



KILBURN CHEMICALS LTD.

**ANNUAL
REPORT
AND
ACCOUNTS
2011-2012**

KILBURN CHEMICALS LTD.

DIRECTORS

B. P. JALAN – *Chairman*
S. K. JALAN – *Managing Director*
V. VANCHI
A. D. NANAIYA
R. CHAUDHRI
A. CHATRATH
P. K. BHATTACHARJEE

BANKERS

STATE BANK OF TRAVANCORE
AXIS BANK LIMITED
HDFC BANK LIMITED

AUDITORS

G. P. KEJRIWAL & ASSOCIATES
CHARTERED ACCOUNTANTS
KOLKATA

REGISTERED OFFICE

NEW NO. 23, OLD NO. 12
NEELAKANTA MEHTA STREET
T. NAGAR
CHENNAI - 600 017

CORPORATE OFFICE

“SHANTINIKETAN”, 16TH FLOOR
8, CAMAC STREET
KOLKATA 700 017

**REGISTRAR &
SHARE TRANSFER AGENT**

MAHESHWARI DATAMATICS PVT. LTD.
6, MANGOE LANE, 2ND FLOOR
KOLKATA - 700 001
PHONE NO. : (033) - 22435809 / 5029
FAX NO. : (033) 2248 4787
EMAIL : mdpl@cal.vsnl.net.in

NOTICE FOR THE 22ND ANNUAL GENERAL MEETING

NOTICE is hereby given that the 22nd Annual General Meeting of the Company will be held on Monday, the 24th day of September, 2012, at Narada Gana Sabha (Mini Hall), 314, T. T. K. Road, Alwarpet, Chennai 600018, at 11.00 A.M. to transact the following:

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2012 and the Profit and Loss Account for the year ended on that date together with the reports of the Directors and Auditors thereon.
2. To declare dividend on Equity and Preference Shares.
3. To elect a Director in the place of Shri. B.P. Jalan who retires by rotation and being eligible, offers himself for re-election.
4. To elect a Director in the place of Shri. A.D. Nanaiya, who retires by rotation and being eligible, offers himself for re-election.
5. To appoint M/s. G. P. Kejriwal & Associates, Chartered Accountants, Kolkata as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

AS SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution.

“RESOLVED THAT subject to provisions required by Schedule XIII of the Companies Act 1956, the Company hereby approves the re-appointment of Mr. S.K. Jalan as the Managing Director of the Company for a further period of 3 years from 14th November, 2012 to 13th November, 2015 on terms and conditions enumerated in the explanatory statement.

7. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution.

“RESOLVED THAT in supersession of the resolution passed at the General Meeting of the Company held on 4th September, 1997 and pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, the Company hereby accords its consent to the Board of Directors borrowing any sum or sums of money from time to time from any one or more of the Company's Bankers and /or from any one or more other persons, firms, bodies corporate or financial institutions whether by way of cash credit, advances or deposits, loans or bill discounting or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the company's assets and properties whether movable or stock-in-trade (including raw materials, stores, spare parts and components in stock or in transit) and work –in-process and all or any of the undertakings of the company notwithstanding that the moneys to be borrowed by the company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up-capital of the Company and its free reserves, that is to say, not set apart for any specific purpose but,

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so, however, that the total amount upto which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs. 250 Crores (Rupees two hundred fifty crores only) exclusive of interest, and the Directors are hereby authorized to execute such deeds of debentures and debentures trust deeds or mortgages, charge, hypothecation, lien, Promissory Notes, deposit receipt and other deeds and instruments or writings as they may think fit and containing any covenants as the Directors may think fit.”

8. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution.

“**RESOLVED THAT** in addition to the existing mortgages and charges, consent of the Company be and is hereby accorded in terms of Section 293(1)(a) of the Companies Act, 1956, and other applicable provisions, if any, to the Board of Directors of the Company for mortgaging and/or charging the whole or substantially the whole of the Company’s undertaking or any part thereof including present and future properties whether movable or immovable to or in favour of the lenders including debenture holders or their agents and trustees for securing any loan, debenture or any other borrowing, provided that total amount secured including amount already secured, at any point of time shall not be in excess of Rs.250 Crores (Rupees two hundred fifty crores only).”

Registered Office:
New No.23, Old No.12,
Neelakanta Mehta Street,
T. Nagar,
Chennai - 600 017.
Dated: 12th July, 2012

By Order of the Board
KILBURN CHEMICALS LTD.
S. K. JALAN
MANAGING DIRECTOR

NOTES

- 1) A Member entitled to attend and vote at the meeting may appoint a proxy to attend, and to vote in his place. A proxy need not be a member of the Company.
- 2) The Proxy Form to be valid, should be duly stamped, executed and deposited at the Registered office of the Company at least forty eight hours before the time fixed for the commencement of the meeting.
- 3) The Register of Members and Share Transfer Books of the Company will remain closed from 18th September, 2012 to 24th September, 2012 (both days inclusive).
- 4) Members are informed that consequent to the issue of Notification by the Department of Company Affairs, they can now avail the nomination facility in respect of their Shares/ Debentures/Deposits held in the Company. Members may kindly send the Nomination Form to the Share Transfer Agents of the Company at the earliest.

THE EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO.6

In view of the continuing growth and complexities of the Company's operation and having regard to Mr. S.K. Jalan's rich and varied experience in the matters pertaining to business and commerce, the Board of Directors at the meeting held on 12th July, 2012 has re-appointed Mr. S.K. Jalan as the Managing Director of the Company for a further period of 3 years effective from 14th November, 2012 subject to the approval of the members in the ensuing Annual General Meeting.

Mr. S.K. Jalan shall be entitled to receive the following by way of remuneration:

SALARY

Rs.3,00,000/- per month with such revision as the Board may approve from time to time in the Salary grade of Rs.2,75,000/- to Rs.3,75,000/-.

PERQUISITES & ALLOWANCES

In addition to the above remuneration, Mr. S.K. Jalan shall also be entitled to perquisites and allowances like furnished accommodation, house, and maintenance allowance together with reimbursement of expenses or utilities such as gas, electricity, water furnishings, repairs, medical reimbursement, leave travel concession for self and family as per the rules of the Company. Club fees, medical/personal accident insurance, Leave encashment, benefits of provident fund, gratuity fund, Car, telephone etc. and such other perquisites and allowances as may be agreed to by the Board of Directors and Mr. S. K. Jalan.

In case no accommodation is provided to Mr. S.K. Jalan, he shall be paid House Rent Allowance as per rules of the Company subject to a ceiling of 60% of the salary.

COMMISSION

Such commission on the net profits, as may be agreed upon by the Board of Directors and Mr. S. K. Jalan, for each financial year or part thereof, subject to the condition that the total remuneration i.e. salary, perquisites and commission in any one financial year shall not exceed the limits prescribed or as may be prescribed from time to time under section 198, 309 and other applicable provisions of the Companies Act, 1956, as may be for the time being in force.

Mr. S.K. Jalan and Mr. B.P. Jalan are concerned or interested in the re-appointment of Mr. S.K. Jalan as the Managing Director of the Company.

The Board recommends the resolution for your approval.

None of the other Director(s) is/are concerned/interested in the said Resolution except to the extent of shares held by them in the Company.

ITEM NO. 7

The members authorized the Board of Directors by a resolution at the General Meeting held on 4th September 1997 to borrow money exceeding the aggregate of the Paid -up Capital and Free Reserves upto a maximum of Rs. 40 Crores. Considering the Company's green field Project at Gujarat, Company needs to procure and install Machinery, other Assets and equipments with borrowings from financial institutions and banks. Considering the requirements of the Company, your Directors feel that it would be proper and reasonable to fix the borrowing limit at Rs. 250 Crores (Rupees two hundred fifty crores only) for the time being. Accordingly, the resolution set out in Item No.7 has been proposed and the Directors recommend its acceptance.

No Director of the Company is concerned or interested in the above resolution.

ITEM NO. 8

Section 293(1) (a) of the Companies Act, 1956 requires the consent of the Company at a General Meeting for the sale, lease or disposal in any manner of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking of the whole or substantially the whole of any such undertaking.

To meet its funding requirements, the company is required, from time to time, to borrow moneys on the security of Company's assets. The mortgaging/charging by the Company of its fixed assets in favour of the Lenders including debenture holders or their agents and trustees, may in certain circumstances be regarded as exercise of power for the disposal of the Company's properties. It is, therefore, necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956, as set out in the notice, to authorize the Directors to create the said mortgage/charge, for the funds borrowed by mortgage/ charging of assets. Under the authority sought, the total amount secured including amounts already secured, at any point of time shall not be in excess of Rs. 250 Crores (Rupees two hundred fifty crores only).

No Director of the Company is concerned or interested in the above resolution.

KILBURN CHEMICALS LTD.**Directors seeking appointment/re-appointment in the Annual General Meeting scheduled to be held on 24th September, 2012.**

Name of the Director(s)	Shri B. P. Jalan	Shri A. D. Nanaiya
Age	74 years	74 years
Date of Appointment	29th January, 2007	30th January, 1992
Expertise in specific Functional Areas	Industrialist	Business Executive
Qualification	B.A. (Hons.) (Economics)	B. Sc
List of outside Directorship held	<ol style="list-style-type: none"> 1. The Scottish Assam (India) Ltd. 2. Shree Durga Agencies Ltd. 3. Kilburn Software Technologies India Ltd. 4. Supriya Finance Ltd.(Formerly Buckingham Financial Services Ltd.) 5. Maryada Advisory Services Pvt. Ltd. 6. Saket Fiscal Services Pvt. Ltd. 7. Shreyans Investments Pvt. Ltd. 8. Pushpdant Vyapaar Pvt. Ltd. 9. Ana Vincom Pvt. Ltd. 	Kilburn Office Automation Ltd.
Chairman/Member of the Committee of the Board of Directors of the Company	NIL	NIL
Chairman/Member of the Committees of Director of other Companies in which he is a Director		
(a) Audit Committee	NIL	NIL
(b) Remuneration Committee.	NIL	NIL
(c) Shareholders/ Investors Grievance Committee	NIL	NIL

DIRECTORS' REPORT

Your Directors take pleasure in presenting the 22nd Annual Report together with the Audited Accounts of the Company for the Financial Year ended 31st March, 2012.

FINANCIAL HIGHLIGHTS

	(Rs. In lacs)	
	2011-12	2010-11
Total Revenue	98582	11601
Gross Operating Profit	1424	1204
Depreciation for the year	326	495
Profit Before Extraordinary items and Tax	1098	709
Extraordinary items (income)	3015	-
Profit Before Tax (PBT)	4113	709
Provision for Tax including Deferred Tax	1708	133
Net Profit After Tax (PAT)	2404	576
Add : Surplus / Loss brought forward from previous year	1950	1677
Profit available for Appropriation	4354	2253
Transfer to Preference Share Capital Redemption Reserve	274	117
Transfer to General Reserve	125	50
Proposed Dividend	130	117
Dividend Tax	21	19
Balance Carried Forward	3804	1950

OPERATIONS

The Company's production during the year was severely impacted right from the beginning of the year due to restricted availability of Ilmenite, the basic raw material of manufacture. The Company had no alternative but to haul Ilmenite from long distances incurring high transportation / freight costs. Furthermore inadequate availability and continually rising costs of principal utilities viz. power and water also added to the woes of the Company. The only redeeming feature was that the Company was able to realize better selling prices for Titanium Dioxide

pigment resulting out of favourable global demand-supply scenario.

Product	Production (in Tonnes)	Sales (in Tonnes)
Anatase Grade Titanium Dioxide	5,947.00 (11,441.00)	6,054.925 (11,776.025)
Ferrous Sulphate Heptha-hydrate	14361.000 (29,697.000)	26219.990 (204,545.200)

The figures of Production and Sales are not directly comparable as the Company disposed off the Chemical Manufacturing Unit at Tuticorin to M/s. V. V. Mineral and M/s. V. V. Titanium Pigments Private Ltd. during the year. The slump sale of the Chemical Division was effected on 14th October, 2011, the Effective Date of the transaction in terms of Business Transfer Agreement executed for the purpose.

A gross Revenue turnover of Rs. 102.91 crores was achieved from operations during the period 1st April, 2011 to 14th October, 2011 as against Rs. 124.90 crores for the whole of previous year. Profit before Tax before considering Extraordinary Income arising from sale of the Chemical Division was higher at Rs. 10.98 crores vis-à-vis Rs. 7.09 crores in the previous year. Net Profit after Tax after considering the Extraordinary Income and the taxation incidence there-on was Rs. 24.04 crores for the year 2011-12.

PREFERENCE DIVIDEND

Your Directors recommend Dividend of 11% on the Cumulative Redeemable Preference Shares for the period from 1st April, 2011 to 31st March, 2012, amounting to Rs. 18.91 lacs. The entire balance of 11% Cumulative Redeemable Preference Shares aggregating 2,74,000 shares of Rs. 100/- each were redeemed at par during the year.

EQUITY DIVIDEND

Your Directors are pleased to recommend a Dividend of 15% on the equity shares of Rs. 10/- each subject to the approval of the shareholders in the Annual General Meeting.

FUTURE OUTLOOK

After the sale of the Chemical Manufacturing plant in Tuticorin, the Company is left with the Wind Mill Division with an aggregate generation capacity of 4.00 MW. All the three Wind Turbine Generators are located in Tamil Nadu in satisfactory wind-tunnel locations and the Company has now got itself

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reclassified as a Merchant Producer of power (vis-à-vis Captive Producer) from TNEB.

The Company has the technology for production of Titanium Dioxide pigment developed and perfected over the last 17 years. To gainfully utilize the same as also the proceeds from the sale of the Chemical Division, the Company Management is actively working on plans to set up a greenfield project in Gujarat for production of both Anatase and Rutile Grades of Titanium Dioxide. The Company is currently in the process of tying up the Term Financial Assistance for the project from various banks/institutions. The gestation period for the project is estimated at 24 months.

CONSERVATION OF ENERGY

The required information with regard to energy conservation and technology absorption as required under Section 217(1) (e) of the Companies Act, 1956 is given in Annexure A attached to this report.

CORPORATE GOVERNANCE

Pursuant to the provisions contained in the Listing Agreement with Stock Exchanges, a Report on Corporate Governance together with the Auditors' Certificate on the compliance of the conditions of the Corporate Governance is annexed. The Management Discussion and Analysis Report has not been annexed since the Chemical Division which constituted over 95% of the Revenue turnover was disposed off during the year, as reported earlier in this report.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (1) That in the preparation of the Annual Accounts for the financial year ended 31st March, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (2) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit of the Company for year under review;
- (3) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the

Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (4) That the Directors have prepared the Annual Accounts on a going concern basis.

COST AUDITOR

The Board of Directors have appointed Shri. R. Subramanian, Cost Accountant, Tirunelveli, to audit the cost accounts of the Company related to manufacture of Titanium Dioxide for the financial year ended 31st March, 2012, in compliance with the Central Government directives in this regard.

DIRECTORS

Shri B. P. Jalan and Shri A. D. Nanaiya retire by rotation at this Annual General Meeting and being eligible, offer themselves for re-election.

AUDITORS

M/s. G. P. Kejriwal & Associates, Chartered Accountants, retire at the conclusion of this meeting and being eligible offer themselves for re-appointment.

PARTICULARS OF EMPLOYEES

Industrial relations in the Company continued to be cordial and satisfactory. A Statement pursuant to the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 is given in Annexure "B".

ACKNOWLEDGEMENT

Your Directors are grateful for the co-operation and continued guidance and support extended by IDBI Bank Ltd., State Bank of Travancore, Axis Bank Ltd., TamilNad Mercantile Bank Ltd. and the State Industries Promotion Corporation of TamilNadu Ltd. The Directors greatly appreciate the dedicated and sincere services rendered by the employees at all levels. Finally, the Directors express their gratitude to all the Shareholders for their support.

Place : Kolkata
Date : 12th July, 2012

For and on behalf of the Board,
S. K. JALAN
Managing Director

FORM – A

(See Rule 2)

Disclosure of particulars with respect to conservation of energy

A) POWER AND FUEL CONSUMPTION :	Current Year 2011-2012	Last Year 2010-2011
1] ELECTRICITY:		
a] Purchased :		
Units	34,76,171.00	35,15,810.00
Total Amount	Rs.1,67,50,973	Rs.2,29,16,534
Rate / Unit	Rs.4.82	Rs.6.52
b] OWN GENERATION:		
[i] Through Diesel Generator		
Units	12,95,908.00	29,28,512.00
Units per litre of fuel	4.11	3.92
Cost per unit	Rs.12.19	Rs.11.57
[ii] Through Steam		
Turbine/Generator [Units]	5,89,495.00	10,68,780.00
[iii] Wind Power [Units]	66,70,604.00	72,45,558.00
2] COAL:		
Quantity [MT]	7,662.50	12,948.60
Total Amount	Rs.4,41,12,026	Rs.7,27,32,300
Average Rate	Rs.5,757	Rs.5,617
3] FURNACE OIL / KEROSENE:		
Quantity [K.Ltrs]	2,353.70	4,261.068
Total Amount	Rs.7,53,97,608	Rs.10,83,18,396
Average Rate	Rs.32,033.65	Rs.25,420.48
4] OTHERS:		
FIRE WOOD		
Quantity [MT]	321.25	493.55
Total Amount	Rs.11,83,544	Rs.16,74,850
Average Rate	Rs.3,684.24	Rs.3,393.48
B] CONSUMPTION PER UNIT OF PRODUCTION :		
[i] TITANIUM DIOXIDE		
a] Power	1065 Units	1046 Units
b] Furnace Oil / Kerosene	396 Ltrs	372 Ltrs
c] Firewood	0.054 Tonne	0.043 Tonne
d] Coal	1.288 Tonne	1.132 Tonne
[ii] FERROUS SULPHATE HEPTA HYDRATE		
a] Power	96 Units	94 Units

ANNEXURE – B

Statement required to be furnished under Section 217 (2A) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1988 and read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year 2011-2012.

- 1) Employees of the Company who was employed throughout the year and in receipt of remuneration which in the aggregate was not less than Rs.24 lacs per annum.

Sl. No.	Name of the Employee	Designation/ Nature of Duties	Remuneration including benefit (Rs.)	Qualifications	Experience in employment (in years)	Date of commencement of Employment	Last Employment held designation and organisation	Age (Years)
1.	Shri Sandeep Kumar Jalan	Managing Director	47,69,180/-	B. Com. M.B.A.(USA)	26	14.11.2000	Chairman & Managing Director Kilburn Reprographics Ltd.	49

The Employment is contractual for a period of 3 years.

REPORT ON CORPORATE GOVERNANCE

[Pursuant to Clause 49 of the Listing Agreement]

A. MANDATORY REQUIREMENTS**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

Your Company firmly believes in transparency, professionalism and accountability in its dealings and lays emphasis on integrity and compliance of regulatory provisions and has constantly endeavoured to practice good Corporate Governance. The above policies adopted by the Company recognize the accountability of the Board and assist its top management in the efficient conduct of the business of the Company and at the same time in meeting its social obligations.

The Company has taken a series of steps to put in place appropriate Corporate Governance Policies for your Company and to comply with many of the regulations framed in this regard by the Securities & Exchange Board of India.

2. BOARD OF DIRECTORS

The Board of Directors of your Company consists of eminent persons with considerable professional expertise and experience in business and industry, finance management, legal and marketing. The composition of the Board of Directors with reference to number of Executive and Non-Executive Directors, meets with the requirements of Clause 49(1)(A) of the Listing Agreement.

None of the Directors on the Board is a member of more than ten Committees and Chairman of more than five Committees across all companies in which they are Directors.

The composition, status, attendance at the Board Meetings and the last Annual General Meeting (AGM), outside Directorships and other Board Committees as at 31st March, 2012 is as under :-

Name of the Director	Status i.e., Executive, Non Executive and Independent	No. of Membership in other Boards or other Committees as a Member or Chairman (other than Private Limited Companies and Kilburn Chemicals Ltd.)		Number of Board Meetings		Whether attended last A.G.M.
		Board	Committee	Held during the year	Attended during the year	
Mr. B. P. Jalan	Non Executive Chairman	4	–	4	4	NO
Mr. S. K. Jalan	Executive Managing Director	8	1	4	4	YES
Mr. V. Vanchi	Non Executive Director	6	1	4	3	YES
Mr. A. D. Nanaiya	Non Executive Independent Director	1	–	4	0	NO
Mr. Ranjit Chaudhri	Non Executive Independent Director	2	–	4	4	NO
Mr. Anand Chatrath	Non Executive Independent Director	3	4	4	2	NO
Mr. Parag Keshar Bhattacharjee	Non Executive Independent Director	–	5	4	3	NO

Four Board Meetings were held on 30.05.2011, 29.07.2011, 15.11.2011 and 13.02.2012 during the year.

3. CODE OF CONDUCT :

Board of Directors of the Company have laid down the Code of Conduct for all its Members and Senior Management Personnel who have affirmed their compliance therewith. The Code has also been displayed on the Company's Website.

CEO/CFO CERTIFICATION

In terms of Clause 49 of the Listing Agreement, the certification by the Managing Director & CEO and Chief Financial Officer on the financial statements and internal controls relating to financial reporting has been obtained.

4. AUDIT COMMITTEE

The Audit Committee of the Board of Directors of the Company, inter-alia, provides assurance to the Board on the adequacy of the Internal Control Systems and financial disclosures.

The terms of reference of the Audit Committee covers the matter specified for Audit Committee under Clause 49 of the Listing Agreement and the Companies (Amendment) Act, 2000 and is vested with the following powers :

- To investigate any activity within its terms of reference
- To seek information from any employee
- To obtain outside legal or other professional advices.
- To secure attendance of outsiders with relevant expertise, if considered necessary.
- Review of Company's Financial reporting process.
- Review of Half yearly and annual financial statements, before submission to the Board.
- Review with External Auditors, on areas of concern.
- Review the adequacy of internal control systems.

The Audit Committee while reviewing the Annual Financial Statements also reviewed the applicability of various Accounting Standards (AS) issued by The Institute of Chartered Accountants of India. Compliance of the AS as applicable to the Company has been ensured in the Financial Statements for the year ended March 31, 2012

The Board of Directors of the Company had constituted an Audit Committee comprising of Shri Ranjit Chaudhri, (Chairman); Shri A. D. Nanaiya; Shri Anand Chatrath & Shri Parag Keshar Bhattacharjee.

The Audit Committee is constituted in accordance with the provisions of Clause 49(II)(A) of the Listing Agreement and Section 292A of the Companies Act, 1956. Shri Anand Chatrath is a Chartered Accountant and possesses knowledge of corporate finance, accounts and company law. The Statutory Auditor, Internal Auditor are also invited to the Meetings. The quorum for the Audit Committee Meetings is two members. Mr.Muneesh Maharwal, acts as the Secretary of the Committee.

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Date of Audit Committee Meeting held and attended by the Members	Mr.Ranjit Chaudhri	Mr. A. D Nanaiya	Mr. Anand Chatrath	Mr. Parag Keshar Bhattacharjee
30.05.2011	YES	–	–	YES
29.07.2011	YES	–	YES	YES
15.11.2011	YES	–	YES	–
13.02.2012	YES	–	–	YES

Shri Muneesh Maharwal acts as the Secretary of the Committee.

INTERNAL AUDIT

The Company has appointed Mr. Shyamal Kumar Banerjee, Chartered Accountant as Internal Auditor to review the internal control systems of the Company and to report thereon. The report of the Internal Auditors is reviewed by the Audit Committee.

5. REMUNERATION COMMITTEE

The Board of Directors has constituted the Remuneration Committee which includes Mr.V.Vanchi (Chairman), Mr.A.D. Nanaiya and Mr.Anand Chatrath.

REMUNERATION TO DIRECTORS

The Details of Remuneration paid to Directors for the year ended 31st March, 2012 are as follows :

Name of the Director	Sitting Fees	Salaries & Perquisites	Commission	No. of Shares held	
				Equity	Preference
Mr. B. P. Jalan	Rs.16,000/-	–	–	100	–
Mr. S. K. Jalan	–	Rs.47,69,180/-	–	25255	–
Mr. V. Vanchi	Rs.12,000/-	–	–	–	–
Mr. A. D. Nanaiya	–	–	–	–	–
Mr. Ranjit Chaudhri	Rs.32,000/-	–	–	–	–
Mr. Anand Chatrath	Rs.16,000/-	–	–	–	–
Mr. Parag Keshar Bhattacharjee	Rs.24,000/-	–	–	–	–

The Company does not have any Employee Stock Option Scheme.

The agreement with the Managing Director is for a period of three years, notice period is of 6 months and Service Contract is from 14th November, 2009 to 13th November, 2012.

The remuneration of the Managing Director is determined by the Board within the statutory limits subject to shareholder's approval and on the basis of recommendation of the Remuneration Committee.

6. SHARE TRANSFER COMMITTEE (INVESTORS/SHAREHOLDER'S GRIEVANCE COMMITTEE)

The Committee is headed by Mr.V. Vanchi, Non Executive Director. The other members of the Committee include Mr.S.K. Jalan, Executive Managing Director and Mr.A.D. Nanaiya, Non Executive Independent Director.

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The Committee looks into redressal of investor's grievances, various matters relating to the transfer and transmission of shares, issue of duplicate share certificates, approving of split and consolidation requests and other matters relating to transfer and registration of shares. All valid requests for share transfers received during the year have been acted upon and there were no shares pending for transfer as on 31st March, 2012

The Committee generally meets once a month.

A	No. of Pending Complaints as on 01.04.2011	NIL
B	No. of complaints received from Stock Exchanges/SEBI/Investors	21
C	No. of complaints resolved	21
D	No. of pending complaints as on 31.3.2012	NIL

Mr. Muneesh Maharwal is the Compliance Officer.

7. GENERAL BODY MEETINGS

(i) Details of Annual General Meeting

The location and time of the General Meetings held during the last three years is as follows :

AGM/EGM	Date	Venue	Time	No.of special resolutions Passed
AGM	19.09.2011	Narada Gana Sabha (Mini Hall), 314, T. T. K. Road Alwarpet, Chennai 600018	3.30 P.M.	NIL
AGM	30.09.2010	The Music Academy, Kasturi Srinivasan Hall, (Mini Hall) New No.168, (Old No.306) T. T. K. Road Chennai – 600 014	10.00 A.M.	NIL
AGM	14.09.2009	The Music Academy, Kasturi Srinivasan Hall, (Mini Hall) New No.168, (Old No.306) T. T. K. Road Chennai – 600 014	10.00 A.M.	1

(ii) Special Resolutions/Postal Ballot Resolutions

No Special Resolutions were put through Postal Ballot at the last Annual General Meeting.

- a. **Postal Ballot** : An Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956 for Slump Sale of the Chemical Division Undertaking was passed through postal ballot vide Notice dated 29th July, 2011.

KILBURN CHEMICALS LTD.

The Results of the Postal ballot declared on 14th September, 2011 is as follows:

Sl. No.	Particulars	No. of Members	No. of Shares	% of Votes
1	Valid votes in favour of the Resolution	88	34,96,309	99.99
2	Valid votes against the Resolution	7	500	0.01
	Total	95	34,96,809	100.00

- b. Mrs. B.Venkatalakshmi was appointed as the scrutinizer for conducting the Postal Ballot voting process in a fair and transparent manner.

8. DISCLOSURES

- i) There are no materially significant related party transactions except those mentioned in Schedule 26 on notes on accounts.
- ii) There were no non-compliances, penalties, strictures imposed on the Company by Stock Exchange, SEBI, or any Statutory Authority, on any matter related to Capital Markets during the last three years.
- iii) There is no Whistle Blower Mechanism in the Company.
- iv) The Company has complied with all the applicable mandatory requirements and adopted some Non – mandatory requirements stipulated under Clause 49, such as requirements with regard to Remuneration Committee.

9. MEANS OF COMMUNICATION

Quarterly and half yearly results are published in Business Standard and Malai Malar. The annual results are mailed to every shareholder of the Company.

Website where displayed: www.kilburnchemicals.com

10. GENERAL SHAREHOLDER INFORMATION

- i) Next Annual General Meeting
DATE - 24th September, 2012
TIME - 11:00 A.M.
VENUE - Narada Gana Sabha (Mini Hall)
314, T.T.K. Road, Alwarpet
Chennai – 600 018
- ii) FINANCIAL CALENDAR : (tentative) for the year 2012-2013
 - a) First Quarter Results - 2nd Week of July, 2012
 - b) Second Quarter Results - 1st Week of November, 2012
 - c) Third Quarter Results - 1st Week of February, 2013
 - d) Results for the year ending March 2013- May, 2013

KILBURN CHEMICALS LTD.

- iii) Date of Book Closure - 18th September, 2012 to 24th September, 2012 (both days inclusive)
- iv) Dividend Payment Date - On or before 23rd October, 2012
- v) Listing on Stock Exchange - The Stock Exchange, Mumbai
Listing Fee for the financial year 2012 -2013 paid to the Stock Exchange, Mumbai

STOCK CODE :

- The Stock Exchange, Mumbai - 524699
- Demat ISIN No.for NSDL & CDSL - INE655C01027

MONTHLY STOCK PRICE DATA :

Month	Highest Rate (Rs.)	Lowest Rate (Rs.)
April, 2011	52.50	42.55
May, 2011	59.15	45.00
June, 2011	52.00	45.55
July, 2011	64.90	48.60
August, 2011	65.70	40.00
September, 2011	53.85	38.00
October, 2011	41.20	37.05
November, 2011	42.60	34.00
December, 2011	39.90	32.00
January, 2012	42.45	32.30
February, 2012	41.85	32.95
March, 2012	34.85	20.35

(relates to trading in The Stock Exchange, Mumbai)

REGISTRAR & SHARE TRANSFER AGENT : MAHESHWARI DATAMATICS PVT.LTD.
6, MANGOE LANE, 2ND FLOOR
KOLKATA 700 001.

Share Transfer System : Share Transfers in physical Form are processed by the Share Transfer Agent and approved by the Share Transfer Committee which meets at regular intervals. Share Transfers are registered and returned generally within 15 days from date of receipt, provided the documents are complete in all respects.

Distribution of Shareholding as on 31.03.2012

No.of Equity Shares held	No.of Folios	%	No.of Shares	%
1 to 500	19359	97.7826	13,93,971	18.7740
501 to 1000	225	1.1365	1,83,949	2.4774
1001 to 2000	94	0.4748	1,40,373	1.8906
2001 to 3000	40	0.2020	1,01,932	1.3728
3001 to 4000	23	0.1162	77,830	1.0482
4001 to 5000	17	0.0859	81,536	1.0981
5001 to 10000	20	0.1010	1,55,638	2.0962
10001 and above	20	0.1010	52,89,771	71.2427
	19798	100.0000	74,25,000	100.0000

Shareholding Pattern as on 31.03.2012 is as follows :

Category	No.of Folios	No.of shares	%
Promoters	10	34,64,747	46.6633
Mutual Fund Bank, Financial Institutions	7	10,500	0.1414
Private Corporate Bodies	5	1,000	0.0135
Indian Public	217	17,72,264	23.8689
NRI/OCBs	19,526	21,60,165	29.0931
	33	16,324	0.2198
	19,798	74,25,000	100.0000

DEMATERIALIZATION OF SHARES AND LIQUIDITY

As on 31st March, 2012, 64,88,068 shares were converted from physical to electronic form. Over 87% equity shares have been dematerialised upto 31st March, 2012. Trading in Equity Shares of the Company is permitted only in dematerialised form with effect from 29.1.2000 as per notification issued by the Securities and Exchange Board of India. (SEBI).

Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date

And likely impact on equity : Not Applicable

CORPORATE OFFICE : KOLKATA, WEST BENGAL

ADDRESS FOR CORRESPONDENCE : "SHANTINIKETAN" 16TH FLOOR
8, CAMAC STREET
KOLKATA 700 017

B. NON-MANDATORY REQUIREMENTS:

Shareholder rights:

The half-yearly declaration of financial performance including summary of the significant events in last six months should be sent to each household of shareholders –

As the Company's Quarterly/half-yearly results are published in English Newspapers having circulation all over India and in a Tamil Newspaper (having circulation in Chennai) the same is not being sent to the shareholders separately.

Place : Kolkata
Date : 12th July, 2012

S. K. JALAN
Managing Director

KILBURN CHEMICALS LTD.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement, the Auditors' Certificate is given as annexed to the Directors Report.

ANNEXURE TO THE DIRECTORS' REPORT

Auditors' Certificate on compliance of conditions of Corporate Governance under Clause 49 of the Listing Agreement.

TO THE MEMBERS OF KILBURN CHEMICALS LTD.

We have examined the compliance of conditions of Corporate Governance by Kilburn Chemicals Ltd., for the year ended 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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, and the representation made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement, except that the Chairman of the Audit Committee could not attend the Annual General Meeting held on 19th September, 2011.

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.

5, Clive Row,
Kolkata – 700 001
Dated: 12th July, 2012

For **G. P. KEJRIWAL & ASSOCIATES**
Chartered Accountants
Firm Registration No.302201E
K. K. SINGHAL
Partner
M. No. 50140

AUDITOR'S REPORT

1. We have audited the attached Balance Sheet of Kilburn Chemicals Limited (The Company), as at 31st March, 2012 and also the statement of Profit and Loss and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order") issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us and the books and records as produced and examined by us in the normal course of audit and to the best of our knowledge and belief, we give in the attached Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the

Company so far as appears from our examination of the books;

- c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account as submitted to us;
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the Directors of the Company, as on 31st March, 2012, and taken on record by the Board of Directors of the Company, none of the directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us the annexed accounts, subject to and read together with Note 26 and the Notes and Observations thereon and attached thereto, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - ii) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
 - iii) In the case of the Cash Flow Statement, of the Cash Flow for the year ended on that date.

For **G. P. KEJRIWAL & ASSOCIATES**

Chartered Accountants
Firm Registration No. 302201E

5, Clive Row
Kolkata-700001.
Dated : 12th July, 2012

K. K. SINGHAL
Partner
M. No. 50140

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph (3) of our Report of even date of KILBURN CHEMICALS LIMITED as at and for the year ended 31st March, 2012).

- (i) (a) The Company has, in our opinion maintained proper records in computer, to show full particulars including quantitative details and situation of fixed assets.
- (b) In accordance with a programme, of verifying, the fixed assets, once in three years, the fixed assets, as informed were physically verified by the management during the year ended 31.3.2011 and the discrepancies noticed on such physical verification, which in our opinion, were not material, in relation to the operations of the company, had been properly dealt with in the books of accounts. In our opinion, the frequency of physical verification is reasonable having regard to the size of the company and the nature of its assets.
- (c) The company has disposed off its Chemical Division at Tuticorin, Tamil Nadu on a slump sale basis. The accounts have been prepared on the concept that company will continue as going concern.
- (ii) (a) The inventories lying with the Company, as informed, have been physically verified by the management during the year. There was no inventory at the end of the year.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventories and according to the records of the Company, the discrepancies noticed on physical verification of stocks as compared to book records, which in our opinion, were not material, in relation to the operations of the Company, have been properly dealt with in the books of accounts.
- (iii) (a) According to the records of the Company, the Company has neither granted nor taken any loans, secured or unsecured, during the year to and from the Companies, firms, or other parties covered in the register maintained under Section 301 of the Act. Loan given in earlier years to One such Company is outstanding{year end balance(maximum during the year) Rs.2,75,01,331/-}.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest on which loans have been granted, are prima facie not prejudicial to the interest of the company.
- (c) In absence of any stipulations and other terms and conditions for repayments of loans, we are unable to comment on the other matters stated in Para (b) and Paras (c) and (d) of clause (iii) of the aforesaid order.
- (d) According to the records of the Company, the Company has not taken any Loans, secured or unsecured during the year from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (e) In view of our comment in paragraph (iii) (d) above, clauses (iii) (f) and (g) of the aforesaid order, are, in our opinion, not applicable to the Company for the current year.
- (iv) In our opinion and on the basis of test checks carried out by us, and considering the explanations given by the management that alternative sources not being available for certain purchases/services, it appears that

there are adequate internal control system commensurate with the size of the Company and the nature of its business with respect to major purchases of inventory and fixed assets and for the sale of goods and services. Further, during the course of our audit we have neither come across nor have we been informed by the management of any instance of major weaknesses in the aforesaid internal control system.

- (v) (a) In our opinion and according to the information and explanations given to us and on the basis of our examination of the books of accounts, we are of the opinion that the contracts or arrangements that need to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956 have been entered in the said register.
- (b) In our opinion and according to the information and explanations given to us and considering the explanations given by the management that market prices not being available for transactions exceeding the value of five lakh rupees in respect of each party during the year, we are unable to comment as to whether or not such transaction have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public during the year under the provisions of Sections 58A, 58AA or any other relevant provisions of the Act.
- (vii) In our opinion, the internal audit system is by and large commensurate with the size of the company and nature of its business.
- (viii) On the basis of the records produced, we are of the opinion that, prima facie, the cost accounts and records as prescribed by the Central Government under clause (d) of sub section (1) of section 209 of the Act, have been made and maintained. However , we

have not carried out a detailed examination of the said accounts and records.

- (ix) (a) According to the records of the Company, the Company has been generally regular in depositing during the year undisputed statutory dues (to the extent applicable) including Provident Fund, Investor Education and Protection Fund (**subject to Note 7**), Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities.
- According to the records of the Company, there were no arrears of outstanding statutory dues which have remained outstanding as at 31.03.2012 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company and as per the information and explanations given to us, there were no dues outstanding of sales tax / wealth tax/ service tax / custom duty / excise duty / cess / Income Tax which have not been deposited on account of any dispute.
- (x) The Company has no accumulated losses as at 31st March 2012 and has not incurred cash losses in the financial year ended on that date and in the immediately preceding financial year.
- (xi) According to the records of the Company and as per the information and explanations given to us, *there have been some delays(ranging from three days to thirty one days) in repayment of Rs. 1,56,42,858/- in term loans and interest to banks, relating to the months April' 2011 and July' 2011 and there were no outstanding over dues as on 31.03.2012.*
- (xii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares,

KILBURN CHEMICALS LTD.

debentures and other securities during the year.

- (xiii) In our opinion, the provisions of any Special Statute applicable to Chit Fund/Nidhi/Mutual Benefit Fund/Societies are not applicable to the Company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us the Company has not given any guarantee for loans taken by others from bank or financial institutions during the year.
- (xvi) According to the records of the company, no fresh term loans were taken by the company during the year.
- (xvii) On the basis of review of utilization of funds on overall basis as on 31.03.2012, related information, explanations and statements as made available to us and as represented to us by the Management, funds available as Short Term during the year have not been used for Long Term application.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under

Section 301 of the Act during the year.

- (xix) The Company has not issued any Debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) During the course of our examination of the books of account and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management or the internal auditors of the Company.

For **G. P. KEJRIWAL & ASSOCIATES**

Chartered Accountants

Firm Registration No. 302201E

5, Clive Row
Kolkata-700001.

Dated : 12th July, 2012

K. K. SINGHAL

Partner

M. No. 50140

KILBURN CHEMICALS LTD.**BALANCE SHEET AS AT 31st MARCH, 2012**

	Note No.	31.03.2012		31.03.2011	
		Rs.	Rs.	Rs.	Rs.
I. EQUITY AND LIABILITIES					
1. Shareholders' Funds					
(a) Share Capital	1	7,42,50,000		10,16,50,000	
(b) Reserves and Surplus	2	55,62,40,903	63,04,90,903	33,09,29,513	43,25,79,513
2. Non-Current Liabilities					
(a) Long-Term Borrowings	3	–		16,51,82,885	
(b) Deferred Tax liabilities (Net)	4	5,18,13,343	5,18,13,343	2,33,60,516	18,85,43,401
3. Current Liabilities					
(a) Short-Term Borrowings	5	–		18,53,82,258	
(b) Trade Payables	6	8,63,888		7,70,02,491	
(c) Other Current Liabilities	7	1,11,82,323		9,38,91,665	
(d) Short-Term Provisions	8	1,72,97,698		1,72,48,556	
			2,93,43,909		37,35,24,970
TOTAL			71,16,48,155		99,46,47,884
II. ASSETS					
1. Non-Current Assets					
(a) Fixed Assets					
(i) Tangible Assets		16,70,94,036		59,75,25,950	
(ii) Intangible Assets		20,92,874		12,94,584	
(iii) Capital Work-in-Progress		–		3,22,18,819	
			16,91,86,910		63,10,39,353
(b) Non-Current Investments	10		–		–
(c) Long Term Loans and Advances	11		12,55,36,765		99,42,516
2. Current Assets					
Current Investments	12	27,50,93,665		–	
Inventories	13	–		15,88,90,936	
Trade Receivable	14	1,87,35,196		10,31,26,668	
Cash and Cash Equivalents	15	71,08,029		3,30,75,589	
Short-Term Loans and Advances	16	3,05,47,291		4,66,03,056	
Other Current Assets	17	8,54,40,299		1,19,69,766	
			41,69,24,480		35,36,66,015
TOTAL			71,16,48,155		99,46,47,884
Significant Accounting Policies and Other Notes	26				

The notes referred to above form an integral part of the Balance Sheet

As per our attached Report of even date.

For **G. P. KEJRIWAL & ASSOCIATES**

Chartered Accountants

Firm Registration No. 302201E

K. K. SINGHAL

Partner M. No. 50140

5, Clive Row, Kolkata - 700001

Dated : 12th July, 2012

B. P. JALAN
Chairman

S. K. JALAN
Managing Director

V. VANCHI
Director

KILBURN CHEMICALS LTD.**STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2012**

	Note No.	31.03.2012		31.03.2011	
		Rs.	Rs.	Rs.	Rs.
I Revenue from Operations(Gross)	18		1,02,90,72,423		1,24,90,37,205
Less: Excise Duty			6,04,66,720		9,72,19,122
Revenue from Operations(Net)			96,86,05,703		1,15,18,18,083
II Other Income	19		1,72,12,523		82,91,984
III Total Revenue (I+II)			98,58,18,226		1,16,01,10,067
IV EXPENSES :					
Cost of Materials Consumed	20		34,27,18,355		41,38,87,511
Changes in Inventories of Finished Goods, Work in Process and Stock in Trade	21		8,37,22,682		(83,75,949)
Employee Benefits Expense	22		3,50,44,797		5,52,16,314
Finance Costs	23		2,78,58,285		5,40,36,090
Depreciation and Amortisation Expenses	9		3,26,14,623		4,95,04,998
Other Expenses	24		35,40,59,483		52,49,72,778
Total Expenses			87,60,18,225		1,08,92,41,742
V Profit before exceptional and extraordinary items & Tax (III-IV)			10,98,00,001		7,08,68,325
VI Exceptional Items			-		-
VII Profit before extraordinary items and tax (V-VI)			10,98,00,001		7,08,68,325
VIII Extraordinary Items(Income)	25		30,15,02,264		-
IX Profit before tax (VII + VIII)			41,13,02,265		7,08,68,325
X Tax Expense :					
1. (a) Current tax expense for Current Year			13,61,00,000 (a)		1,42,00,000
(b) Tax Expense relating to Prior Years			62,96,204		(15,15,841)
(c) Net Current tax expense			14,23,96,204		1,26,84,159
2. Deferred Tax			2,84,52,827		6,28,104
			17,08,49,031		1,33,12,263
(a) Includes Tax on extraordinary item Rs.11,86,81,000/-					
XI Profit for the Year (IX-X)			24,04,53,234		5,75,56,062
XII Earnings per Equity Share (Basic and Diluted)			32.09		7.08
Significant Accounting Policies and Other Notes	26				

The notes referred to above form an integral part of the Statement of Profit and Loss

As per our attached Report of even date.

For **G. P. KEJRIWAL & ASSOCIATES**

Chartered Accountants

Firm Registration No. 302201E

K. K. SINGHAL

Partner M. No. 50140

5, Clive Row, Kolkata - 700001

Dated : 12th July, 2012

B. P. JALAN
Chairman

S. K. JALAN
Managing Director

V. VANCHI
Director

KILBURN CHEMICALS LTD.

	31.03.2012 Rs.	31.03.2011 Rs.
NOTE 1		
SHARE CAPITAL		
Authorised :		
1,60,00,000 Equity shares of Rs.10/- each	16,00,00,000	16,00,00,000
4,00,000 Cumulative Redeemable Preference Shares of Rs.100/- each	4,00,00,000	4,00,00,000
	<u>20,00,00,000</u>	<u>20,00,00,000</u>
ISSUED, SUBSCRIBED AND PAID-UP		
74,25,000 Equity shares of Rs.10/- each NIL (P.Y.2,74,000) - 11% Cumulative Redeemable Preference Shares of Rs.100/- each (A) (B)	7,42,50,000	7,42,50,000
	-	2,74,00,000
	<u>7,42,50,000</u>	<u>10,16,50,000</u>

(A) These shares were issued initially for a period of 10 years and redeemable in two equal instalments at the end of the 9th and 10th year from the date of allotment i.e. 23/04/1999. During an earlier year, the redemption had been postponed to 20th year or earlier at the sole discretion of the company.

(B) 2,74,000 (Previous Year 1,17,220) 11% Cumulative Redeemable Preference shares have been redeemed at par during the year.

Terms/ rights attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

Since there are no outstanding preference shares, details of rights etc. not mentioned

Details of Share Holders, holding more than 5% shares in the Company's Equity Shares of Rs.10/- each fully paid up.

Name of Shareholders	31.03.2012		31.03.2011	
	No. of Shares	% Held	No. of Shares	% Held
Shree Durga Agencies Limited	13,08,270	17.62	13,08,170	17.61
Supriya Finance Limited	8,79,423	11.84	8,79,423	11.84
Nirvan Commercial Company Limited	6,54,465	8.81	6,54,465	8.81
Maryada Advisory Services Pvt. Limited	4,67,457	6.29	4,62,247	6.22
Williamson Magor & Co.Limited	8,55,000	11.51	8,55,000	11.51
Nitya Holdings & Properties Private Limited	3,93,180	5.29	3,93,180	5.29

KILBURN CHEMICALS LTD.**Details of Share Holders, holding more than 5% shares in the Company's 11% Cumulative Redeemable Preference Shares of Rs.100/- each fully paid up.**

Name of Shareholders	31.03.2012		31.03.2011	
	No. of Shares	% Held	No. of Shares	% Held
Divya Jalan	–	–	18000	6.57
Smita Jalan	–	–	14500	5.29
Metals Centre Limited	–	–	174000	63.50

Reconciliation of Shares outstanding at the beginning and at the end of the year :

	31.3.2012 No. of shares	31.3.2011 No. of shares
(a) 11% Cumulative Redeemable Preference Shares at the beginning of the year	2,74,000	3,91,220
Less : Shares redeemed during the year	<u>2,74,000</u>	<u>1,17,220</u>
Shares at the end of the year	<u>–</u>	<u>2,74,000</u>

(b) There is no change in Equity shares outstanding as on 31.03.2012 and 31.03.2011

	31.03.2012		31.03.2011	
	Rs.	Rs.	Rs.	Rs.

NOTE 2**RESERVES AND SURPLUS:****Capital Reserve**

State Subsidies		19,76,000		19,76,000
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Preference Share Capital Redemption Reserve

As per last Account	1,17,22,000		–	
Transfer from Profit & Loss Account	<u>2,74,00,000</u>	3,91,22,000	<u>1,17,22,000</u>	1,17,22,000

General Reserve:

As per last Account	12,22,50,391		11,72,50,391	
Add : Transferred from profit & Loss Account	<u>1,25,00,000</u>	13,47,50,391	<u>50,00,000</u>	12,22,50,391

Surplus in the Statement of Profit and Loss

As per Last Account	19,49,81,122		16,77,65,806	
Add: Profit for the year	<u>24,04,53,234</u>		<u>5,75,56,062</u>	
	<u>43,54,34,356</u>		<u>22,53,21,868</u>	

Less : Appropriations

Transfer to General Reserve	1,25,00,000		50,00,000	
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Transfer to Preference Share Capital Redemption Reserve	2,74,00,000		1,17,22,000	
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Proposed Dividend:

– on Equity Shares [Dividend per share Rs.1.50/- (Previous Year Rs.1/-)]	1,11,37,500		74,25,000	
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– on Cumulative Redeemable Preference Shares (Pro-rata upto the date of redemption) [Dividend per share Rs.11/- (Previous Year Rs.11/-)]	18,90,824		42,92,822	
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Tax on Proposed Dividends	21,13,520	38,03,92,512	19,00,924	19,49,81,122
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TOTAL		<u>55,62,40,903</u>		<u>33,09,29,513</u>
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KILBURN CHEMICALS LTD.

	31.03.2012 Rs.	31.03.2011 Rs.
NOTE 3		
LONG TERM BORROWINGS		
SECURED LOANS		
Term loans from banks	-	13,45,66,254 (a)
UNSECURED LOANS		
Interest Free Sales Tax Loan	-	3,06,16,631
	<u>-</u>	<u>16,51,82,885</u>

(a) Term Loans from Banks are secured by a first mortgage and charge (including joint first charge ranking pari-passu) in favour of the lenders of all the Company's immovable properties by way of deposit of title deeds (leasehold land), both present and future and first charge by way of hypothecation in favour of lenders, of all the Company's movables (save and except book debts), including movable plant and machinery, machinery spares, tools and accessories and other movables, present and future, subject to prior charges created and/or to be created in favour of the Company's bankers on the Company's stock of raw-materials, semi-finished and finished goods and consumable stores for securing the Company's borrowings for Working Capital requirements.

Since entire term loan has been repaid, repayment terms of loan outstanding last year are not relevant hence not disclosed

NOTE 4**DEFERRED TAX LIABILITIES/ASSETS (NET)****Deferred Tax Liabilities**

Difference between book and tax depreciation	5,19,45,904	2,41,69,671
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Deferred Tax Assets

Disallowances u/s 43B	<u>1,32,561</u>	<u>8,09,155</u>
	<u>5,18,13,343</u>	<u>2,33,60,516</u>

NOTE 5**SHORT TERM BORROWINGS****PAYABLE ON DEMAND****SECURED**

Working Capital Loans from Banks	-	16,53,82,258 (a)
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UNSECURED

Intercorporate Borrowing	-	2,00,00,000
	<u>-</u>	<u>18,53,82,258</u>

(a) Working Capital Loans from banks are secured by hypothecation of Raw materials, semi-finished and finished goods, consumable stores and spares (present and future), stock in transit and book debts and by way of second mortgage created and/or to be created over all the immovable properties both present and future ranking subject and subservient to the first mortgage created and/or to be created in respect of Term Loans

KILBURN CHEMICALS LTD.

	31.03.2012	31.03.2011
	Rs.	Rs.
NOTE 6		
TRADE PAYABLES *	<u>8,63,888</u>	<u>7,70,02,491</u>

* The company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures required to be made under the said Act could not be compiled and disclosed.

NOTE 7**OTHER CURRENT LIABILITIES**

Current Maturity of Long Term Debts	-	5,26,46,000
Interest accrued and due on borrowings	-	45,25,700
Security Deposits and Advance from Customers	-	1,49,73,182
Unpaid Dividend Accounts (As per Contra)	37,19,844 (a)	38,60,007 (a)
Preference Share Redemption Account	60,00,000	-
Others	14,62,479	1,78,86,776
	<u>1,11,82,323</u>	<u>9,38,91,665</u>

(a) Includes Rs.4,80,009/- (Previous year Rs.5,72,212/-) due to be transferred to Investor Education and Protection Fund on 08.09.2011 (Previous Year 15.10.2010)

NOTE 8**SHORT TERM PROVISIONS**

Provision for Employee Benefits	4,64,346	36,29,810
Proposed Dividend		
on Equity Shares	1,11,37,500	74,25,000
on Preference Shares	18,90,824	42,92,822
Tax on Proposed Dividend	21,13,520	19,00,924
Taxation (net of tax payment)	16,91,508	-
	<u>1,72,97,698</u>	<u>1,72,48,556</u>

NOTE - 9
FIXED ASSETS
(FIGURES IN RUPEES)

Particulars	GROSSBLOCK(ATCOST)			DEPRECIATION		NETBLOCK	
	As at 01.04.2011	Additions	Adjustments/ Deductions	As at 31.03.2012	Provided during the year	As at 31.03.2012	As at 31.03.2011
Tangible Assets							
Freehold Land and Development	49,00,000	-	-	49,00,000	-	49,00,000	49,00,000
Leasehold Land and Development	31,59,294	-	31,59,294	-	17,531	5,36,306	26,40,519
Buildings	12,43,09,551	44,36,134	12,87,45,685	-	20,71,705	4,74,38,963	7,89,42,293
Plant & Machinery	53,63,61,287	43,77,143	54,07,38,430	-	1,52,94,772	27,60,14,434	27,56,41,625
Wind Mills	20,95,59,442	-	-	20,95,59,442	1,10,64,739	4,96,75,291	17,09,48,890
Pipes & Fittings	3,92,89,147	20,168	3,93,09,315	-	11,16,727	2,56,27,312	1,47,78,562
Electrical installations etc.	7,45,74,719	2,58,624	7,48,33,343	-	3,21,45,445	3,40,51,050	4,24,29,274
Material Handling Equipments	2,96,441	-	2,96,441	-	7,354	17,5364	1,28,431
Office Equipments	55,89,587	1,65,641	57,55,228	-	2,67,286	39,01,755	19,55,118
Furniture & Fittings	39,41,059	47,624	39,88,683	-	1,34,225	36,35,592	4,39,692
Vehicles	35,68,742	-	-	35,68,742	3,39,030	12,58,857	26,48,915
Engineering & Laboratory Equipments	32,00,866	-	3,200,866	-	81,167	12,09,402	20,72,631
Sub Total	1,00,87,50,135	93,05,334	80,00,27,285	21,80,28,184	3,23,00,141	39,25,90,178	59,75,25,950
Intangible Assets							
Computer Software	23,89,530	-	-	23,89,530	94,010	22,66,527	2,17,013
CDM-PROJECT	13,19,039	11,12,772	-	24,31,811	2,20,472	4,61,940	10,77,571
Sub Total	37,08,569	11,12,772	-	48,21,341	3,14,482	27,28,467	12,94,584
Capital Work in Progress	-	-	-	-	-	-	3,22,18,819
Total (As at 31-03-2012)	1,01,24,58,704	1,04,18,106	80,00,27,285	22,28,49,525	3,26,14,623	5,36,62,615	63,10,39,353
Total (As at 31-03-2011)	98,75,40,585	2,71,26,881	22,08,762	1,01,24,58,704	4,95,04,998	17,11,020	64,93,87,738

KILBURN CHEMICALS LTD.

	31.03.2012		31.03.2011	
	Rs.	Rs.	Rs.	Rs.
NOTE 10				
NON CURRENT INVESTMENTS				
Investment in Equity Shares (of a Related Party)				
Other than trade(Long Term) (At cost)				
Unquoted:				
75,000 Equity Shares of Rs.10/- each fully paid up of Kilburn Software Technologies India Limited.	7,50,000		7,50,000	
Less : Provision for diminution in value	7,50,000	—	7,50,000	—

NOTE 11**LONG TERM LOANS AND ADVANCES**

(Unsecured, Considered good by the Management)

Capital Advances *	12,55,36,765		—	
Security Deposits	—	12,55,36,765	99,42,514	99,42,514

* Capital Advances/Expenditure in connection with new project. Also refer note 3 in Note 26

NOTE 12**CURRENT INVESTMENTS**

(Other than Trade, Short Term)(At Cost)

Investment in Mutual Funds -Quoted Fully Paid Up 440329.45 Units of 1525 - ICICI Prudential Flexible Income Plan Premium - Growth	19,08,78,001	—	—	—
1245125.212 Units of 1543- ICICI Prudential Floating Rate Plan D - Growth	8,42,15,664	27,50,93,665	—	—
Aggregate Amount of Quoted Investments		27,50,93,665		—
Market Value of Quoted Investments		28,62,88,886		—

NOTE 13

INVENTORIES (As taken, valued and certified by the Management)

Raw materials	—	1,97,36,655
Work in Process	—	4,60,84,145
Finished Goods	—	3,70,39,835 (a)
Stock in Trade	—	5,98,702
Stores & Spares	—	5,54,31,599
	—	15,88,90,936

(a) Includes materials of Rs.81,26,497/- lying with outside parties and in transit.

KILBURN CHEMICALS LTD.

	31.03.2012		31.03.2011	
	Rs.	Rs.	Rs.	Rs.
NOTE 14				
Trade Receivables*				
(Unsecured, Considered good by the Management)				
Outstanding for a period exceeding six months	83,07,211		14,81,037	
Others	1,04,27,985	1,87,35,196	10,16,45,631	10,31,26,668

* Includes Rs.41,44,845/- (Previous year same amount) due from a related party and not since realised.

NOTE 15**CASH AND CASH EQUIVALENTS****Balances with Banks**

On Current Accounts	22,99,044 (a)	6,15,938 (a)
On Unpaid Dividend Accounts (As per Contra)	37,19,844	38,60,007
On Fixed Deposits	10,89,141 (b)(c)	84,94,197 (b)
Cheques/Drafts on hand	-	1,98,45,218
Cash on hand (as certified)	-	2,60,229
	71,08,029	3,30,75,589

(a) Includes Rs.5,701/- on no lien account.

(b) Fixed deposit receipts lodged with various government agencies as security (previous year Rs.28,603/-)

(c) The fixed deposits have matured but not renewed. Confirmation certificates were not available.

NOTE 16**SHORT TERM LOANS AND ADVANCES**

(Unsecured, Considered good by the Management)

LOANS

Loan to a Body Corporate (Related Party) *	2,75,01,331	2,62,37,377
Balance with Excise Department	-	4,713
Taxes paid including tax deducted at source (net of provisions)	-	9,26,744
Others	30,45,960 (a)	1,94,34,222 (a)
	3,05,47,291	4,66,03,056

* There are no stipulations as to repayment of Principal or Interest. The loan is considered repayable on demand. Management considers the Loan as good on the basis of confirmation received from the said body corporate.

(a) Includes Rs.0.55 Lacs (Previous Year Rs.1.90 Lacs) due by officer/s of the company.

KILBURN CHEMICALS LTD.

	31.03.2012		31.03.2011	
	Rs.	Rs.	Rs.	Rs.
NOTE 17				
OTHER CURRENT ASSETS				
(Unsecured, Considered good by the Management)				
Exports benefits receivable		67,78,418		1,02,04,976
Others		7,86,61,881		17,64,790
		<u>8,54,40,299</u>		<u>1,19,69,766</u>

NOTE 18**Revenue from Operations**

Sale of Products		1,01,86,09,506 (a)(b)		1,23,49,91,551
Less : Excise Duty		6,04,66,720		9,72,19,122
		<u>95,81,42,786</u>		<u>1,13,77,72,429</u>

(a) Includes Rs.17,53,65,727/- being stock of Finished Goods and Work in Process transferred on account of slump sales referred to in note no. 2 b of Note 26

(b) Includes Rs.1,04,27,985/- for wind power generation adjusted in bills of the party (buyer) to whom slump sale was made. Such amount is on the basis of power bills received by the buyer from Tamilnadu State Electricity Board.

Other Operating Revenues

Export benefits		93,22,180		1,05,68,243
Sales of Scrap		2,52,758		10,16,890
Sale of Effluent Rejection		5,67,979		5,03,921
Sale of Sulphuric Acid		—		19,42,600
Sales - Hyd. Titania pulp		3,20,000		14,000
		<u>1,04,62,917</u>		<u>1,40,45,654</u>
		<u>96,86,05,703</u>		<u>1,15,18,18,083</u>

NOTE 19**Other Income**

Interest Income		63,04,591		41,48,844
Gain on sale of current investments (Mutual Fund units)		87,03,417		—
Profit on Commodity Transactions (refer note no. 4 of Note 26)		3,27,856		—
Other Income		8,90,896		16,50,537
Exchange Fluctuation Gain (net)		9,85,763		24,92,603
		<u>1,72,12,523</u>		<u>82,91,984</u>

KILBURN CHEMICALS LTD.

	31.03.2012		31.03.2011	
	Rs.	Rs.	Rs.	Rs.
NOTE 20				
Cost of Materials Consumed				
Opening Stock	1,97,36,655		3,89,07,616	
Add : Purchases and Incidental Expenses	<u>33,68,88,337</u>	35,66,24,992	<u>39,47,16,550</u>	43,36,24,166
Less: Stock Transfer on account of Slump Sales	1,39,06,637(a)		–	
Closing Stock	–	<u>1,39,06,637</u>	1,97,36,655	1,97,36,655
		<u>34,27,18,355</u>		<u>41,38,87,511</u>

(a) Refer note no. 2(b) of Note 26

NOTE 21**Changes in Inventories of Finished Goods, Work -in-Process and Stock in Trade****Inventories (At Close)**

Finished Goods	–		3,70,39,835	
Work in Progress	–		4,60,84,145	
Traded Goods	–	–	<u>5,98,702</u>	8,37,22,682
Less: Inventories at Commencement				
Finished Goods	<u>3,70,39,835</u>		3,93,44,934	
Work in Progress	<u>4,60,84,145</u>		3,52,53,422	
Traded Goods	<u>5,98,702</u>	<u>8,37,22,682</u>	<u>7,48,377</u>	<u>7,53,46,733</u>
		<u>8,37,22,682</u>		<u>(83,75,949)</u>

NOTE 22**Employee Benefits Expense**

Salaries, Wages and Bonus etc.	3,00,17,376		4,51,90,153	
Contribution to Provident and Other Funds	25,50,426		61,38,029	
Staff Welfare Expenses	<u>24,76,995</u>		<u>38,88,132</u>	
	<u>3,50,44,797</u>		<u>5,52,16,314</u>	

KILBURN CHEMICALS LTD.

	31.03.2012		31.03.2011	
	Rs.	Rs.	Rs.	Rs.
NOTE 23				
Finance Costs				
Interest Expense				
Interest on :				
Term Loans	1,07,47,582		2,65,87,960	
Working Capital Finance from Banks	1,36,06,059		1,99,92,881	
Others	13,29,867		36,52,000	
		<u>2,56,83,508</u>		5,02,32,841
Other Borrowing Costs				
Bank Charges		21,74,777		38,03,249
		<u>2,78,58,285</u>		<u>5,40,36,090</u>

NOTE 24**Other Expenses**

Consumption of Stores and Spare Parts etc.	5,02,18,563	7,15,54,993
Power & Fuel	16,49,20,432 (a)	25,99,28,551 (a)
Rent	54,45,166	39,80,750
Repairs to Buildings	90,07,141	1,59,49,746
Repairs to Machinery	3,17,82,537	3,59,62,379
Repairs to Others	1,79,98,333	2,06,31,172
Effluent Disposal	4,03,22,276	5,66,75,203
Insurance	6,25,985	7,93,029
Rates & Taxes	4,89,473	11,80,840
Packing and Forwarding charges	1,45,20,605	2,06,03,775
Miscellaneous Expenses	1,19,65,826 (b)	1,66,39,859
Payment to Auditors	4,16,611	3,70,697
Commission	63,46,535	1,47,35,867
Excise Duty on Closing Stock	-	49,40,353
Provision for diminution in value of investments	-	7,50,000
Loss on Sale of Fixed Assets	-	2,75,564
	<u>35,40,59,483</u>	<u>52,49,72,778</u>

(a) After adjustments of Rs.1,78,27,094/- (previous year Rs.3,31,81,571/-) towards deductions/realisations for wind power generation.

(b) Includes Rs. 20,365/- for payment to Auditors.

KILBURN CHEMICALS LTD.

	31.03.2012 Rs.	31.03.2011 Rs.
NOTE 25		
Extraordinary Items*		
Gain on slump sale of chemical division	35,94,56,606	-
Less: Expenses directly attributable to above sale	5,79,54,342	-
(Legal and Professional charges exclusive of service tax of Rs.59,17,707/-)	<u>30,15,02,264</u>	<u>-</u>

* Refer note no. 2 of Note 26

NOTE 26**1. SIGNIFICANT ACCOUNTING POLICIES****(i) Basis of Preparation of Financial Statements:**

These financial statements have been prepared in accordance with the generally accepted accounting principles in India. The financial statements have been prepared to comply in all material respects with the notified Accounting Standards issued by Companies Accounting Standard Rules,2006(as amended) and the relevant provisions of the companies Act,1956. The Financial Statements are prepared under the historical cost convention on an accrual basis.

All the assets and liabilities have been classified as current or non current as per Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act,1956. The company has ascertained its operating cycle as 12 months for the purpose of current-non current classification of assets and liabilities.

(ii) Use of Estimates:

The preparation of financial statements requires estimates and assumption to be made that effect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which results are known/materialized.

(iii) Fixed Assets and Depreciation**a. Tangible Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation. Cost (net of CENVAT, VAT and Service Tax credits) is inclusive of freight, duties and levies and any directly attributable cost of bringing the assets to their working condition for intended use. Interest and other borrowing costs on borrowed funds used to finance the acquisition of fixed assets, upto date the assets are ready for use, are estimated and capitalised and included in the cost of the asset.

b. Depreciation on Tangible Assets –

(i) The cost of leasehold land is amortised yearly over the balance period of the lease proportionately from the date of commercial production.

(ii) Depreciation on other fixed assets is provided pro-rata to the period of use on straight line method in the manner and at the rates specified in Schedule XIV of the Companies Act, 1956.

(iii) Assets of value not exceeding Rs.5000/- are fully depreciated in the period of purchase.

c. Intangible Assets and Amortisation of Intangible Assets

(i) Computer Software is recognized at cost and amortised over a period of five years.

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- (ii) The Expenditure incurred on "CDM" project has been considered by the company as "Intangible Assets-CDM Project" and amortised over a period of Ten years (life of the CDM Project)
- (iv) Investments

Investments that are readily realizable and are intended to be held for not more than one year from the date, on which such investments are made are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value whichever is lower. Long term investments are carried at cost. However, provision for diminution is made to recognize a decline, other than temporary, in the value of investments, such reduction being determined and made for each investments.
- (v) Inventories
 - a. There are no inventories at 31.03.2012.
 - b. Inventories were valued at lower of cost (net of Cenvat/VAT Credits), and net realizable value as certified by the management. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated cost necessary to make the sale. Cost for the purpose of valuation of:
 - (i) Raw-materials and stores and spare parts etc., is computed on weighted average method.
 - (ii) Finished goods and Work-in-process is computed on the basis of estimated cost of materials, labour, conversion and other costs for bringing the inventories to their present location and condition.
 - (iii) Stock in Trade is computed on the basis of actual cost paid.
- (vi) Excise Duty and Cenvat/VAT/Service Tax Credits
 - a) In previous year, the value of closing stock of finished goods lying in factory premises was inclusive of excise duty.
 - b) Benefits of Cenvat/VAT and Service Tax Credits (to the extent claimed/Availed) are accounted for by adjusting to the cost of relative fixed assets/ materials/expenses.
- (vii) Recognition of Revenue and Expenditure
 - (a) Income and Expenses considered receivable and payable respectively, are accounted for on accrual and prudent basis.
 - (b) Turnover/Sales -
 - (i) Domestic Sales are recognized on dispatch of goods and are inclusive of excise duty but excluding sales tax/Vat.
 - (ii) Export Sales are recognized on the basis of dates of Bills of Lading and are exclusive of excise duty as such Export Sales are being made without payment of excise duty.
 - (c) Export Benefits - Consideration/Benefits for transfer of DEPB licences and benefits (including for entitlements in hand as on the close of the period and to be received) are accounted for on accrual basis and are being valued at estimated and/or at net estimated realizable value. Adjustments for short / excess realizations, if any, are to be made on actual dates of realizations.
 - (d) Interest on refunds of Government dues and disposal of Scrap/residual materials are accounted for when the amounts are finally determined and /or materials disposed off.
 - (e) Profit from Commodities (futures) is recognized when payment is due at the end of the settlement period.

- (f) Self-generated Certified Emission Reductions (CERS) under the Clean Development Mechanism (CDM):

United Nations Framework Convention on Climate Change (UNFCCC) has registered the Company's "CDM" project on 21-04-2009. Considering the "Exposure Draft of Guidance Note on Accounting for self-generated Certified Emission Reductions (CERS)" issued by ICAI, "CERS"/income are to be recognized in the accounts only when the "CERS" are issued/credited/sold/ certified by "UNFCCC".

- (g) Income tax demands of Rs. 93,74,869/-, for an earlier year (against which appeals for non allowability of, brought forward losses relating to certain earlier years to such earlier year, are pending) and disputed labour demands of Rs. 3,12,967/- relating to earlier years have been paid and/or debited to Statement of Profit and Loss during the year. Refunds / reliefs, if any (including interest) against such payments / debits, the amount whereof are not presently ascertainable, are intended to be accounted for as and when the pending appeals / matters are settled and or refunds received.
- (h) Provision for long and short term loans and Advances, Trade Receivables and Other current assets brought forward from earlier year(s) and or not since realised /adjusted, and outstanding as on 31.03.2012, which may not be recoverable, the amounts whereof has not been ascertained and stated, is intended to be made as and when such amounts are found to be irrecoverable and or the amounts are determined.

(viii) Employee benefits

- (a) Gratuity - The liability for Gratuity is covered under Group Gratuity Scheme with Life Insurance Corporation of India. Liability up to 14.10.2011 has been provided for on basis of actuarial valuation. The company has not made any provision thereafter. Any future liability in this regard will be accounted for as and when ascertained and paid.
- (b) Leave Encashment - Liability for Leave Encashment benefits is accounted for on basis of actuarial valuation up to 14.10.2011. The company has not made any provision thereafter. Any future liability in this regard will be accounted for as and when ascertained and paid.
- (c) Provident Fund - The Company has not deducted and contributed any amount towards provident Fund after 14.10.2011, as it has been advised that after such date it is not obliged to deduct/contribute any amount. Any future liability in this regard will be accounted for as and when ascertained and paid.

(ix) Foreign Currency Transactions

- (a) All transactions in foreign currency, are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place.
- (b) Foreign currency monetary items at the Balance Sheet date are translated at the exchange rate prevailing on the date of the Balance Sheet.
- (c) Exchange rate differences resulting from foreign exchange transactions on revenue account, settled during the period, including on period end translation of monetary items, are recognized in the statement of Profit and Loss.
- (d) There were no exchange rate differences resulting on capital account.
- (e) There were no outstanding foreign exchange contracts as on 31.03.2012.

(x) Borrowing Costs

Interest and other costs on borrowed funds used to finance the acquisition of fixed assets, upto date the assets are ready for use, are estimated and capitalised under respective fixed assets.

Other interest and costs incurred on borrowed funds are recognised as expense in the period in which they are incurred.

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(xi) Taxation

Current Tax - Provision for tax(including capital gain tax on slump sales) has been made at prevailing tax rates after adjusting available MAT Credit and tax benefits. Final tax liability is to be determined only at the time of filing Tax return.

Deferred Tax – The deferred tax liabilities or assets are recognised using current tax rates, to the extent the management feels that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets/liabilities can be realized/adjusted.

(xii) Research and Development

Routine expenditure considered as of revenue nature is charged to revenue under the natural heads of account in the year in which it is incurred. The Expenditure of capital nature, if any, is capitalized as fixed assets.

(xiii) Impairment of Assets

As required by AS-28 issued by The Institute of Chartered Accountants of India, provision for impairment loss of assets is not required to be made as in view of the management, the estimated realizable value of such assets will be more or equal to the carrying amount stated in the Balance Sheet and the auditors have relied on the certificate of the management in this regard.

(xiv) Provisions, Contingent Liabilities and Contingent Assets

- a) Provisions are recognised in respect of obligations where, based on the evidences available and their existence at the Balance Sheet date are considered probable.
- b) Contingent liabilities are shown by way of Notes on Accounts in respect of obligations where, based on the evidences available, their existence at the balance sheet date is considered not probable.
- c) Contingent Assets are neither recognized nor disclosed in Accounts.

2. SLUMP SALE

- a. The company has sold its chemical division situated at Tuticorin, Tamilnadu on a slump sale basis to a party as a going concern effective from 14.10.2011 vide Business Transfer Agreement dated 01.10.2011. The consideration initially agreed at Rs.101 Crores was subject to adjustments as per aforesaid agreement. After adjustments such amount has been determined at Rs.96.44 Crores.
- b. To reflect a true and correct picture of operations of the company till 14.10.2011, Inventories of Finished Goods, Work in Process and Traded goods transferred in pursuance to the aforesaid agreement are included in amount of sales reflected under Revenue from Operations (Note no. 17) of the statement of Profit and Loss. Transfer of stock of Raw Materials is also accordingly adjusted in Cost of Materials Consumed (Note no.19) of the Statement of Profit and Loss.
- c. Gain on such slump sale and direct expenses(net of service tax) incurred for making the sale are reflected as Extraordinary Items (Note 24) in the Statement of Profit and Loss.
- d. As per Business Transfer Agreement dated 01.10.2011, all fixed assets, Capital Work in Process, current assets and statutory / other liabilities (including liabilities for sales tax, excise, service tax, labour dues etc.) as on 14.10.2011 and considered to be relating to the chemical division have been taken over by the buyer of the chemical division.
- e. As certified by the management, the buyer of the chemical division has withheld a portion of the consideration as stated in clause a) above to be released only upon conclusion of assessment proceedings under Tamil Nadu Value Added Tax Act, certain pending CENVAT proceedings and submission to the party certificate under section 281 of The Income Tax Act, 1961. According to the management, relevant proceedings are to be concluded in the financial year ending 31.03.2013. Such amount is therefore considered as current assets. Final adjustment to be made only after proceedings attains finality, the amount in respect of which can not be ascertained presently for provision if any necessary.

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- f. In view of this slump sale, company's results of this year are not comparable with previous year results.
3. A sum of Rs.12,55,36,765/- has been spent for new project and is included under the head "Capital Advances" (Note 11). An agreement has been entered into with GIDC (Gujarat Industrial Development Corporation) who has allocated land on license basis and a lease of ninety nine years will be executed when other terms and conditions are fulfilled.
4. During the year, the company has engaged in activity of purchase/sale of commodity (Castor Seed) futures. A total quantity of 25600 Bags of Castor Seeds has been purchased for Rs.771.06 Lacs out of which 5400 Bags were sold for Rs.156.55 Lacs during the year. Gain realized, at the end of settlement period, on such transactions has been considered as profit for the year. Payments (outstanding) made by the company have been considered under Other Current Assets (Note 17).
5. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances of Rs.1208.13 Lacs (P.Y. Rs.18.36 Lacs) is Rs.1339.02 lacs (P.Y. Rs.32.95 lacs).
6. Contingent liabilities not provided for in respect of (i) bills discounted with banks Rs._NIL (P.Y. Rs.114.56 Lacs), (ii) Unexpired letters of credit Rs.NIL (P.Y. Rs. 495.50 Lacs), (iii) Guarantees given by Banks Rs.NIL (P.Y. Rs. 27.50 lacs) (iv) Disputed service tax demands Rs. NIL (P.Y. Rs. 8.20 lacs). (v) Claims against the Company not acknowledged as debts - Rs. 26.41 Lacs (P.Y. Rs. NIL).
- As certified by the management, the company does not foresee any liability other than those disclosed in the balance sheet.
7. In the opinion of the Board of Directors, all the assets other than fixed assets and non current investments have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the balance sheet. The provisions for liabilities are adequate and not in excess of the amount reasonably necessary. Provision for tax including tax on slump sale is as estimated and certified by the management which has been relied upon by the auditors.
8. Accounts in respect of Current Liabilities, Trade and other Receivables, Other Current Assets, Loans, Advances and Deposits are subject to confirmation of respective parties.
9. (i) Amount paid/payable to Auditors.

	31.03.2012	31.03.2011
	Rs.	Rs.
a. Statutory Audit fee	2,30,000	2,30,000
b. Tax Audit Fee	45,000	45,000
c. Limited Review of Quarterly Un-audited results	40,000	40,000
d. Certification for Corporate Governance and others	50,000	25,000
e. For reimbursement of expenses	71,976	30,697
f. Service tax/cess	37,596	35,020
	<u>4,74,572</u>	<u>4,05,717</u>

- (ii) Prior period items debited under respective account heads in the profit & Loss Account.

Particulars

Stores & Spares consumed	-	78,942
Export Benefits	10,949	-
Repairs & Maintenance etc.	23,122	-
Miscellaneous Expenses	15,494	-
Commission	50,587	2,58,532
	<u>1,00,152</u>	<u>3,37,474</u>

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	31.03.2012	31.03.2011
	Rs.	Rs.
(iii) Movements for Provisions for Retirement Benefits		
Balance as on 1.4.2011/1.4.2010	36.30	30.68
Additions during the period	9.30	19.62
Reversals/adjustments during the period	40.96	14.00
Balance as at 31.03.2012/31.3.2011	4.64	36.30

(iv) The period end foreign currency exposures that have not been hedged by derivative instrument or otherwise are given below :

	Rs.	US\$	RS.	US\$
a) Amounts receivable in Foreign currency on account of receivables towards export of goods	-	-	1,78,52,820	4,02,000
b) Amount payable in foreign currency towards:				
Advances received	-	-	9,32,556	20,990

10. Earnings per share (EPS)

The numerators and denominators used to calculate basic and diluted earnings per share.

	31.03.2012	31.03.2011
(i) Profits (after tax and dividend on preference shares) attributable to the equity share holders (subject to notes on accounts) (A)	Rs. 23,82,55,671/-	Rs. 5,25,66,837/-
(ii) Basic / weighted average number of Equity Shares outstanding during the year (B)	7425000	7425000
(iii) Nominal value of Equity Shares	Rs.10/-	Rs.10/-
(iv) Basic and Diluted Earnings per share (A)/(B)	Rs. 32.09 P.	Rs. 7.08P.

Calculation of EPS before extraordinary items (relevant for year ending 31.03.2012)

Profit before extraordinary items	5,76,31,470
Less : Pref. share dividend and tax	(21,97,563)
Balance profit	5,54,33,907
No. of Equity shares	74,25,000
EPS before extraordinary items	Rs. 7.47 P

11. Segment Reporting

- a) Identification of Segments: The Company is primarily engaged in the business of manufacture and sale of chemicals (upto 14.10.2011) The Company has identified two primary business segments, namely Chemicals and Power used for chemical division, which in the context of Accounting Standard-17 on "Segment Reporting" may constitute reportable segment.

i) **Information about Primary Business Segments**

Information about Priority Business Segments

(Rupees in lacs)

Particulars	31.03.2012			31.03.2011		
	Chemical	Power	Total	Chemical	Power	Total
Revenue						
External Sales	9,477.15	104.28	9,581.43	11,377.72	45.89	11,423.61
Inter Segment Revenue	–	178.27	178.27	–	285.93	285.93
Total Revenue	9,477.15	282.55	9,759.70	11,377.72	331.82	11,709.54
Segment Results						
Segment/ Operating Results	791.64	134.23	925.87	586.66	116.21	702.87
Un-allocated Items:						
Income			3,187.15			5.81
Provision for Taxation			1,708.49			133.12
Net Profit			2,404.53			575.56
Other Information						
Segment Assets	–	1,838.93	1,838.93	8,248.67	1,823.84	10,072.51
Unallocated			5,277.55			
Total Assets			7,116.48			10,072.51
Segment Liabilities	–			4,648.76	563.52	5,212.28
Un-allocated Liabilities & Provisions			7,116.48			4,860.23
Total Liabilities			7,116.48			10,072.51
Depreciation	208.97	117.18	326.15	384.40	110.65	495.05
Total Cost incurred during the year to acquire Segment Assets	93.06	11.12	104.18	271.27	–	271.27

Notes:

1. Inter Segment transfer from the power segment is measured at the rate at which power is purchased/ sold/ to the respective Electricity Board.

ii) **Geographical Segment**

The analysis of Geographical Segment is based on the geographical location of the customers. The geographical segments considered for disclosure are as follows :

- i) Sales within India include Sales to customers located within India.
 ii) Sales outside India include Sales to customers located outside India.

b) Information pertaining to Geographical Segment

(i) Gross Revenue as per Geographical locations

	31-03-2012	31-03-2011
	Rs	Rs.
Within India	87,03,30,748	107,76,38,807
Outside India	14,82,78,758 (a)	16,73,52,744 (a)
	<u>101,86,09,506</u>	<u>1,24,49,91,551</u>

(a) Includes Rs.27,68,000/- (P.Y. Rs. 66,39,650/-) Exports through Export Houses/ Merchant Exporters.

ii) Fixed Assets as per Geographical locations

The company has common fixed assets for producing goods for domestic as well as overseas market. Hence, segment wise information for fixed assets / additions to fixed assets cannot be furnished.

12. Related Party Disclosures

(Particulars identified by the Company on the basis of information available and have been relied upon by the Auditors)

i) List of related parties :

A. Key Management Personnel and their relatives

- 1) Mr. S. K. Jalan (Managing Director)
- 2) Mr. B. P. Jalan (Father of Mr. S. K. Jalan)(Director)
- 3) M/s. Bajarang Prasad & Son (HUF) [Mr.B.P. Jalan(Father of Mr.S.K. Jalan) is Karta]

B. Enterprise over which Key Management Personnel and relative of such Key Management Personnel exercise significant influence

- 1) Kilburn Office Automation Limited
- 2) Kilburn Software Technologies Limited
- 3) Shree Durga Agencies Ltd
- 4) Buckingham Financial Services Ltd
- 5) Pushpdant Vyapaar Private Ltd
- 6) Arham Vyapaar Private Ltd.
- 7) Maryada Advisory Services Private Ltd
- 8) Kilburn Pigments Ltd

ii) A. Transactions with related parties (Key Management Personnel and relatives of Key Management Personnel)

	31.03.2012	31.03.2011
	Rs.	Rs.
Nature of Transactions		
1. Rent paid	12,60,000	12,60,000
2. Managerial Remuneration	47,69,180	37,90,559
3. Amount due (at credit)	1,67,858	8,800
4. Proposed Dividend on Equity Shares	38,033	25,355
5. Proposed Dividend on Preference Shares	—	1,85,463

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	31.03.2012	31.03.2011
	Rs.	Rs.
B. Transactions with parties referred to in para B above		
1. Loans given	–	3,42,00,000
2. Refund of loans	22,00,000	1,76,00,000
3. Loan Amount outstanding	2,75,01,331	2,62,37,377
4. Interest Received/Receivable on loans	34,63,954	31,97,778
5. Service charges paid	17,01,175	21,00,000
6. Outstanding Payable	8,86,128	45,560
7. Purchase of goods	28,856	45,560
8. Expenses reimbursed	32,269	–
9. Sales of goods	–	41,44,845
10. Outstanding Debtors	41,44,845	41,44,845
11. Investments made	–	–
12. Outstanding Investments	7,50,000	7,50,000
13. Provision for diminution in value of Investments	7,50,000	7,50,000
14. Reimbursement of Payments	6,30,07,419	–

iii) No amounts were written-off or written-back during the period in respect of debts due from or to related parties.

13. The disclosures required as per the revised Accounting Standard (AS) 15 – Employee Benefits notified under the Companies (Accounting Standards) Rules, 2006 are as under.

Defined-Contribution Plans

The Company offers its employees defined contribution plan in the form of provident fund (PF), family pension fund (FPF) and Employees Insurance Scheme (ESI). Provident Fund, family pension fund and Employees State Insurance Scheme cover substantially all regular employees. Contributions are paid during the period into separate funds under certain fiduciary-type arrangements. Both the employees and the company pay predetermined contributions into the provident fund, family pension fund and the Employees State Insurance Scheme. The contributions are normally based on a certain proportion of the employee's salary.

Contribution to Defined Contribution Plans, recognized and charged off for the year are as under (excluding for on contractors payments)

	Rs.	Rs.
Provident Fund	6,66,169	11,47,153
Family Pension Fund	5,30,542	8,98,469
Employees State Insurance Scheme	2,38,617	8,35,035

Defined-Benefit Plans

The Company offers its employees Defined-Benefit Plans in the form of a gratuity scheme. Benefits under the defined benefit plan is typically based either on years of service and the employee's compensation (generally immediately before retirement). The gratuity scheme covers substantially all regular employees. The Company contributes funds to Life Insurance Corporation of India, which is irrevocable Commitments are actuarially determined at period-end. The actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the statement of Profit and Loss. The obligation for leave encashment is recognized in the same manner as gratuity.

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	Gratuity (Funded)		Leave Encashment (Unfunded)	
	14-10-2011 Rs.	31-3-2011 Rs.	14.10.2011 Rs.	31.3.2011 Rs.
a. Reconciliation of opening and closing balances of Defined Benefit Obligation				
Defined Benefit obligation at beginning of the period	75,46,265	53,98,998	21,77,556	18,08,915
Current Service Cost	3,23,018	5,20,880	1,84,644	3,36,676
Interest Cost	3,24,943	4,31,920	83,073	1,39,061
Actuarial gain/(loss)	1,35,903	19,18,049	1,40,855	34,210
Benefits paid	8,87,279	7,23,582	5,20,958	1,41,306
Defined Benefit obligation at period end	74,42,850	75,46,265	20,65,170	21,77,556
b. Reconciliation of opening and closing balances of fair value of plan assets				
Fair value of plan assets at beginning of the period	60,94,011	41,39,816	–	–
Expected return on plan assets	2,62,409	4,53,902	–	–
Actuarial gain/(loss)	–	–	–	–
Employer contribution	14,52,254	22,23,875	5,20,958	1,41,306
Benefits Paid	8,87,279	7,23,582	5,20,958	1,41,306
Fair value of plan assets at period end	69,21,395	60,94,011	–	–
The Plan Assets of the Company are managed by the LIC and the composition of investments relating to these assets are not available with the Company.				
c. Reconciliation of fair value of Assets and obligations				
Fair value of plan assets as at 14.10.2011/31.3.2011	69,21,395	60,94,011	–	–
Present value of obligation as at 14.10.2011/31.3.2011	74,42,850	75,46,265	20,65,170	21,77,556
Amount recognized in Balance Sheet	5,21,455	14,52,254	20,65,170	21,77,556
d. Expenses recognized during the period (Under the head Employee Benefits Expenses – Note 22)				
Current Service Cost	3,23,018	5,20,880	1,84,644	3,36,676
Interest Cost	3,24,943	4,31,920	83,073	1,39,061
Expected return on plan assets	2,62,409	4,53,902	–	–
Actuarial gain/(loss)	1,35,903	19,18,049	1,40,855	34,210
Net Cost	5,21,455	24,16,947	4,08,572	5,09,947

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- e. The actuarial calculations used to estimated defined benefit commitments and expenses are based on the following assumptions which if changed, would affect the defined benefit commitment's size, funding requirements.

Particulars	14.10.2011	31.3.2011	14.10.2011	31.3.2011
Discount Rates	8%	8%	8%	8%
Salary Escalation	3%	3%	8%	8%
Expected Rate of return on plan assets	8%	8%	–	–
Mortality Rate (LIC)	1994-96 duly modified	1994-96 duly modified	–	1994-96 duly modified

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion, and other relevant factors such as demand and supply in the employment market. The above information is as submitted and or obtained from LIC/Actuary and relied upon by the Auditors.

The contribution expected to be made by the Company for the year ending 31-03-2013 cannot be readily ascertained and therefore not disclosed.

Note : The above figures are given till 14.10.2011 as the company has thereafter taken steps to transfer the fund assets/liabilities to the buyer of the chemical unit.

Also refer note 1(viii) above.

14. Supplementary Statutory Information

	31.03.2012 Rs.	31-03-2011 Rs.		
(i) C.I.F Value of Imports				
Raw materials	2,37,99,666	1,63,87,770		
Capital Goods	–	24,66,680		
	<u>2,37,99,666</u>	<u>1,88,54,450</u>		
(ii) Expenditure in Foreign Currency				
Travel (purchase of travellers cheques / foreign currencies/exchange)	6,30,971	12,16,315		
Commission(on remittance basis)	3,74,674	7,29,913		
Others	–	2,10,722		
	<u>10,05,645</u>	<u>21,56,950</u>		
(iii) Value of Raw-materials and stores and spare parts etc. consumed and percentage to total consumption:				
	Rs.	%	Rs.	%
(a) Raw materials:				
Indigenous	31,89,18,689	93.05	39,74,99,741	96.00
Imported	2,37,99,666	6.95	1,63,87,770	4.00
	<u>34,27,18,355</u>	<u>100.00</u>	<u>41,38,87,511</u>	<u>100.00</u>
(b) Stores and spare parts etc.	5,02,18,563	100.00	7,15,54,993	100.00

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(iv) Amount remitted during the period in foreign currency on account of dividend :

(a) Number of Non-Resident Shareholders	22	21
(b) Number of Shares held by them	13606	13021
(c) Amount of Dividend Paid(Gross)	Rs.13,606	Rs.13,021
(d) Year to which Dividend relates	31.3.2011	31.03.2010

(v) Earnings in Foreign Exchange

Export of Goods calculated on FOB basis	14,55,10,758 (a)	<u>16,18,13,094 (a)</u>
(a) Excluding Rs. 27,68,000/- (P.Y. Rs.55,39,650/-) exports through Export Houses / Merchant Exporters.		

(vi) Raw Materials Consumed :

Description of materials	31-03-2012		31-3-2011	
	Qty. (M.T.)	Rs.	Qty. (M.T)	Rs.
Ilmenite	13688.217	16,24,36,141	27,990.39	16,38,92,392
Scrap Iron	1056.35	2,84,89,760	2,431.25	5,82,99,654
Sulphuric Acid	20107.5002	12,54,47,047	41,796.50	16,73,35,002
Others		2,63,45,407		2,43,60,463
		<u>34,27,18,355</u>		<u>41,38,87,511</u>

(vii) **Details of Products sold**

A) MANUFACTURED GOODS SOLD

Titanium Dioxide	78,49,20,994	1,14,80,33,997
Ferrous Sulphate	4,78,94,800	8,28,13,811
B) OTHERS	18,57,93,712 *	41,43,743
	<u>1,01,86,09,506</u>	<u>1,23,49,91,551</u>

*Includes Stock transfer of Rs.17,53,65,727/-

15. The position of Company Secretary of the company has been vacant from 17.06.2006 till date.
16. The company has given loans to a body corporate (outstanding balance as on 31.3.2012 Rs. 2,75,01,331/-) (Previous year Rs.2,62,37,377/-).The company is taking steps to obtain legal opinion regarding applicability of section 295 of the Companies Act, 1956 for doing the needful in this regard.
17. During the year ended 31st March 2012, the Revised Schedule VI notified under the Companies Act, 1956 has become applicable to the company for preparation and presentation of its financial statements. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for presentation of financial statements. However it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

18. CASH FLOW STATEMENT PREPARED PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES FOR THE YEAR ENDED 31ST MARCH, 2012.

	31-03-2012 (Rs. in lacs)	31-03-2011 (Rs.in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax and extraordinary Items	1,098.00	708.68
Adjustments for:		
Depreciation	326.15	495.05
Interest received	(63.05)	(41.49)
Interest paid	256.84	502.33
Loss on assets Sold	-	2.76
Exchange difference(Net)	(9.86)	(24.93)
Provision for diminution in value of investment	-	7.50
Operating Profit before Working Capital Changes	<u>1,608.08</u>	<u>1,649.90</u>
Adjustments for:		
Trade and other receivables	384.75	(287.99)
Inventories	1,588.91	28.81
Trade payables and other liabilities	<u>(1,048.42)</u>	<u>20.13</u>
Cash Generated from Operations	<u>2,533.32</u>	<u>1,410.85</u>
Taxes Paid	<u>(1,422.59)</u>	<u>(102.40)</u>
Net cash from operating Activities	<u>1,110.73</u>	<u>1,308.45</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Fixed Assets / Capital work in progress	(1,037.37)	(316.55)
Sale of Fixed Assets	7,089.39	2.22
Acquisition of Investments	(2,750.94)	-
Interest Received	63.05	41.49
Exchange difference (Net)	<u>9.86</u>	<u>24.93</u>
Net Cash used in Investing Activities	<u>3,373.99</u>	<u>(247.91)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Redemption of Preference Shares	(274.00)	(117.22)
Proceeds from Borrowings	(4,032.11)	(582.37)
Interest paid	(302.10)	(509.33)
Dividend paid (including dividend tax)	<u>(136.19)</u>	<u>(136.76)</u>
Net Cash used in Financing Activities	<u>(4,744.40)</u>	<u>(1,345.68)</u>
Net Increase / (Decrease) in Cash & Cash equivalents	<u>(259.68)</u>	<u>(285.14)</u>
Cash & Cash equivalents at start of year	330.76	615.90
Cash & Cash equivalents at close of year	71.08	330.76

Notes :

- (1) The above statement is subject to and read together with the notes and observations on Accounts and Schedules attached thereto.
- (2) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- (3) Cash & Cash equivalents at start and close of year includes balances on unpaid dividend accounts.
- (4) Previous year's figures have been regrouped, rearranged and recasted wherever found necessary.

This is the Cash Flow Statement referred to in our Report of even date.

Signatures to Notes "1" to "26"

As per our attached Report of even date.

For **G. P. KEJRIWAL & ASSOCIATES**

Chartered Accountants

Firm Registration No. 302201E

K. K. SINGHAL

Partner M. No. 50140

5, Clive Row, Kolkata - 700001

Dated : 12th July, 2012

B. P. JALAN
Chairman

S. K. JALAN
Managing Director

V. VANCHI
Director

KILBURN CHEMICALS LTD.

Registered Office :

New No. 23, Old No. 12, Neelakanta Mehta Street, T. Nagar, Chennai – 600 017

PROXY

Regd. Folio No. / DP ID / Client ID

I/We

..... of being

a member / members of KILBURN CHEMICALS LTD. hereby appoint

..... of

of failing him

of

as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting to be held on Monday the 24th day of September, 2012 at 11.00 A.M. at the Narada Gana Sabha (Mini Hall), 314, T. T. K. Road, Alwarpet, Chennai 600018 at any adjournment thereof.

Dated this.....day.....2012.

Signature

Affix
Revenue
Stamp

Note : The Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding of the meeting.

KILBURN CHEMICALS LTD.

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. ONLY MEMBERS OR THEIR PROXIES ARE ENTITLED TO BE PRESENT AT THE MEETING.

Regd. Folio No. / DP ID / Client ID

Name of the Share held

Name & Address

I hereby record my presence at the Annual General Meeting held on Monday the 24th day of September, 2012 at 11.00 A.M. at the Narada Gana Sabha (Mini Hall), 314, T. T. K. Road, Alwarpet, Chennai 600018.

Signature of the Shareholder / Proxy

Note : Shareholder / Proxyholder desiring to attend the meeting are requested to bring their copy of their Annual Report for reference at the meeting.

KILBURN CHEMICALS LTD.

New No. 23, Old No. 12, Neelakanta Mehta Street
T. Nagar, Chennai 600 017

Dear Shareholder,

Sub: Green Initiative

Ministry of Corporate Affairs (MCA) has recently issued Circulars regarding 'Green Initiative' in Corporate Governance by allowing paperless compliances by serving documents through electronic mode. Accordingly, we propose to send all future shareholders' communications like Notices, Company's Annual Reports etc. through electronic mode. This will ensure prompt receipt of communication, avoid loss in postal transit and most importantly, will enable your Company to help in conservation of forest resources.

If you are holding shares in electronic form, we would request you to register your e-mail address with your Depository Participant at the earliest, in case you have not already done so. You are also requested to intimate to the Depository Participant the changes, if any, in your registered addresses, e-mail id and/or changes in your bank account details. You are not required to re-register unless there is a change in your e-mail address etc.

If you are holding shares in Physical form, you may kindly provide your e-mail address to our Registrar & Share Transfer Agents at the following address for receiving the documents in electronic mode.

Maheshwari Datamatics Private Limited
6, Mangoe Lane (Surendra Mohan Ghosh Sarani)
2nd Floor, Kolkata 700 001
Phone: +91 (033) 2243-5809/5029, 22482248
Fax No: +91 33 22484787
E-mail: mdpl@cal.vsnl.net.in/mdpldc@yahoo.com

We appreciate the 'Green Initiative' taken by MCA and trust you would help in implementing the e-governance initiative of the Government.

With best wishes,

Thanking you,
Yours faithfully,

KILBURN CHEMICALS LTD.
S. K. JALAN
MANAGING DIRECTOR

The Director
Maheshwari Datamatics Private Limited
Unit: Kilburn Chemicals Ltd.
6, Mangoe Lane, Surendra Mohan Ghosh Sarani
2nd Floor, Kolkata 700 001

Sub: E-mail updation

Dear Sir,

In view of the MCA Circulars bearing no. 17/2011 dated 21st April 2011 and No. 18/2011 dated 29th April 2011 I,, Son of/Daughter of/Wife of holding shares of ('the Company') bearing Folio No. /DP ID Client Id do hereby wish to receive all future communications/requisite documents of the Company at the following E-mail id:

E-mail id :

You are requested to please update the same in your Book of Records.

Signature:-

Name of Sole/First holder

Name of second holder

Name of Third holder

BOOK POST

If undelivered please return to :

MAHESHWARI DATAMATICS PRIVATE LIMITED

Unit : Kilburn Chemicals Ltd.

6, Mangoe Lane, 2nd Floor

Kolkata - 700 001