2,96</b>	<b>51</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit and loss account</i>			
Remeasurement of post employment benefit obligation		(6)	15
<b>Total other comprehensive income / (loss)</b>		<b>(6)</b>	<b>15</b>
<b>Total comprehensive income / (loss) for the year</b>		<b>2,90</b>	<b>66</b>
Earnings per equity share (Face value of ₹ 10 each) :			
Basic and diluted earnings per share (in ₹)	21	1.22	0.21

See accompanying notes 1 to 32 forming part of the Ind AS financial statements

As per our attached report of even date

**For C N K & Associates LLP**

Chartered Accountants

Firm Registration No.: 101961 W / W - 100036

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

Partner

Membership No.: 101684

**Mahendra K. Khatau**

Chairman &amp; Managing Director

DIN : 00062794

**Manish M. Khatau**

Director

DIN : 02952828

**Place : Mumbai**
**Date : May 28, 2021**
**Rupal B. Parikh**

Chief Financial Officer

**Rajesh D. Pisal**

Company Secretary

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021**

₹ in lakhs

Particulars	Equity share capital	Other equity					Total equity attributable to equityholders of the Company
		Reserves and surplus				Other comprehensive income	
		Securities premium	Capital reserve	General reserve	Retained earnings		
Balance as on March 31, 2019	24,33	10,23	4,61	6,48	(17,03)	(25)	28,37
Re-measurement of the net defined benefit liability / asset, net of tax effect	-	-	-	-	-	15	15
Profit / (loss) for the year	-	-	-	-	51	-	51
Balance as on March 31, 2020	24,33	10,23	4,61	6,48	(16,52)	(10)	29,03
Re-measurement of the net defined benefit liability / asset, net of tax effect	-	-	-	-	-	(6)	(6)
Profit / (loss) for the year	-	-	-	-	2,96	-	2,96
<b>Balance as on March 31, 2021</b>	<b>24,33</b>	<b>10,23</b>	<b>4,61</b>	<b>6,48</b>	<b>(13,56)</b>	<b>(16)</b>	<b>31,93</b>

As per our attached report of even date

**For C N K & Associates LLP**

Chartered Accountants

Firm Registration No.: 101961 W / W - 100036

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

Partner

Membership No.: 101684

**Mahendra K. Khatau**

Chairman &amp; Managing Director

DIN : 00062794

**Manish M. Khatau**

Director

DIN : 02952828

**Place : Mumbai**
**Date: May 28, 2021**
**Rupal B. Parikh**

Chief Financial Officer

**Rajesh D. Pisal**

Company Secretary

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021**

₹ in lakhs

	Year ended March 31, 2021	Year ended March 31, 2020
<b>I. CASH FLOW FROM CONTINUING OPERATIONS</b>		
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before tax	2,99	51
Adjustments for :		
Depreciation	1,15	1,12
(Gain) / loss on sale / scrapping of asset	20	-
Finance costs	1,23	1,31
Interest income	(3)	(3)
Allowances for credit losses written back	(19)	(5)
Bad debts written off	63	8
Advance to vendor written off	16	-
Adjustment on account of OCI	(6)	15
Sundry balances written back	(11)	20
<b>Operating profit before working capital changes</b>	<b>5,97</b>	<b>3,29</b>
Changes in working capital:		
(Increase) / decrease in inventories	1,29	(1,45)
(Increase) / decrease in trade receivables	(2,45)	(1,24)
(Increase) / decrease in loans and advances	-	1
(Increase) / decrease in other financial assets	(83)	(4)
(Increase) / decrease in other assets	(22)	54
Increase / (decrease) in trade payables	(2,13)	41
Increase / (decrease) in other financial liabilities	3	13
Increase / (decrease) in other current liabilities	15	-
Increase / (decrease) in other liabilities	-	94
Increase / (decrease) in employee benefit obligations	1	(3)
<b>Cash generated from operations</b>	<b>1,82</b>	<b>2,56</b>
Income taxes refunded / (paid), net	4	4
<b>Net cash (used in) / generated from operating activities</b>	<b>1,86</b>	<b>2,60</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Expenditure on property, plant and equipment and capital advances	(1,27)	(1,32)
Proceeds from sale of plant and equipment	7	-
Loans received back	-	14
Redemption / (investments in fixed deposits)	(3)	-*
Interest received	3	3
<b>Net cash (used in) / generated from investing activities</b>	<b>(1,20)</b>	<b>(1,15)</b>

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)**

₹ in lakhs

	Year ended March 31, 2021	Year ended March 31, 2020
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from loans taken from banks and financial institutions	1,60	1,61
Repayment of loans taken from banks and financial institutions	(50)	(1,95)
Unsecured loans taken from directors	15	1,55
Unsecured loans repaid to directors	(28)	(1,41)
Repayment of loans to Company	(12)	-
Finance costs paid	(1,23)	(1,34)
<b>Net cash (used in) / generated from financing activities</b>	<b>(38)</b>	<b>(1,54)</b>
<b>NET CASH (USED IN) / GENERATED FROM CONTINUING OPERATIONS</b>	<b>28</b>	<b>(9)</b>
<b>INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>28</b>	<b>(9)</b>
Cash and Cash equivalents at the beginning of the year	41	50
<b>Cash and Cash equivalents at the end of the year (Refer note 5(e))</b>	<b>69</b>	<b>41</b>

See accompanying notes 1 to 32 forming part of the Ind AS financial statements

Note: \* Amount is below the rounding off limits followed by Company's norms.

As per our attached report of even date

**For C N K & Associates LLP**

Chartered Accountants

Firm Registration No.: 101961 W / W - 100036

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

Partner

Membership No.: 101684

**Mahendra K. Khatau**

Chairman &amp; Managing Director

DIN : 00062794

**Manish M. Khatau**

Director

DIN : 02952828

**Place : Mumbai**
**Date: May 28, 2021**
**Rupal B. Parikh**

Chief Financial Officer

**Rajesh D. Pisal**

Company Secretary

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021****Note 1 : Corporate Information**

Indokem Limited (referred to as "the Company") manufactures and deals in dyes, sizing chemicals and auxiliaries in textile industry. The Company also deals in electrical capacitors. It has its head office in Mahim, Mumbai and branch offices at Ahmedabad, Delhi and Coimbatore. Its manufacturing facilities are located at Dahisar Mori and Ambernath near Mumbai and warehousing facilities are located at Dahisar Mori, Ambernath near Mumbai, Narol-Ahmedabad and Coimbatore locations. The Company is incorporated and domiciled in India and is listed on the Bombay Stock Exchange in India.

The financial statements for the year ended March 31, 2021 were approved for issue in accordance with the resolution of the Board of Directors in its meeting held on May 28, 2021.

**Note 2 : Significant Accounting Policies****a) Statement of compliance:**

These financial statements are prepared in accordance with the Indian Accounting Standard (referred to as "Ind AS") notified under Section 133 of Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Accounting Policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**b) Basis of preparation and presentation:****1) Basis of preparation:**

These financial statements have been prepared in accordance with historical cost basis except for the following assets and liabilities :

- i) Certain financial assets and liabilities are measured at fair value;
- ii) Assets held for sale are measured at the lower of carrying value and fair value less costs to sell; and
- iii) Defined benefit plans where plan assets are measured at fair value.

**2) Functional and presentation currency:**

The Company's presentation and functional currency is in Indian rupees. All amounts in these financial statements, except per share value and unless stated otherwise, have been rounded off and presented in lakhs.

**3) Classification of assets and liabilities into current / non-current:**

The Company presents assets and liabilities in the Balance Sheet based on current / non-current classification. All the assets and liabilities have been classified as current / non-current as per the Company's normal operating cycle and other criteria set out in Division II to Schedule III of the Companies Act, 2013.

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**c) Use of estimates:**

The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known / materialised. The management believes that the estimates used in the preparation of financial statements are prudent and reasonable. The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

Critical estimates and judgements :

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**
**The areas involving critical estimates or judgement are :**

- Estimation of defined benefit obligation - Refer Note 24
- Estimation of current tax expenses - Refer Note 20
- Useful lives of property, plant and equipment - Refer Note 2(g)
- Fair valuation of financial and non-financial assets - Refer Note 23

**d) Principles of business combination:**

The acquisition method of accounting under Ind AS 103 is used to account for business combinations by the Company from the date of transition to Ind AS i.e. April 1, 2016. Prior to the date of transition to Ind AS, business acquisition has been accounted based on previous GAAP.

**e) Property, plant and equipment ("PPE"):**

The initial cost of an item of PPE comprises its purchase price net of any trade discounts and rebates and includes import duties and other taxes (other than those subsequently recoverable from the tax authorities) and any other directly attributable expenditure incurred in making the asset ready for its intended use, including interest on borrowings attributable to acquisition of qualifying assets up to the date the asset is ready for its intended use. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Material items such as spare parts, stand-by-equipment and service equipment are classified as PPE when they meet the definition of PPE as specified in Ind AS 16- property, plant and equipment.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of Profit and Loss when the asset is derecognised.

**f) Capital work in progress:**

Capital work in progress is stated at cost, net of impairment losses, if any.

**g) Depreciation:**

The Company provides depreciation as per the useful life of PPE as per Schedule II to the Companies Act, 2013. Depreciation is provided on Straight Line Method on all PPE at the rates and in the manner prescribed in Schedule II of the Companies Act, 2013, except in the case of following assets:

<b>Nature of asset</b>	<b>Useful life</b>
Leasehold Land and Building	Lease term
Temporary shed	Remaining lease term

Assets costing less than ₹ 5,000/- are fully depreciated in the year of capitalisation. Depreciation on additions / deductions to PPE made during the year is provided on pro-rata basis from / upto the date of such additions / deductions, as the case may be.

**h) Intangible assets:**

Intangible assets that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment, if any. The Company determines the amortisation period as the period over which the future economic benefits will flow to the Company after taking into account all relevant facts and circumstances. The estimated useful life and amortisation method are reviewed periodically, with the effect of any changes in estimate being accounted for on a prospective basis.

<b>Nature of asset</b>	<b>Useful life</b>
Computer software	3 years

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**
**i) Borrowing costs:**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**j) Assets held for sale:**

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for sale in its present condition subject only to terms that are usual and customary for sale of such assets. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Property, plant and equipment classified as held for sale are not depreciated.

**k) Leases:**

The Company's lease asset classes primarily consist of leases for Land and Buildings. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases of low value assets. For these short-term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease

**l) Impairment of non-financial asset:**

Non-financial assets other than inventories and non-current assets held for sale are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. The recoverable amount is higher of the asset's or cash generating unit's (CGU) fair value less cost of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

**m) Inventories:**

- 1) Inventories are valued as follows:

Raw materials and packing materials are valued at lower of cost and net realisable value (NRV). Cost is determined on FIFO basis. The cost of inventory comprises of its purchase price, including non-refundable purchase taxes, and any directly attributable costs related to the inventories.

- 2) Work-in-process is valued at lower of cost and net realisable value. Cost of finished goods and WIP includes cost of raw materials, direct labour, other direct costs and related production overheads upto the relevant stage of production. Cost of inventories is computed on FIFO basis.
- 3) Stock in trade is valued at cost or net realisable value whichever is lower.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and / or estimated costs necessary to make sale.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**
**n) Foreign currency transactions:**

The transactions in currencies other than the Company's functional currency are translated at the rates of exchange prevailing at the dates of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the year end exchange rates. Foreign exchange gains and losses arising from such translation are recognised in the statement of profit and loss.

Foreign exchange differences regarded as adjustments to borrowing costs are presented in the statement of profit and loss, within finance cost. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains / losses.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rate as on the date of initial recognition.

Effective April 1, 2018, the Company has adopted Appendix B to Ind AS 21, Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

**o) Revenue recognition:**

The Company derives revenues primarily from sale of manufactured goods, traded goods

Effective 01 April 2018, the Company has adopted Indian Accounting Standard 115 (Ind AS 115) – 'Revenue from contracts with customers'. The effect on adoption of Ind AS-115 was insignificant.

Revenue is recognised on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

The Company satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Company; or
2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Company's performance does not create an asset with an alternative use to the Company and an entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue from sale of products are recognised at a time on which the performance obligation is satisfied.

Income from export incentives is recognised on accrual basis to the extent the ultimate realisation is reasonably certain.

Interest income is recognised on time proportion basis taking into account the amount outstanding on effective interest rate.

Insurance claims are accounted on accrual basis when the claims become receivable.

Recoveries from group Companies and third parties include recoveries towards common facilities / resources and other support provided to such parties which is recognised as per terms of agreement and in the year in which such services are rendered.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**
**p) Income taxes:**

Current tax is the amount of tax payable on taxable income for the year determined in accordance with the applicable tax rates and provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred income tax is recognised on differences between the carrying amount of assets and liabilities in the Balance Sheet and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all deductible temporary differences and deferred tax assets are generally recognised for all deductible temporary differences, carry forward tax losses and allowances to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilised. Deferred tax assets and deferred tax liabilities are measured at applicable tax rates and offset and presented as net.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**q) Fair value measurement:**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value is based on the presumption that the transaction to sell the assets or transfer the liability takes place either:

- 1) In the principal market for the asset or liability; or
- 2) In the absence of a principal market, in the most advantageous market which can be accessed by the Company for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- i) Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- ii) Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- iii) Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**r) Financial assets:**
**Initial recognition and measurement:**

Financial assets are recognised and measured in accordance with Ind AS 109 on financial instruments. Accordingly, the Company recognises financial asset only when it has a contractual right to receive cash or other financial assets from another entity.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

Financial assets are initially recognised at fair value plus transaction costs directly attributable to its acquisition. The transaction costs incurred for the purchase of financial assets held at fair value through profit or loss are expensed in the statement of profit and loss immediately.

**Subsequent measurement:**

Subsequent to initial recognition, financial assets are measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVPL). The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

**1) Debt instruments:**

There are three measurement categories into which the Company classifies its debt instruments:

**At amortised cost:**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are accounted for at amortised cost using the effective interest method. This category comprises trade accounts receivable, loans, cash and cash equivalents, bank balances and other financial assets. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the statement of profit and loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through other comprehensive income (FVOCI):**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). The movements in carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the statement of profit and loss and recognised in other gains / (losses). Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through profit or loss (FVPL):**

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in the statement of profit and loss and presented within other gains / (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

**2) Equity investments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVPL. For all other equity instruments, the Company decides to classify the same either as at FVOCI or FVPL. The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable. Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the profit or loss.

**Derecognition:**

A financial asset is primarily derecognised when:

- (i) The rights to receive cash flows from the asset have expired, or
- (ii) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - 1) The Company has transferred substantially all the risks and rewards of the asset, or
  - 2) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

On de-recognition, any gains or losses on all debt instruments (other than debt instruments measured at FVOCI) and equity instruments (measured at FVPL) are recognised in the statement of profit and loss. Gains and losses in respect of debt instruments measured at FVOCI and that are accumulated in OCI are reclassified to profit or loss on de-recognition. Gains or losses on equity instruments measured at FVOCI that are recognised and accumulated in OCI are not reclassified to profit or loss on de-recognition.

**Impairment of Financial Asset:**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- (i) Financial assets that are debt instruments and are measured at amortised cost e.g. loans, debt securities, deposits and bank balance.
- (ii) For trade receivables, the Company uses a simplified approach as permitted under IndAs 109
- (iii) Financial assets measured at fair value through other comprehensive income.
- (iv) In case of other assets (listed as (i) and (ii) above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognised as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance.

**s) Financial Liabilities:**
**Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings.

**Subsequent measurement:**

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as fair value through profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVPL, fair value gains / losses attributable to changes in own credit risk are recognized in OCI. These gains / losses are not subsequently transferred to profit or loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

**Financial liabilities at amortised cost:**

Financial liabilities classified and measured at amortised cost such as loans and borrowings are initially recognised at fair value, net of transaction cost incurred. After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

**Derecognition:**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**Borrowings:**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

amount is recognised in profit or loss over the period of the borrowing using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the drawdown occurs. The borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability that has been extinguished or transferred to another party and the consideration paid including any noncash asset transferred or liabilities assumed, is recognised in profit or loss as other gains / (losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for atleast 12 months after the reporting period. Where there is a breach of a material provision of a long term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the Company does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statement for issue, not to demand payment as a consequence of the breach.

**t) Employee benefits:****1) Short term employee benefits:**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the services. These benefits include compensated absences such as paid annual leave and performance incentives.

**2) Long term employee benefits:**

The Company provides post-employment benefits under defined contribution and / or defined benefit plans:

**(i) Defined benefit plan:**

For defined benefit plan, the cost of providing benefits is determined using projected unit credit method with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains or losses are recognised in full in other comprehensive income for the period in which they occur. Past service costs both vested and unvested are recognised as an expense (a) when the plan amendment or curtailment occurs ; (b) when the entity recognises related restructuring cost or termination benefits, whichever is earlier. The retirement benefits obligation recognised in the Balance Sheet represents the present value of defined benefit obligations reduced by the fair value of plan assets.

**(ii) Defined contribution plans:**

Contribution to defined contribution plans are recognized as an expense when the employees have rendered services entitling them to such benefits.

**u) Provisions, contingent liabilities and contingent assets:**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each Balance Sheet date and are adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are discounted using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognised in the statement of profit and loss as a finance cost.

Contingent liabilities are disclosed by way of a note to the financial statements when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or when there is a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent assets are not recognized in financial statements but disclosed when the inflow of economic benefits is probable. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**
**v) Cash and cash equivalents:**

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. These do not include bank balances earmarked / restricted for specific purposes.

**w) Cash flow statement:**

Cash flows are reported using the indirect method, whereby profit / loss before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

**x) Earnings per share:**
**1) Basic earnings per share:**

Basic earnings per share is calculated by dividing the profit / (loss) after tax attributable to owners of the Company by the weighted average number of equity shares outstanding during the financial year.

**2) Diluted earnings per share:**

Diluted earnings per share is calculated by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

**y) Ind AS 108: Segment Reporting:**

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers.

Based on "Management Approach" as defined in Ind AS 108 - Operating segments, the operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker of the Company is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the chief operating decision maker.

**z) Recent accounting pronouncements:**

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

**Balance Sheet:**

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a Company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of Company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**
**Statement of profit and loss:**

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of consolidated financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

**Note 3 : Property, plant and equipment**
**Note 3(a) : Property, plant and equipment F.Y.2020-21**

₹ in lakhs

Assets	Free-hold land	Lease-hold land	Build-ings	Plant & machin-ery	Electrical fittings	Fur-niture and fix-tures	Vehicles	Office equip-ment	Total
<b>GROSS BLOCK</b>									
As at April 1, 2020	2,64	10,70	7,45	4,96	14	49	2,05	36	28,79
Additions	-	-	-	5	-	1	46	9	61
Deletions	-	-	-	23	-	-	23	1	47
Adjustments	-	-	-	-	-	(5)	-	5	-
<b>As at March 31, 2021</b>	<b>2,64</b>	<b>10,70</b>	<b>7,45</b>	<b>4,78</b>	<b>14</b>	<b>45</b>	<b>2,28</b>	<b>49</b>	<b>28,94</b>
<b>DEPRECIATION</b>									
As at April 1, 2020	-	8	98	87	7	24	66	22	3,12
For the Year	-	3	30	34	2	6	28	6	1,09
Deductions	-	-	-	5	-	-	13	1	19
Adjustments	-	-	-	-	-	(4)	-	4	-
<b>As at March 31, 2021</b>	<b>-</b>	<b>11</b>	<b>1,28</b>	<b>1,16</b>	<b>9</b>	<b>26</b>	<b>80</b>	<b>31</b>	<b>4,01</b>
<b>NET BLOCK</b>									
<b>As at March 31, 2021</b>	<b>2,64</b>	<b>10,59</b>	<b>6,17</b>	<b>3,62</b>	<b>8</b>	<b>19</b>	<b>1,48</b>	<b>18</b>	<b>24,93</b>
As at March 31, 2020	2,64	10,62	6,47	4,09	7	25	1,39	14	25,68

**Note 3(a) : Property, plant and equipment F.Y.2019-20**

₹ in lakhs

Assets	Free-hold land	Lease-hold land	Build-ings	Plant & machin-ery	Electrical fittings	Fur-niture and fix-tures	Vehicles	Office equip-ment	Total
<b>GROSS BLOCK</b>									
As at April 1, 2019	2,64	10,70	7,26	4,25	11	46	2,05	37	27,84
Additions	-	-	19	71	3	3	-	2	98
Deletions	-	-	-	-	-	-	-	3	3
<b>As at March 31, 2020</b>	<b>2,64</b>	<b>10,70</b>	<b>7,45</b>	<b>4,96</b>	<b>14</b>	<b>49</b>	<b>2,05</b>	<b>36</b>	<b>28,79</b>
<b>DEPRECIATION</b>									
As at April 1, 2019	-	5	67	56	5	18	39	18	2,08
For the Year	-	3	31	31	2	6	27	6	1,06
Deductions / Adjustments	-	-	-	-	-	-	-	2	2
<b>As at March 31, 2020</b>	<b>-</b>	<b>8</b>	<b>98</b>	<b>87</b>	<b>7</b>	<b>24</b>	<b>66</b>	<b>22</b>	<b>3,12</b>
<b>NET BLOCK</b>									
<b>As at March 31, 2020</b>	<b>2,64</b>	<b>10,62</b>	<b>6,47</b>	<b>4,09</b>	<b>7</b>	<b>25</b>	<b>1,39</b>	<b>14</b>	<b>25,67</b>
As at March 31, 2019	2,64	10,65	6,60	3,68	6	28	1,66	19	25,77

Note: Vehicles having a written down value of ₹141.75 Lakhs as at March 31, 2021 (₹121.74 Lakhs As at March 31, 2020) have been secured against loan from Banks / Financial Institutions

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**
**Note 3(b) : Capital work in progress**

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
As at beginning of the year	79	44
For the Year	64	1,00
Deductions / Adjustments	-	65
<b>Total Capital work in progress</b>	<b>1,44</b>	<b>79</b>

**Note 4 : Intangible assets**
**Intangible assets F.Y. 2020-21**

₹ in lakhs

Assets	Goodwill	Computer	Total
<b>GROSS BLOCK</b>			
As at April 1, 2020	71	37	1,08
Additions	-	-	-
Deletions	-	-	-
<b>As at March 31, 2021</b>	<b>71</b>	<b>37</b>	<b>1,08</b>
<b>DEPRECIATION</b>			
As at April 1, 2020	-	19	19
For the Year	-	6	6
Deductions / Adjustments	-	-	-
<b>As at March 31, 2021</b>	<b>-</b>	<b>25</b>	<b>25</b>
<b>NET BLOCK</b>			
<b>As at March 31, 2021</b>	<b>71</b>	<b>12</b>	<b>83</b>
As at March 31, 2020	71	18	89

**Intangible assets F.Y. 2019-20**

₹ in lakhs

Assets	Goodwill	Computer	Total
As at April 1, 2019	71	37	1,08
Additions	-	-	-
Deletions	-	-	-
<b>As at March 31, 2020</b>	<b>71</b>	<b>37</b>	<b>1,08</b>
<b>DEPRECIATION</b>			
As at April 1, 2019	-	13	13
For the Year	-	6	6
Deductions / Adjustments	-	-	-
<b>As at March 31, 2020</b>	<b>-</b>	<b>19</b>	<b>19</b>
<b>NET BLOCK</b>			
<b>As at March 31, 2020</b>	<b>71</b>	<b>18</b>	<b>89</b>
As at March 31, 2019	71	24	95

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**
**Note 5 (a) : Investments**

₹ in lakhs

Particulars	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
(a) Investments carried at fair value through OCI	-	-	-	-
(b) Investments carried at amortised cost	-	-	-	-
(c) Investments carried at fair value through profit or loss				
Investment in equity instruments, quoted (fully paid-up)				
2,900 Equity shares of ₹ 10 each, in Suryakrupa Finance Limited (As at March 31, 2021 - 2,900. As at March 31, 2020 - 3,000)	-	-	-*	-*
Other investments, unquoted				
2,00,000 redeemable debentures of ₹ 100 each of Priyamvada Holdings Limited (As at March 31, 2021 - 2,00,000. As at March 31, 2020 - 2,00,000)	1	1	-	-
50,000 optionally convertible debentures of ₹ 100 each of Khatau Holding and Trading Company Private Limited (As at March 31, 2021 - 50,000. As at March 31, 2020 - 50,000)	-*	-*	-	-
	1	1	-*	-*
<b>Total Investments</b>	<b>1</b>	<b>1</b>	<b>-*</b>	<b>-*</b>

\* Amount is below the rounding off limits followed by the Company's norms.

₹ in lakhs

Particulars	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Aggregate amount of unquoted investments	1	1	-	-
Aggregate amount of quoted investment	-	-	-*	-*

\* Amount is below the rounding off limits followed by the Company's norms.

**Note 5 (b) : Loans and advances**

₹ in lakhs

Particulars	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Loan to related parties (Refer Note 1 below)	-	-	-	-
Other loans and advances (Refer Note 2 below)	-	-	1	1
<b>Total loans</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

Note 1: During the financial year 2014-15, interest receivable / loan receivable from a group Company amounting to ₹3,22 lakhs was reinstated by the Company upon determination of its realisability. The said amount was written off as "Nil" upon amalgamation / merger of group Companies in earlier years on fair value approach in accordance with scheme of amalgamation / merger approved by the Hon'ble High Court of Judicature at Bombay. Based on the estimated realisability of the loan amounting to ₹2,71 lakhs as at March 31, 2016 and in accordance with the new Ind AS accounting standards notified by MCA, the Company has fair valued the loan to ₹ Nil and adjusted the difference against retained earnings as on the date of transition.

Note 2: Further, based on the estimated realisability of the loan given to a group Company amounting to ₹3,23 Lakhs as at March 31, 2016 and in accordance with the new Ind AS accounting standards notified by MCA, the Company has fair valued the loan to ₹58 Lakhs and adjusted the difference against retained earnings as on the date of transition.

**Note 5 (c) : Other financial assets**

₹ in lakhs

Particulars	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Security deposits (Refer Note 1 below)	35	35	29	33
Other receivables	-	-	.*	-
Advances to related parties	-	-	.*	-
Advances to others	-	-	1	-
Export Incentives receivable	-	-	94	8
<b>Total other financial assets</b>	<b>35</b>	<b>35</b>	<b>1,24</b>	<b>41</b>

Note 1: Security deposits as at March 31, 2021 and March 31, 2020 include an amount of ₹27 lakhs that pertains to discontinued operations and therefore disclosed as Non-current.

Note 2: \*Amount is below the rounding off limits followed by the Company's norms.

**Note 5 (d) : Trade and other receivables**

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Secured, considered good	72	84
Unsecured, considered good	22,09	19,96
Unsecured, considered doubtful	1,86	205
Less : Allowances for credit losses	(1,86)	(2,05)
	-	-
<b>Total trade and other receivables</b>	<b>22,81</b>	<b>20,81</b>

**Note 5 (e) : Cash and cash equivalents**

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Balances with banks in current accounts	65	36
(b) Cash in hand	4	5
<b>Total cash and cash equivalents</b>	<b>69</b>	<b>41</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**
**Note 5 (f) : Bank balance other than cash and cash equivalents**

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Fixed deposits with maturity less than 12 months	8	5
<b>Total bank balance other than cash &amp; cash equivalents</b>	<b>8</b>	<b>5</b>

**Note 6 : Income tax assets**

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Income tax assets	20	27
<b>Total income tax assets (net)</b>	<b>20</b>	<b>27</b>

**Note 7 : Other assets**

₹ in lakhs

Particulars	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Considered good				
Indirect taxes recoverable	12	30	51	56
Advance for capital expenditure	2,10	2,00	-	-
Prepayments	-	-	19	8
Advances to suppliers	-	-	25	23
Advances to employees	-	-	8	3
Considered doubtful:				
Advances to suppliers	-	16	-	-
Less: Provision for doubtful advances	-	-16	-	-
	-	-	-	-
<b>Total other assets</b>	<b>2,22</b>	<b>2,30</b>	<b>1,03</b>	<b>90</b>

**Note 8 : Inventories**

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
At lower of cost or net realisable value		
(a) Raw materials and packing materials		
Raw materials	6,47	7,18
Goods-in-transit	-	1,08
Packing materials	52	57
(b) Work-in-process	24	-
(c) Finished goods		
Finished goods	2,47	2,02
Goods-in-transit	18	-
(d) Stock in trade	11	42
<b>Total inventories</b>	<b>9,99</b>	<b>11,27</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**
**Note 9 : Share capital and other equity**
**Note 9 (a) : Share capital**

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Authorised share capital:		
Equity shares of ₹10 / - each (As at March 31, 2021 - 2,43,25,600, As at March 31, 2020 - 2,43,25,600)	<b>24,33</b>	24,33
Preference shares of ₹10 / - each (As at March 31, 2021 - 21,00,000, As at March 31, 2020 - 21,00,000)	<b>2,10</b>	2,10
Issued, subscribed and fully paid up capital:		
Equity shares of ₹10 / - each (As at March 31, 2021 - 2,43,25,600, As at March 31, 2020 - 2,43,25,600)	<b>24,33</b>	24,33
	<b>24,33</b>	24,33

(i) Reconciliation of number of shares and amount outstanding at the beginning and end of reporting period

Equity shares

₹ in lakhs

Particulars	31st March, 2021		31st March, 2020	
	No of shares	Amount	No of shares	Amount
At the beginning of year	<b>2,43,25,600</b>	<b>24,33</b>	2,43,25,600	24,33
Increase during the year	-	-	-	-
Cancelled during the year	-	-	-	-
At the end of reporting period	<b>2,43,25,600</b>	<b>24,33</b>	2,43,25,600	24,33

(ii) Rights, preference and restrictions attached to shares:

Equity shares:

The Company has only one class of equity shares having par value of ₹10/- per share. Each holder of the equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Preference Shares:

The 8% Non-Cumulative, Redeemable Preference Shares amounting to ₹2,07,09,750 were allotted on February 11, 2016 and are redeemable on or before February 11, 2022. The dividend shall be paid annually. Preference shareholders shall be entitled to vote on any resolutions placed before the Company which directly affects rights attached to the preference shares.

(iii) The details of shareholders holding more than 5% of shares of the Company :

Particulars	31st March, 2021		31st March, 2020	
	Number	%	Number	%
Equity shares:				
Vindhyapriya Holdings Pvt. Ltd.	<b>53,65,296</b>	<b>22.06%</b>	53,65,296	22.06%
Mahendra K. Khatau	<b>16,37,066</b>	<b>6.73%</b>	16,37,066	6.73%
Priyanilgiri Holdings Pvt. Ltd.	<b>48,96,929</b>	<b>20.13%</b>	48,96,929	20.13%
MKK Holdings Pvt. Ltd.	<b>37,77,877</b>	<b>15.53%</b>	37,77,877	15.53%



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(iv) Aggregate number of bonus shares issued, shares issued for consideration other than cash, cancelled and shares bought back during the period of five years immediately preceding the date of the Balance Sheet:

Particulars	Year (Aggregate no. of shares)				
	2020-21	2019-20	2018-19	2017-18	2016-17
Equity shares					
Shares cancelled out of shares held for disposal on merger	-	-	-	-	-

**Note 9 (b) : Other equity**

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Securities premium	10,23	10,23
Capital reserve	4,61	4,61
General reserve	6,48	6,48
Retained earnings	(13,56)	(16,52)
Other comprehensive income	(17)	(10)
<b>Total reserves and surplus</b>	<b>7,59</b>	<b>4,70</b>

**Nature and purpose of other reserves:**
**Securities premium**

Securities premium reserve is used to record premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

**Capital reserve**

Capital reserve includes amounts realised on forfeiture of shares and reserves acquired on previous amalgamations.

**General reserve**

General reserve consists of reserve created on account of the difference between the fair valuation of assets and liabilities acquired by Company vis-a-vis the share capital it issued on amalgamation with its subsidiary Companies vide Amalgamation Scheme approved by the Honorable High Court of Bombay.

**Note 10 (a) : Long term borrowings**

₹ in lakhs

Particulars	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Secured				
(a) Rupee term loans / vehicle loans				
- from banks	63	31	22	11
- from financial institutions	1,83	1,71	26	35
Total secured loans [A]	2,46	2,02	48	46
Unsecured				
(a) 20,70,975 8% Non-cumulative redeemable preference shares of ₹ 10/- each	2,07	2,07	-	-
(b) Loans from financial institutions	2,99	2,24	-	-
(c) Loan from related parties	-	80	-	-
Total unsecured loans [B]	5,06	5,11	-	-
<b>Total borrowings [A+B]</b>	<b>7,52</b>	<b>7,13</b>	<b>48</b>	<b>46</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**
**Note 10 (b) : Short term borrowings**

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Secured		
(a) Working Capital Loans		
(i) from financial institutions	80	90
Unsecured		
(a) Loan from related parties	56	-
<b>Total Short term borrowings</b>	<b>1,36</b>	<b>90</b>

## i) Repayment terms and securities of secured loans:

₹ in lakhs

Nature of security	Terms of repayment	Month in which last installment is due	Prevailing Interest rate per annum	Balance as at March 31, 2021	Balance as at March 31, 2020
<b>Secured rupee term loans / vehicle loans from banks</b>					
Secured rupee term loans / vehicle loans from banks	Monthly instalments	June 5, 2020	11.46%	-	1
Secured against hypothecation of specific vehicle	Monthly instalments	September 10, 2023	8.95%	36	41
Secured against hypothecation of specific vehicle	Monthly instalments	August 05, 2025	10.28%	16	-
Secured against hypothecation of specific vehicle	Monthly instalments	August 05, 2025	10.26%	17	-
Secured against hypothecation of specific vehicle	Monthly instalments	January 05, 2026	8.52%	17	-
				<b>85</b>	<b>42</b>
<b>Secured rupee term loans / vehicle loans from financial institutions</b>					
Secured against hypothecation of specific vehicle	Monthly instalments	June 7, 2021	11.49%	9	23
Secured against Property - (Buildings Khatau House)	Monthly instalments	March 09, 2029	10.50%	1,71	1,83
Secured against Property - (Buildings Khatau House)	Half Yearly instalments	September 23, 2028	11.50%	80	90
Secured against Property - (Buildings Khatau House)	Monthly instalments	October 05, 2028	11.00%	30	-
				<b>2,90</b>	<b>2,96</b>

**Unsecured preference shares**

The 8% non-cumulative, redeemable preference shares amounting to ₹2,07 lakhs were allotted on February 11, 2016 and were redeemable on or before February 10, 2019. However, the terms of redemption have been further extended for a period of 3 years i.e to February 10, 2022.

**Unsecured loans from financial institutions**

Loans from financial institutions are secured against pledging of investments held by promoters in personal capacity. It carries a rate of interest of 11% and is repayable in a single instalment on February 19, 2023.

**Working Capital loans from financial institutions**

Out of working capital loans from Financial institutions ₹10 lakhs is payable within the next 12 months

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**
**Unsecured loans from related parties**

Unsecured loans from related parties do not have any specific repayment schedule. Hence it has been classified under Short Term Borrowings.

**i) Maturity profile of secured and unsecured loans:**

₹ in lakhs

Particulars	<b>As at March 31, 2021</b>	As at March 31, 2020
Between one to five years	1,51	1,78
Over five years	4,74	4,18

**Note 10 (c) : Other financial liabilities**

₹ in lakhs

Particulars	Non-current		Current	
	<b>As at March 31, 2021</b>	As at March 31, 2020	<b>As at March 31, 2021</b>	As at March 31, 2020
Current maturities of long term borrowings (Refer Note 10(a))	-	-	48	46
Security deposits from others	2,23	2,21	6	4
Interest accrued but not due on loans	-	-	2	2
Interest accrued and due on borrowings	-	-	1	4
<b>Total other financial liabilities</b>	<b>2,23</b>	2,21	<b>57</b>	56

**Note 10 (d) : Trade payables**

₹ in lakhs

Particulars	<b>As at March 31, 2021</b>	As at March 31, 2020
Trade payables:		
- Dues to micro and small enterprises (Refer Note below)	-	-
- Other than micro and small enterprises	17,87	20,12
<b>Total trade payables</b>	<b>17,87</b>	20,12

Note: In absence of necessary information relating to the suppliers registered as micro, small and medium enterprises under the Micro, Small and Medium Enterprise 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.

**Note 11 : Employee benefit obligations**

₹ in lakhs

Particulars	Non-current		Current	
	<b>As at March 31, 2021</b>	As at March 31, 2020	<b>As at March 31, 2021</b>	As at March 31, 2020
Gratuity (Refer Note 24)	94	89	52	49
Compensated absences (Refer Note 24)	26	31	15	16
Superannuation scheme	7	7	-	-
<b>Total employee benefit obligations</b>	<b>1,27</b>	1,27	<b>67</b>	65

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**
**Note 12 : Other current liabilities**

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory and other related dues	35	43
Creditors for capital expenditure	-	11
Employee benefit payable	1,21	93
Payable to others	26	5
Payable to related parties	1	1
Advance from customers	59	73
<b>Total other current liabilities</b>	<b>2,42</b>	<b>2,27</b>

**Note 13 : Revenue from operations**

₹ in lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Sale of products</b>		
<b>Sales</b>		
Finished goods	74,32	84,13
Stock in trade	3,80	5,16
Total Sales	78,12	89,29
<b>Other operating revenues</b>		
Freight, octroi, insurance and handling charges recovered	1	1
Export incentives	1,11	31
<b>Total revenue from operations</b>	<b>79,24</b>	<b>89,61</b>

**Note 14 : Other income**

₹ in lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest income		
- on fixed deposits with banks	.*	.*
- on others	3	2
Rental income	-	3
Recovery of office expenses	5	10
Gain on foreign exchange transactions (net)	-	64
Service charges earned	1	2
Provisions no longer required written back	.*	-
Misc Income- others	2	13
Profit / (loss) on sale of investment	.*	-
Gain on fair valuation of investments through profit and loss	.*	-
Sundry balances written back (net)	12	-
<b>Total other income</b>	<b>23</b>	<b>94</b>

Note: \*.Amount is below the rounding off limits followed by the Company's norms.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**
**Note 15 : Cost of materials consumed**

₹ in lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Opening stock of raw materials	8,26	6,58
Add : Purchases	53,64	64,31
Less : Closing stock of raw materials	6,47	8,26
<b>Cost of raw materials consumed</b>	<b>55,43</b>	<b>62,63</b>
Opening stock of packing materials	57	49
Add : Purchases	2,23	2,51
Less : Closing stock of packing materials	52	57
<b>Cost of packing materials consumed</b>	<b>2,28</b>	<b>2,43</b>
<b>Total cost of materials consumed</b>	<b>57,71</b>	<b>65,06</b>

**Note 16 : Changes in inventories of finished goods, work-in-process and stock in trade**

₹ in lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Opening Stock:		
Finished goods	2,02	2,33
Stock in trade	42	7
Work-in-process	-	35
Less: Closing Stock:		
Finished goods	2,64	2,02
Stock in trade	11	42
Work-in-process	23	-
<b>(Increase) / decrease in inventories</b>	<b>(54)</b>	<b>31</b>

**Note 17 : Employee benefit expenses**

₹ in lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus	6,34	7,63
Contribution to staff provident and other funds (Refer Note No. 24)	11	13
Staff welfare expenses	16	16
Gratuity expenses	20	22
<b>Total employee benefit expenses</b>	<b>6,81</b>	<b>8,15</b>

**Note 18 : Finance cost**

₹ in lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Finance costs	1,23	1,31
<b>Total finance costs</b>	<b>1,23</b>	<b>1,31</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**
**Note 19 : Other expenses**

₹ in lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Rent	80	74
Power and fuel	62	81
Water charges	4	6
Repairs and maintenance		
Buildings	18	17
Plant & machinery	25	20
Equipments	11	17
Others	22	24
Security charges	10	8
ETP expenses	1	-*
Laboratory and testing expenses	15	17
Rates and taxes	5	6
Doubtful debts written off (net)	63	8
Less: Provision for doubtful debts written back	(19)	(5)
Freight, forwarding and repacking	1,81	1,87
Legal and professional fees	80	79
Travelling and conveyance	46	88
Auditor's remuneration (Refer Note below)	16	11
Loss on sale / scrapping of assets	20	-
Communication expense	11	13
Printing, postage and courier	11	20
Insurance	17	19
Commission on sales	9	14
Gain on foreign exchange transactions (net)	43	-
Advertisement and sales promotion	9	18
Directors sitting fees	2	2
Penalties and fines	1	-*
Sundry balances written off (net)	-	20
Sales tax receivable written off	9	-
Other establishment expenses	52	68
<b>Total other expenses</b>	<b>8,04</b>	<b>8,13</b>

**Note: Auditor's remuneration comprises (net of goods and service tax / service tax)**

₹ in lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
As an auditor	5	5
Tax audit	1	1
Reimbursement of expenses	-	-*
Other Tax Matters	10	6
<b>Total auditor's remuneration</b>	<b>16</b>	<b>12</b>

Note: \* Amount is below the rounding off limits followed by the Company's norms.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**
**Note 20 : Income taxes**

Income tax expenses recognised in the statement of profit and loss comprises of:

₹ in lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current income taxes	-	-
Deferred tax	-	-
<b>Effective income tax rate (%)*</b>	<b>Nil</b>	<b>Nil</b>

\*Note: Due to the carried forward business and unabsorbed depreciation losses of past years, the taxable profit of the Company shall be set off against such losses. Hence, the effective tax rate is Nil.

**Note 21 : Earnings per share**

₹ in lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit after tax attributable to owners of the Company (₹ in lakhs)	<b>2,96</b>	51
<b>Weighted average equity shares for the purpose of calculating</b>		
Basic earnings per share (nos.)	<b>2,43,25,600</b>	2,43,25,600
Diluted earnings per share (nos.)	<b>2,43,25,600</b>	2,43,25,600
<b>Basic earnings per share</b>		
Basic earnings per share attributable to owners (₹)	<b>1.22</b>	0.21
<b>Diluted earnings per share</b>		
Diluted earnings per share attributable to owners (₹)	<b>1.22</b>	0.21

**Note 22 : Contingent liabilities (to the extent not provided for)**

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Disputed income tax demand in appeal	<b>14</b>	14
Claims against the Company not acknowledged as debts	<b>74</b>	74
Disputed provident fund damages in appeal	<b>49</b>	49
Custom duty in the event of non-fulfilment of export obligations in respect of advance licenses availed	<b>37</b>	39
<b>Total</b>	<b>1,74</b>	1,76

**Commitments**

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances)	-	-

**Note 23 : Financial instruments**
**(i) Capital management**

For the purpose of the Company's capital management, equity includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value. The Company's capital management objectives are to maintain equity including all reserves to protect economic viability and to finance any growth opportunities that may

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

be available in future so as to maximise shareholders' value. The Company is monitoring capital using debt equity ratio as its base, which is debt to equity. The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of debt which includes the borrowings, cash and cash equivalents including short term bank deposits, equity comprising issued capital, reserves and non-controlling interests. The gearing ratio for the year is as under:

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Debt (including borrowings from related and unrelated parties )	9,37	8,49
Less: Cash and cash equivalents including short term deposits	(77)	(46)
<b>Net debt (A)</b>	<b>8,60</b>	<b>8,03</b>
<b>Total equity (B)</b>	<b>31,93</b>	<b>29,03</b>
<b>Net debt to equity ratio (A / B)</b>	<b>0.27</b>	<b>0.28</b>

**(ii) Categories of financial instruments**

The carrying value of financial instruments by categories as of March 31, 2021 is as follows:

₹ in lakhs

Particulars	Amortized cost	Financial assets / liabilities at fair value through profit or loss	Financial assets / liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets :					
Cash and cash equivalents	69	-	-	69	69
Bank balance other than cash and cash equivalents	8	-	-	8	8
Investments	1	-*	-	1	1
Trade receivables	22,81	-	-	22,81	22,81
Loans	1	-	-	1	1
Other financial assets	1,59	-	-	1,59	1,59
<b>Total</b>	<b>25,19</b>	<b>-</b>	<b>-</b>	<b>25,19</b>	<b>25,19</b>
Financial liabilities:					
Borrowings	9,37	-	-	9,37	9,37
Trade payables	17,87	-	-	17,87	17,87
Other financial liabilities	2,31	-	-	2,31	2,31
<b>Total</b>	<b>29,55</b>	<b>-*</b>	<b>-</b>	<b>29,55</b>	<b>29,55</b>

\* Amount is below the rounding off limits followed by the Company's norms.

The carrying value of financial instruments by categories as of March 31, 2020 is as follows:

₹ in lakhs

Particulars	Amortized cost	Financial assets / liabilities at fair value through profit or loss	Financial assets / liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets :					
Cash and cash equivalents	41	-	-	41	41
Bank balance other than cash and cash equivalents	5	-	-	5	5
Investments	1	-*	-	1	1
Trade receivables	20,81	-	-	20,81	20,81
Loans	1	-	-	1	1
Other financial assets	76	-	-	76	76
<b>Total</b>	<b>22,05</b>	<b>-*</b>	<b>-</b>	<b>22,05</b>	<b>22,05</b>



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**
**Note 23 (ii) : Categories of financial instruments (Contd.)**

Particulars	Amortized cost	Financial assets / liabilities at fair value through profit or loss	Financial assets / liabilities at fair value through OCI	Total carrying value	Total fair value
Financial liabilities:					
Borrowings	8,49	-	-	8,49	8,49
Trade payables	20,12	-	-	20,12	20,12
Other financial liabilities	2,31	-	-	2,31	2,31
<b>Total</b>	<b>30,92</b>	<b>-</b>	<b>-</b>	<b>30,92</b>	<b>30,92</b>

\* Amount is below the rounding off limits followed by the Company's norms.

**Fair Value Hierarchy :**

The fair value hierarchy is based on the inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels :

Level 1- Level 1 hierarchy includes financial instruments measured using quoted prices and mutual funds are measured using the closing net asset value (NAV).

Level 2 - The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs are required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3 – if one or more of the significant inputs is based on observable market data, the instrument is included in Level 3.

The fair value hierarchy of assets and liabilities measured at fair value as of March 31, 2021 is as follows :

₹ in lakhs

Particulars	Level 1	Level 2	Level 3	Total
Financial assets :				
At fair value through profit and loss				
Investment in equity shares	-*	-	-	-*
Investment in optionally convertible debentures	-	-	1	1
<b>Total</b>	<b>-*</b>	<b>-</b>	<b>1</b>	<b>1</b>

Note: \* Amount is below the rounding off limits followed by the Company's norms.

The fair value hierarchy of assets and liabilities measured at fair value as of March 31, 2020 is as follows :

₹ in lakhs

Particulars	Level 1	Level 2	Level 3	Total
Financial assets :				
At fair value through profit and loss				
Investment in equity shares	-*	-	-	-*
Investment in optionally convertible debentures	-	-	1	1
<b>Total</b>	<b>-*</b>	<b>-</b>	<b>1</b>	<b>1</b>

Note: \* Amount is below the rounding off limits followed by the Company's norms.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Cash and cash equivalents, other bank balances, trade and other receivables, trade and other payables and other financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities or nature of these instruments.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

The fair value of Company's interest bearing borrowings are determined using amortised cost basis using a discount rate that reflects issuer's borrowing rate as at the end of reporting date.

**Financial risk management objectives:**

The Company's activities exposes it to a variety of financial risk viz. market risks, credit risks and liquidity risks. In order to manage the aforementioned risks, the Company has a risk management policy and a program that performs close monitoring of and responding to each risk factors.

**Market risk:**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates and other market changes.

**Foreign currency risk:**

Foreign currency risk mainly arises from transactions undertaken by an operating unit in currencies other than its functional currency. The carrying amount of Company's financial assets and financial liabilities denominated in foreign currencies at the reporting date are as follows :

(₹ in lakhs)

Particulars	USD	₹
<b>As at March 31, 2021</b>		
Financial assets	16	11,49
Financial liabilities	-*	21

5% appreciation / depreciation of the respective foreign currencies with respect to the functional currency of the Company would result in decrease / increase in the Company's profit before tax by approximately ₹ 56.37 lakhs (net) for the year ended March 31, 2021.

(₹ in lakhs)

Particulars	USD	₹
<b>As at March 31, 2020</b>		
Financial assets	15	11,16
Financial liabilities	-*	18

5% appreciation / depreciation of the respective foreign currencies with respect to the functional currency of the Company would result in decrease / increase in the Company's profit before tax by approximately ₹54.90 lakhs (net) for the year ended March 31, 2020.

**Interest rate risk:**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have significant floating interest rate borrowings during the year ended March 31, 2021 and March 31, 2020. Hence, the Company is not exposed to significant interest rate risk as at the respective reporting dates.

**Credit risk:**

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. Trade receivables are typically unsecured and are derived from revenue earned from customers located in India. Credit risk has always been managed by the Company through continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain.

**Liquidity risk:**

The responsibility for liquidity risk management rests with the Board of Directors, which has an appropriate liquidity risk management framework for the management of the Company's short, medium and longterm funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities by regularly monitoring forecast and actual cash flows.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

The table below provides details regarding contractual maturities of significant financial liabilities as at March 31, 2021

₹ in lakhs

Particulars	Within one year	One to five years	More than five years	Total
Financial instruments:				
Borrowings	1,04	1,51	4,74	7,29
Trade and other payables	17,87	-	-	17,87
Other financial liabilities	8	2,23	-	2,31
<b>Total financial liabilities</b>	<b>18,99</b>	<b>3,74</b>	<b>4,74</b>	<b>27,47</b>

The table below provides details regarding contractual maturities of significant financial liabilities as at March 31, 2020

₹ in lakhs

Particulars	Within one year	One to five years	More than five years	Total
Financial instruments:				
Borrowings	46	1,78	4,18	6,42
Trade and other payables	20,12	-	-	20,12
Other financial liabilities	10	2,21	-	2,31
<b>Total financial liabilities</b>	<b>20,68</b>	<b>3,99</b>	<b>4,18</b>	<b>28,85</b>

**24. Disclosure under Ind AS-19 on Employee Benefits as notified under Rule 3 of Companies (Indian Accounting Standard) Rules, 2015 and Companies (Indian Accounting Standard) Amendment Rules, 2015**
**I. Defined Contribution Plans:**

The Company has recognised the following amounts in the Income Statement during the year under "Contribution to staff provident and other funds. (Refer Note No. 17)

₹ in lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Employer's contribution to Provident Fund	10	13
Employer's contribution to Labour welfare fund	.*	.*
Employer's contribution to Employee State Insurance	.*	.*
<b>Total</b>	<b>10</b>	<b>13</b>

Note: \* Amount is below the rounding off limits followed by the Company's norms.

**II. Defined benefit plans**
**A) Gratuity**

The Gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the plan, qualifying employees are entitled to Gratuity depending upon the number of years of service rendered by them subject to minimum specified number of years of service and the salary at time of retirement / resignation.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**
**a) Movements in present value of defined benefit obligation (DBO)**

₹ in lakhs

Particulars	Gratuity March 31, 2021	Gratuity March 31, 2020
Obligations as at beginning of the year	1,38	1,39
Current service cost	12	13
Interest cost	8	9
Past Service Cost	-	-
Benefits paid	(16)	(16)
Actuarial (gain) / loss on obligations	3	(7)
<b>Present value of defined benefit obligation as at end of the year</b>	<b>1,46</b>	<b>1,38</b>

**b) Movements in the fair value of plan assets**

₹ in lakhs

Particulars	Gratuity March 31, 2021	Gratuity March 31, 2020
Fair value of plan assets at beginning of the year	-	-
Expected return on plan assets	-	-
Return on plan assets excluding amounts included in interest income	-	-
Actuarial gain / (loss) on plan assets	-	-
Contributions by the employer	-	-
Benefits paid	-	-
<b>Fair value of plan assets as at end of the year</b>	<b>-</b>	<b>-</b>

**c) Amount recognised in the Balance Sheet**

₹ in lakhs

Particulars	Gratuity March 31, 2021	Gratuity March 31, 2020
Present value of defined benefit obligation as at end of the year	1,46	1,38
Fair value of plan assets as at end of the year	-	-
<b>Net liability recognised in the Balance Sheet</b>	<b>1,46</b>	<b>1,38</b>

**d) Amounts recognised in the Statement of Profit & Loss**

₹ in lakhs

Particulars	Gratuity March 31, 2021	Gratuity March 31, 2020
Current service cost	12	13
Past service cost	-	-
Interest cost	8	9
Expected return on plan assets	-	-
<b>Total amounts recognised in the statement of Profit and Loss</b>	<b>20</b>	<b>22</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**
**e) Amounts recognised in other comprehensive income**

₹ in lakhs

Particulars	Gratuity March 31, 2021	Gratuity March 31, 2020
Components of actuarial gain / losses on obligations:		
Due to change in financial assumptions	2	(5)
Due to change in demographic assumptions*	1	-*
Due to change in experience adjustments*	-*	(2)
Return on plan assets excluding amounts included in interest income	-	-
<b>Total</b>	<b>3</b>	<b>(7)</b>

\* Amount is below the rounding off limits followed by the Company's norms

**f) Sensitivity analysis**

₹ in lakhs

Particulars	Gratuity March 31, 2021	Gratuity March 31, 2020
<b>DBO On base assumptions</b>		
<b>A. Discount Rate</b>		
1. Effect due to 0.5% increase in discount rate	1,43	1,35
2. Effect due to 0.5% decrease in discount rate	1,49	1,42
<b>B. Salary Escalation Rate</b>		
1. Effect due to 0.5% increase in salary escalation rate	1,49	1,42
2. Effect due to 0.5% decrease in salary escalation rate	1,43	1,35
<b>C. Withdrawal Rate</b>		
1. Effect due to 10 % (10% ) increase in withdrawal rate	1,46	1,38
2. Effect due to 10 % (10%) decrease in withdrawal rate	1,46	1,38

**g) Actuarial assumptions**

Following are the principal actuarial assumptions used at Balance Sheet date:

₹ in lakhs

Particulars	Gratuity March 31, 2021	Gratuity March 31, 2020
Discount rate (per annum)	6.05%	6.45%
Expected Return on Plan Assets	NA	NA
Withdrawal rate	10.00%	6.00%
Salary growth rate	6.00%	0% to 6%
Mortality rates	India Assured Lives Mortality (2012-14)	India Assured Lives Mortality (2012-14)

**B) Compensated absences**

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits for measurement purpose. The Company's liability is actuarially determined by an independent actuary using the Projected Unit Credit Method at the end of each year. Actuarial losses / gains are recognised in the Statement of Profit and Loss in the year in which they arise.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**
**a) Movements in present value of defined benefit obligation (DBO)**

₹ in lakhs

Particulars	Compensated absences March 31, 2021	Compensated absences March 31, 2020
Obligations as at beginning of the year	47	49
Current service cost	7	7
Interest Cost	3	3
Past Service Cost	-	-
Benefits paid	(19)	(5)
Actuarial (gain) / loss on obligations	4	(7)
<b>Present value of defined benefit obligation as at end of the year</b>	<b>42</b>	<b>47</b>

**b) Movements in the fair value of plan assets**

₹ in lakhs

Particulars	Compensated absences March 31, 2021	Compensated absences March 31, 2020
Fair value of plan assets at beginning of the year	-	-
Expected return on plan assets	-	-
Return on plan assets excluding amounts included in interest income	-	-
Actuarial gain / (loss) on plan assets	-	-
Contributions by the employer	-	-
Benefits paid	-	-
<b>Fair value of plan assets as at end of the year</b>	<b>-</b>	<b>-</b>

**c) Amount recognised in the Balance Sheet**

₹ in lakhs

Particulars	Compensated absences March 31, 2021	Compensated absences March 31, 2020
Present value of defined benefit obligation as at end of the year	42	47
Fair value of plan assets as at end of the year	-	-
<b>Net liability recognised in the Balance Sheet</b>	<b>42</b>	<b>47</b>

**d) Amounts recognised in the statement of Profit and Loss**

₹ in lakhs

Particulars	Compensated absences March 31, 2021	Compensated absences March 31, 2020
Current service cost	7	7
Past service cost	-	-
Interest cost	3	3
Expected return on plan assets	-	-
<b>Total amounts recognised in the statement of Profit and Loss</b>	<b>10</b>	<b>10</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**
**e) Amounts recognised in other comprehensive income**

₹ in lakhs

Particulars	Compensated absences March 31, 2021	Compensated absences March 31, 2020
Components of actuarial gain / losses on obligations:		
Due to change in financial assumptions	1	(2)
Due to change in demographic assumptions	(1)	-*
Due to change in experience adjustments	4	(6)
Return on plan assets excluding amounts included in interest income		
<b>Total</b>	<b>4</b>	<b>(8)</b>

Note: \* Amount is below the rounding off limits followed by the Company's norms.

**f) Sensitivity analysis**

₹ in lakhs

Particulars	Compensated absences March 31, 2021	Compensated absences March 31, 2020
<b>DBO On base assumptions</b>		
<b>A. Discount Rate</b>		
1. Effect due to 0.5% increase in discount rate	40	46
2. Effect due to 0.5% decrease in discount rate	42	48
<b>B. Salary Escalation Rate</b>		
1. Effect due to 0.5% increase in salary escalation rate	42	48
2. Effect due to 0.5% decrease in salary escalation rate	40	46
<b>C. Withdrawal Rate</b>		
1. Effect due to 10% ( 10% ) increase in withdrawal rate	41	47
2. Effect due to 10% (10%) decrease in withdrawal rate	41	47

**g) Actuarial assumptions**

Following are the principal actuarial assumptions used at Balance Sheet date:

Particulars	Compensated absences March 31, 2021	Compensated absences March 31, 2020
Discount rate (per annum)	6.05%	6.45%
Expected return on plan assets	NA	NA
Withdrawal rate	10.00%	6.00%
Salary growth rate	6.00%	0% to 6%
Mortality rates	<b>India Assured Lives Mortality (2012-14)</b>	India Assured Lives Mortality (2012-14)
Leave availment rate	1.50%	1.50%
Leave encashment rate	0.00%	0.00%

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**
**Note 25 : Operating leases**

The Company has taken office, factory spaces and warehouses under cancellable operating leases for periods ranging from 11 months to 3 years. Lease arrangements are usually renewable on mutually agreed terms and are cancellable by written notice.

₹ in lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Future minimum lease payments are as follows:</b>		
- not later than one year	80	75
- later than one year but not later than five years	22	85
- later than five years	-	-
<b>Total</b>	<b>1,02</b>	<b>1,59</b>

**Note 26 : Segment reporting**
**Business Segment:**

The Company operates in two segment viz. textile dyes and chemicals and electrical capacitors, however the segment reporting for electrical capacitors is not disclosed separately, as the same does not qualify for separate disclosure as per IND AS 108 on operating segments.

**Note 27 : Deferred tax**

Deferred tax asset on carry forward of unused tax losses and unused tax credits has not been recognised because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

Details of business loss and unabsorbed depreciation carry forward in future till assessment year 2020-21 is as follows.

Assessment year	Unabsorbed Depreciation ₹	Unabsorbed Business Loss ₹	Remarks
2019-20	1,09,05,368	64,48,004	Business loss is available for adjustment till March 2027
2016-17	66,69,170	4,44,94,388	Business loss is available for adjustment till March 2024
2014-15	74,308		
2013-14	64,225		
2012-13	3,93,846		
2011-12	5,45,714		
2009-10	6,38,048		
2006-07	1,04,49,874		
2000-01	3,03,27,640		
1998-99	18,72,025		
1997-98	2,78,57,538		
<b>Total</b>	<b>8,97,97,756</b>	<b>5,09,42,392</b>	
Total unabsorbed depreciation and business loss	14,07,40,148		
Income tax @ 26.75%	3,76,47,990		

Based on the above deferred tax assets to the extent of ₹3.76 crores is available in future to set off against future income tax.



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**
**Note 28 : Related party relationships, transactions and balances: (as per IND-AS 24)**
**a) Enterprise significantly influenced by the Key Managerial Personnel or their relatives**

- i) Samudra Dye-chem Private Limited
- ii) Spiweld Chemtrade Private Limited
- iii) Textomax Chemicals Private Limited
- iv) Formost Chemicals Private Limited
- v) Chemron Texchem Private Limited
- vi) Asha Marine Products Private Limited
- vii) Emerald Capital Services Private Limited
- viii) Vindhyapriya Holdings Private Limited
- ix) Khatau Leasing and Finance Company Private Limited
- x) Prism Plantations Private Limited
- xi) Khatau Holding and Trading Company Private Limited
- xii) Prerana Leasing and Finvest Private Limited
- xiii) MKK holdings Private Limited
- xiv) Priyanilgiri Holdings Private Limited
- xv) Refnol Resins and Chemicals Limited
- xvi) Priyamvada Holdings Limited (w.e.f April 1, 2017) (Associate till March 31, 2017)
- xvii) Orchard Acres

**b) Key managerial personnel and their relatives**

- i) Mr. Mahendra K. Khatau (Chairman and Managing Director)
- ii) Mrs. Asha M. Khatau (Non-executive Director and wife of Chairman)
- iii) Mr. Manish M. Khatau (Whole -Time Director and son of Chairman)
- iv) Mr. Kailash Pershad (Non-executive Independent Director)
- v) Mr. Bhalachandra G. Sontakke (Non-executive Independent Director)
- vi) Mr. Rajagopalan Sesha (Non-executive Independent Director) Termination Date 27.07.2020
- vii) Mr. Rahul Singh (Non-executive Independent Director) appointment Date 25.08.2020
- viii) Ms. Rupal B. Parikh (Chief Financial Officer)
- ix) Mr. Rajesh D. Pisal (Company Secretary)

**c) Details of transactions with related parties during the year**

₹ in lakhs

Nature of transactions	Significantly Influenced		Key Managerial Personnel and their relatives		Total	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
<b>Revenue from operations</b>						
Refnol Resins and Chemicals Limited	1	-*	-	-	1	-*
<b>Total</b>	<b>1</b>	<b>-*</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-*</b>
<b>Purchase of goods</b>						
Orchard Acres	3,04	2,22	-	-	3,04	2,22
Refnol Resins and Chemicals Limited	2,08	3,35	-	-	2,08	3,35
<b>Total</b>	<b>5,12</b>	<b>5,57</b>	<b>-</b>	<b>-</b>	<b>5,12</b>	<b>5,57</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

₹ in lakhs

Nature of transactions	Significantly Influenced		Key Managerial Personnel and their relatives		Total	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
<b>Income:</b>						
<b>Rent received / other income / sale of assets</b>						
Orchard Acres	-	-*	-	-	-	-*
Orchard Acres	1	1	-	-	1	1
Refnol Resins and Chemicals Limited	2	-	-	-	2	-
<b>Total</b>	<b>3</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>1</b>
<b>Directors' Sitting Fees:</b>						
Mrs. Asha M. Khatau	-	-	-*	-*	-*	-*
Mr. Kailash Pershad	-	-	1	1	1	1
Mr. Bhalachandra G. Sontakke	-	-	1	1	1	1
Mr. Rajagopalan Sesha	-	-	-*	-*	-*	-*
Mr. Rahul Singh*	-	-	-*	-	-*	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Managerial remuneration: #</b>						
Mr. Mahendra K. Khatau	-	-	57	65	57	65
Mr. Manish M. Khatau	-	-	28	35	28	35
Ms. Rupal B. Parikh	-	-	15	17	15	17
Mr. Rajesh D. Pisal	-	-	12	13	12	13
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,12</b>	<b>1,30</b>	<b>1,12</b>	<b>1,30</b>
<b>Expenses - interest and rent</b>						
Orchard Acres	13	22	-	-	13	22
Orchard Acres	19	17	-	-	19	17
<b>Total</b>	<b>32</b>	<b>39</b>	<b>-</b>	<b>-</b>	<b>32</b>	<b>39</b>

Note 1 : \* Amount is below the rounding off limits followed by the Company's norms.

Note 2 : # does not include the amount payable towards gratuity and compensated absences by the Company, as the same is calculated for the Company as a whole on actuarial basis.

**d) Details of transactions with related parties during the year**

₹ in lakhs

Nature of transactions	Significantly Influenced		Key Managerial Personnel and their relatives		Total	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
<b>Interest on borrowings</b>						
Prism Plantations Private Limited	1	2	-	-	1	2
Mr. Mahendra K. Khatau	-	-	8	10	8	10
Mrs. Asha M. Khatau	-	-	1	2	1	2
Mr. Manish M. Khatau	-	-	1	1	1	1
<b>Total</b>	<b>1</b>	<b>2</b>	<b>10</b>	<b>13</b>	<b>11</b>	<b>15</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

₹ in lakhs

Nature of transactions	Significantly Influenced		Key Managerial Personnel and their relatives		Total	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
<b>Loans taken during the year</b>						
Mr. Mahendra K. Khatau	-	-	15	1,53	15	1,53
Mr. Manish M. Khatau	-	-	-	2	-	2
<b>Total</b>	-	-	15	1,55	15	1,55
<b>Loan repaid during the year</b>						
Prism Plantations Private Limited	12	-	-	-	12	-
Mr. Mahendra K. Khatau	-	-	26	1,41	26	1,41
Mrs. Asha M. Khatau	-	-	1	-	1	-
Mr. Manish M. Khatau	-	-	1	-	1	-
<b>Total</b>	12	-	28	141	40	141
<b>Deposits paid during the year</b>						
Orchard Acres	-	5	-	-	-	5
<b>Total</b>	-	5	-	-	-	5

**e) Outstanding balances with related parties (Receivable) :**

₹ in lakhs

Nature of transactions	Significantly Influenced		Key Managerial Personnel and their relatives		Total	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
<b>Trade receivables</b>						
Spiweld Chemtrade Private Limited	-	19	-	-	-	19
Less: Allowances for Credit Losses	-	(2)	-	-	-	(2)
Net amount receivable	-	17	-	-	-	17
Formost Chemicals Private Limited	-	10	-	-	-	10
Less: Allowances for Credit Losses	-	(2)	-	-	-	(2)
Net amount receivable	-	8	-	-	-	8
Orchard Acres	1	1	-	-	1	1
Less: Allowances for Credit Losses	-	-*	-	-	-	-*
Net amount receivable	1	1	-	-	1	1
Refinol Resins and Chemicals Limited	5	2	-	-	5	2
Less: Allowances for Credit Losses	-	-*	-	-	-	-*
Net amount receivable	5	2	-	-	5	2
<b>Total</b>	6	28	-	-	6	28
<b>Loans given</b>						
Asha Marine Products Private Limited	-*	-*	-	-	-*	-*
<b>Total</b>	-*	-*	-	-	-*	-*
<b>Deposit received</b>						
Orchard Acres	5	5	-	-	5	5
<b>Total</b>	5	5	-	-	5	5

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

₹ in lakhs

Nature of transactions	Significantly Influenced		Key Managerial Personnel and their relatives		Total	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
<b>Advance received</b>						
Samudra Dye-chem Private Limited	1	1	-	-	1	1
<b>Total</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>
<b>Investments in optionally convertible debentures</b>						
Khatau Holding and Trading Company Private Limited	-*	-*	-	-	-*	-*
Priyamvada Holdings Limited	1	1	-	-	1	1
<b>Total</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>

Note: \* Amount is below the rounding off limits followed by the Company's norms.

**f) Outstanding balances with related parties (Payable) :**

₹ in lakhs

Nature of transactions	Significantly Influenced		Key Managerial Personnel and their relatives		Total	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
<b>Trade Payables</b>						
Refinol Resins and Chemicals Limited	1,67	1,99	-	-	1,67	1,99
Orchard Acres	38	1,36	-	-	38	1,36
<b>Total</b>	<b>2,05</b>	<b>3,35</b>	<b>-</b>	<b>-</b>	<b>2,05</b>	<b>3,35</b>
<b>Borrowings</b>						
Prism Plantations Private Limited	-	12	-	-	-	12
Mr. Mahendra K. Khatau	-	-	39	51	39	51
Mrs. Asha M. Khatau	-	-	10	11	10	11
Mr. Manish M. Khatau	-	-	6	7	6	7
<b>Total</b>	<b>-</b>	<b>12</b>	<b>55</b>	<b>69</b>	<b>55</b>	<b>81</b>
<b>Interest accrued and due on borrowings</b>						
Prism Plantations Private Limited	-	3	-	-	-	3
Mr. Mahendra K. Khatau	-	-	1	1	1	1
Mrs. Asha M. Khatau	-	-	-*	1	-*	1
Mr. Manish M. Khatau	-	-	-*	-*	-*	-*
<b>Total</b>	<b>-</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>4</b>
<b>Other Payables</b>						
Mr. Mahendra K. Khatau	-	-	-*	-	-*	-
Mr. Manish M. Khatau	-	-	1	1	1	1
Orchard Acres	-*	-	-	-	-*	-
<b>Total</b>	<b>-*</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

₹ in lakhs

Nature of transactions	Significantly Influenced		Key Managerial Personnel and their relatives		Total	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
<b>O/s Dues Managerial Remuneration</b>						
Mr. Mahendra K. Khatau	-	-	2	1	2	1
Mr. Manish M. Khatau	-	-	6	4	6	4
Ms. Rupal B. Parikh	-	-	1	1	1	1
Mr. Rajesh D. Pisal	-	-	1	1	1	1
<b>Total</b>	-	-	10	7	10	7
<b>Interest Payable on delayed payment</b>						
Orchard Acres	-	22	-	-	-	22
<b>Total</b>	-	22	-	-	-	22
<b>Rent Payable</b>						
Orchard Acres	-	13	-	-	-	13
<b>Total</b>	-	13	-	-	-	13

Note: \* Amount is below the rounding off limits followed by the Company's norms.

**Note 29 : Expenditure on Corporate Social Responsibility (CSR)**

In accordance with provisions of Section 198 of the Companies Act, 2013, the Company has incurred losses in the immediately preceding financial year. Hence, there is no amount required to be spent by the Company during the year towards Corporate Social Responsibility in terms of Section 135 of the Companies Act, 2013.

**Note 30 : Managerial Remuneration**

In view of inadequacy of profits of the year 2020-21 the total remuneration paid by the Company to its Directors including Managing Director (MD) was in accordance with the limits prescribed under section 197 read with Schedule V of the Companies Act, 2013.

**Note 31 : Estimation of uncertainties relating to COVID-19**

Since the closure of the financial year, the Company's operations have been partially disrupted by the local lock downs due to the COVID-19 second wave crises. With the experience gained by the previous lock down, the Company has geared up to ensure that the lock downs do not severely impact the operations which are possible during the period of lockdown and post lock down period. Based on management's assessment, the Company does not see any adverse impact on its operations.

**Note 33 :** Previous year's figures have been recasted / restated wherever necessary.

As per our attached report of even date

**For C N K & Associates LLP**

Chartered Accountants

Firm Registration No.: 101961 W / W - 100036

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

Partner

Membership No.: 101684

**Mahendra K. Khatau**

Chairman &amp; Managing Director

DIN : 00062794

**Manish M. Khatau**

Director

DIN : 02952828

**Place : Mumbai**
**Date: May 28, 2021**
**Rupal B. Parikh**

Chief Financial Officer

**Rajesh D. Pisal**

Company Secretary





A Khatau Group

If undelivered please return to

**Indokem Limited**

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