



KILBURN CHEMICALS LTD.

**ANNUAL
REPORT
AND
ACCOUNTS
2017-2018**

KILBURN CHEMICALS LTD.

DIRECTORS

S. K. JALAN – Managing Director
V. VANCHI
R. CHAUDHRI
A. CHATRATH
T. M. PATEL
M. KEJRIWAL
A. DUTTA

C.F.O.

M. SUREKA

C.S.

M. SHARMA

BANKERS

BANK OF BARODA
STATE BANK OF INDIA

AUDITORS

V. SINGHI & ASSOCIATES
CHARTERED ACCOUNTANTS
KOLKATA

**REGISTERED &
CORPORATE OFFICE**

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

**REGISTRARS &
SHARE TRANSFER AGENTS**

MAHESHWARI DATAMATICS PVT. LTD.
23, R. N. MUKHERJEE ROAD, 5TH FLOOR
KOLKATA-700 001.
PHONE NO. (033)-2243-2248 / 2243-5029
FAX NO.(033)-2248-4787
E-MAIL : mdpldc@yahoo.com

DIRECTORS' REPORT

Your Directors take pleasure in presenting the 28th Annual Report together with the Audited Accounts of the Company for the Financial Year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS

(Rs. In lacs)

	2017-18	2016-17
Total Revenue	11.68	1.40
Gross Operating Profit	(1,216.52)	42.48
Depreciation for the year	34.15	5.12
Profit/ (Loss) Before Extraordinary items and Tax	(1,250.67)	37.36
Profit Before Tax (PBT)	(1,250.67)	37.36
Provision for Tax including Deferred Tax	284.04	14.20
Net Profit After Tax (PAT)	(1,534.71)	23.16
Add : Surplus / Loss brought forward from previous year	4,591	4,568
Profit available for Appropriation	3,056	4,591
Balance carried forward	3,056	4,591

GENERAL REVIEW OF OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS

Your Directors are pleased to report that the Company has successfully completed the commissioning of its Dahej Plant for production of Anatase grade Titanium Dioxide. The Commercial Operations Date was achieved on 22.3.18. The slight delay from the planned target date of commissioning was mainly on account of floods and delayed availability of personnel for commissioning of imported equipment. Several challenges still remain with respect to quality stabilisation and ramping up of production and operations, as is normally expected in Titanium Dioxide Plants.

FUTURE OUTLOOK

After achieving stability and growth in Anatase production, the Company will focus on further value addition in the form of Rutile grade production. The commissioning of this section of the Plant is expected to be completed soon.

EQUITY DIVIDEND

During the year Company has started its operations and due to which lot of operational cost need to bear by the company and under Directors felt it prudent to plough back the internal accruals in new project and to skip dividend on Equity Shares for the year.

TRANSFER TO RESERVES

During the year under review, your directors do not propose to transfer any amount to any reserve. The profit/ loss for the year under review has been shown under the head Reserve and surplus.

DEPOSITS

The company has not accepted any deposit from the public and shareholders falling within the ambit of section 73 of the companies Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

KILBURN CHEMICALS LTD.

PARTICULARS OF LOAN GURANTEES OR INVESTMENTS

Details of Loan, Guarantees and Investments covered under the provisions of section 186 of the Companies Act, 2013, are given in the notes to the financial Statements.

SHARE CAPITAL

The paid up Equity Share Capital as on March , 31,2018 was Rs 11.86 Crores. During the year under review, the company has converted 1540000 Equity Shares of Rs 10/- to warrants and has realized the balance amount i.e. 75% of the issued price i.e. Rs. 39/-. The company has not granted any stock option to employees nor issued any Sweat Equity Shares or buy back of Shares of the Company.

EXTRACT OF THE ANNUAL RETURN

Pursuant to section 92 (3) of the Companies Act 2013 (the Act) and Rules 12 (1) of the Companies (Management and Administration) Rules 2014, The details forming part of the extract of the Annual Return in the form MGT 9 is annexed herewith as annexure no. 1.

CONSOLIDATED FINANCIAL STATEMENT

In accordance with the Companies Act 2013 (the Act) and accounting standard (AS)-21 on Consolidated Financial Statements read with As -23 on accounting for Investments in Associated and As -27 on financial Reporting of Interests in Joint Ventures, the Audited Consolidated Financial Statement is not applicable to the company as company has no subsidiary, Joint Ventures and Associate company as define in Companies Act, 2013

SUBSIDIARIES , JOINTVENTURES AND ASSOCIATE COMPANIES

The company does not have any Subsidiary, Joint-Venture and Associate Company as per the Companies Act, 2013.

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 herewith. The Management Discussion and Analysis Report has not been annexed as the company does not have any business after Wind Mill Division sold.

CREDIT RATING

CARE (Credit Analysis and Research Ltd) has assigned Triple B Minus (BBB-) rating on the long term bank facilities of the company - The rating is valid for a period of one year.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the company, Shri. V. Vanchi (DIN: 00015985), Director of the company, retire by rotation at the ensuing Annual General Meeting of the company and being eligible has offered himself for re appointment.

All the Independent Directors have given declarations that they meet the criteria of Independence as laid down under section 149(6) of the Companies Act 2013 and as per Regulation 25 of Listing Obligations and Disclosure Requirements, Regulation 2015 of the Listing Agreement.

Shri Sandeep kumar Jalan – Managing Director of the Company, Shri Ashim Dutta, Chief Executive officer (Re-designated from CEO to Director w.e.f. 10.11.2017), Shri Sunil Kumar Somani – Chief Financial Officer (Resigned w.e.f 10.11.2017) Shri Manoj Sureka (Appointed as CFO w.e.f. 10.11.2017) and Shri Mukesh Sharma –Company Secretary are Key Managerial Personnel of the company.

PERFORMANCE EVALUATION BOARD EVALUATION

In Compliance with the Companies Act 2013 and Regulation 17 of the Listing Regulations, the performance evaluation of the Board and its Committees were carried out during the year under review.

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More details on the same is given in the Corporate Governance Report.

DETAILS OF BOARD AND COMMITTEE MEETING

During the year under review, the Board of Directors has met 4 times. Details of Audit Committee , Nomination and Remuneration Committee and Stakeholders' Relationship Committee meeting, its members and their attendance and terms of reference has been provided in the Corporate Governance Report.

The company has already framed a policy on remuneration of Directors and Senior Management Employees. The policy is approved by the Nomination and Remuneration Committee and the Board. More Details on the same is provided in the Corporate Governance Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that :

- A) In the preparation of the annual accounts for the year ended March 31,2018 , the applicable accounting standards read with requirements set out under Schedule III of the act , have been followed and there are no material departures from the same
- B) 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 as at March 31,2018 and of the profit of the company for year ended on that date,
- C) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities,
- D) The Directors have prepared the annual accounts on a going concern basis,
- E) The Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively; and
- F) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

RELATED PARTY TRANSACTIONS

All the related party transactions are entered on arm's length basis , in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act 2013 and the Listing Regulations. There are no materially significant related party transactions made by the company with promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the company at large or which warrants the approval of shareholders. Accordingly no transactions are being reported in Form AOC-2 in terms of section 134 of the act read with Rule -8 of the Companies (Accounts) Rules 2014. However the details of the transactions with Related Party are provided in the Company's financial statements in accordance with the Accounting Standards.

All related party transactions are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtain which are of a repetitive nature.

CORPORATE SOCIAL RESPONSIBILTY

In line with the provisions laid down under Section 135 of the Companies Act ,2013 and Rules made thereunder, the company has formed the CSR committee on 13.05.2016. CSR committee will decide the amount to be spent in CSR programs and activities mentioned in Schedule Vii of the Companies Act, 2013.

Details of the CSR activities undertaken by the company is annexed to this report as annexure –5

KILBURN CHEMICALS LTD.

VIGIL MACHANISM POLICY

The Company has in place a Vigil Mechanism also known as Whistle Blower Policy pursuant to the requirements of the Companies Act 2013 and the Listing Agreement. The Policy empowers all the stakeholders to raise concerns and provided for adequate safeguards. any employee and/or person dealing with the company can make disclosure about any wrong doing in company operations through a e- mail or through telephone or letter to the Chairman of the Audit Committee.

The policy on vigil mechanism or whistle Blower policy may be accessed on the company website at the link.

POLICY ON NOMINATION AND REMUNERATION

The Company follows a policy on Remuneration of Directors and Senior Management Employees. The policy is approved by the Nomination & Remuneration Committee and the Board. The main objective of the said policy is to ensure that level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the Directors, KMP and senior management employees. The Remuneration Policy for the Directors and senior management employees is given in the Corporate Governance Report.

RISK MANAGEMENT

The Company has formulated risk management Policy which is well defining mechanism to identify, assess, monitor and mitigate various risks to key business objectives.

On continuous basis risks are indentify by the functional heads and which discussed at various Committee or group level including Audit Committee and Board of Directors and systematically address to mitigate risk.

INTERNAL FINANCIAL CONTROLS

The company has in place the adequate internal financial controls systems with reference to Financial Statements. During the year, such controls were tested and no reportable material weakness was observed.

AUDITORS AND AUDITORS' REPORT

M/s. V. Singhi & Associates, Chartered Accountants, the Statutory Auditors of the company o retire at the ensuing Annual General Meeting of the company and are eligible for reappointment. They have furnished certificate regarding their eligibility, pursuant to Section 139(1) of the Companies Act, 2013 and read with relevant Rules .The Board of Directors recommends their re-appointment for one year.

The notes to the accounts referred to in the Auditors' Report are self explanatory.

The Auditors' Report for FY2017-18 forms part of this Annual Report and does not contain any qualification, reservation or adverse remark .

Board of directors has reappointed M/S R C Jhaver & Company, Chartered Accountants as Internal Auditors of the company .

SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT

Pursuant to the provisions of section 204 of the Companies Act 2013 read with the Rules thereof, the company has re appointed M/s Sunil kumar Banerjee , Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Report of Secretarial Auditors is annexed to this report as annexure -2. There are no adverse observation in the Secretarial Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNALS

There are no significant material orders passed by the regulators/ Court/Tribunals which would impact the going concern status of the Company and its future operations.

KILBURN CHEMICALS LTD.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

The Company has, during the year under review, transferred a sum of Rs.430415/- to Investor Education and Protection Fund, in compliance with the provisions of Section 123,124 & 125 the companies Act, 2013. The said amount represents dividend for the financial year 2009-2010 which remained unclaimed by the members of the company for a period exceeding 7 years from its due date of payment.

PARTICULARS OF EMPLOYEES

Industrial relations in the Company continued to be cordial and satisfactory. Particulars or details of the employees cover under the provisions of Section 197 of the Companies Act, 2013, read with Rules - 5 of the Companies (Appointment and Remuneration of Managerial Personnel)Rules ,2014 are attached to this report as annexure -3

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION , FOREIGN EXCHANGE EARNING AND OUT GO

Statement pursuant to the provisions of section 134 (3)(m) of the Companies Act 2013 read with Rules 8 of the Companies (Accounts) Rules 2014 is annexed herewith as Annexure -4 During the year under review the company is setting up a new plant which has already focused on and matter related to energy saving equipment and latest technology. The further measure will be taken after the commencement of plant.

ACKNOWLEDGEMENT

Your Directors are grateful for the co-operation and continued guidance and support extended by various agencies of Central Government and State Government (s) and various Government Departments and Agencies, Bank of Baroda and State Bank of India. Your Directors thank and express their gratitude to various stakeholders i.e customers, dealers, suppliers, advisors and consultants for their committed engagement with the Company. 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 : 30th May, 2018

For and on behalf of the Board,
S. K. JALAN
MANAGING DIRECTOR
DIN : 00015836

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

as on the Financial Year ended on 31.03.2018

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1)
of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- (i) CIN : **L24117WB1990PLC199409**
- (ii) Registration Date : **31.08.1990**
- (iii) Name of the Company : **KILBURN CHEMICALS LTD**
- (iv) Category/Sub-Category of the Company : **COMPANY LIMITED BY SHARES**
- (v) Address of the Registered Office and Contact details : **SHANTINIKETAN, 16TH FLOOR
8,CAMAC STREET, KOLKATA-700017
WEST BENGAL, Tel : 033-22828501**
- (vi) Whether Listed Company : YES/NO : **YES**
- (vii) Name, Address and Contact details of Registrar & Transfer Agent, if any : **MAHESHWARI DATAMATICS PVT.LTD.
23 R.N MUKHERJEE ROAD
5TH FLOOR,KOLKATA- 700001
Tel : 033-22435029**

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

SI. No.	Name and Description of main products /services	NIC Code of the Product/ service	% to total turnover of the company
1.	Titanium Dioxide	N.A.	N.A.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

SI. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
	N A	N A	N A	N A	N A

KILBURN CHEMICALS LTD.

iv(i). SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2017]				No. of Shares held at the end of the year [As on 31st-March-2018]				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	25555	0	25555	0.2477	25555	0	25555	0.2156	-0.0321
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	6329192	0	6329192	61.3591	7869192	0	7869192	66.3787	5.0196
e) Banks/Fi									
f) Any other									
Sub-total (A)(1)	6354747	0	6354747	61.6068	7894747	0	7894747	66.5943	4.9875
(2) Foreign									
a) NRIs - Individuals									
b) Other - Individuals									
c) Bodies Corp.									
d) Banks/FI									
e) Any other									
Sub-total (A)(2)	0	0	0	0.0000	0	0	0	0.0000	0.0000
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	6354747	0	6354747	61.6068	7894747	0	7894747	66.5943	4.9875
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	6700	6700	0.0650	0	1600	1600	0.0135	-0.0515
b) Banks/FI	0	1000	1000	0.0097	0	950	950	0.0080	-0.0017
c) Central Govt	100	0	100	0.0010	100	0	100	0.0008	-0.0002
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									

KILBURN CHEMICALS LTD.

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2017]				No. of Shares held at the end of the year [As on 31st-March-2018]				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Others (specify)									
Alternate Investment Funds									
Foreign Portfolio Investors									
Provident Funds/ Pension Funds									
Qualified Foreign Investor									
Sub-total(B)(1):-	100	7700	7800	0.0757	100	2550	2650	0.0223	-0.0534
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1692818	17750	1710568	16.5833	1671529	9400	1680929	14.1791	-2.4042
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	991620	854582	1846202	17.8982	901026	580919	1481945	12.5006	-5.3976
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	358793	0	358793	3.4784	493426	0	493426	4.1622	0.6838
c) Others (Specify)									
Non Resident Indians	25942	0	25942	0.2515	6861	0	6861	0.0579	-0.1936
Qualified Foreign Investor									
Custodian of Enemy Property									
Foreign Nationals									
Clearing Members	10898	0	10898	0.1057	10706	0	10706	0.0903	-0.0154
Trusts									
Foreign Bodies-DR									
Foreign Portfolio Investors									

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Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2017]				No. of Shares held at the end of the year [As on 31st-March-2018]				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
NBFCs registered with RBI	50	0	50	0.0005	50	0	50	0.0004	-0.0001
Employee Trusts									
Domestic Corporate Unclaimed Shares Account									
Investor Education and Protection Fund Authority	0	0	0	0.0000	283686	0	283686	2.3930	2.3930
Sub-total(B)(2):-	3080121	872332	3952453	38.3176	3367284	590319	3957603	33.3835	-4.9341
Total Public Shareholding (B)=(B)(1)+ (B)(2)	3080221	880032	3960253	38.3933	3367384	592869	3960253	33.4058	-4.9875
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	9434968	880032	10315000	100.0000	11262131	592869	11855000	100.0000	0.0000

iv(ii) SHAREHOLDING OF PROMOTERS

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year[As on 01-Apr-2017]			Share holding at the end of the Year [As on 31-March-2018]			% change in share holding during the year	PAN
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares		
1	SHREE DURGA AGENCIES LTD	1968170	19.0807	0.0000	2208170	18.6265	0.0000	-0.4542	AAECS0556L
2	SUPRIYA FINANCE LIMITED	1819423	17.6386	0.0000	1819423	15.3473	0.0000	-2.2913	AAPCS8720B
3	MARYADA ADVISORY SERVICES PVT LTD	1232457	11.9482	0.0000	1232457	10.3961	0.0000	-1.5521	AACCM0957B
4	NIRVAN COMMERCIAL COMPANY LTD	654465	6.3448	0.0000	1154465	9.7382	0.0000	3.3934	AAACN9221F
5	ANA VINCOM PVT LTD	0	0.0000	0.0000	800000	6.7482	0.0000	6.7482	AACCA5723F
6	SANDEEP INVESTMENTS LIMITED	414677	4.0201	0.0000	414677	3.4979	0.0000	-0.5222	AADCS6054J
7	ARHAM VYAPAAR PVT LTD	240000	2.3267	0.0000	240000	2.0245	0.0000	-0.3022	AAGCA6925P
8	SANDEEP KUMAR JALAN	25000	0.2424	0.0000	25000	0.2109	0.0000	-0.0315	AAFHS4476P
9	SANDEEP KUMAR JALAN	355	0.0034	0.0000	355	0.0030	0.0000	-0.0004	ACQPJ4806M
10	DIVYA JALAN	100	0.0010	0.0000	100	0.0008	0.0000	-0.0002	ACLPI1478J
11	ALAKA JALAN	100	0.0010	0.0000	100	0.0008	0.0000	-0.0002	ACOPJ4203C
	TOTAL	6354747	61.6069	0.0000	7894747	66.5942	0.0000	4.9873	

KILBURN CHEMICALS LTD.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning [1-4-2017] / end of the year [31-3-2018]		Cumulative Shareholding during the year [1-4-2017] to [31-3-2018]		PAN
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
1	NIRVAN COMMERCIAL COMPANY LTD					AAACN9221F
	4/1/2017	654465	6.3448			
	19/05/2017 - Transfer	500000	4.2176	1154465	9.7382	
	07/07/2017 - Transfer	500000	3.7327	1654465	12.3514	
	3/31/2018	1154465	9.7382	1154465	9.7382	
2	ANA VINCOM PVT LTD					AACCA5723F
	4/1/2017	0	0.0000			
	19/05/2017 - Transfer	800000	6.7482	800000	6.7482	
	3/31/2018	800000	6.7482	800000	6.7482	
3	MARYADA ADVISORY SERVICES PVT LTD					AACCM0957B
	4/1/2017	1232457	11.9482			
	3/31/2018	1232457	10.3961	1232457	10.3961	
5	SANDEEP INVESTMENTS LIMITED					AADCS6054J
	4/1/2017	414677	4.0201			
	3/31/2018	414677	3.4979	414677	3.4979	
6	SHREE DURGA AGENCIES LTD					AAECS0556L
	4/1/2017	1968170	19.0807			
	19/05/2017 - Transfer	240000	2.0245	2208170	18.6265	
	07/07/2017 - Transfer	240000	1.7917	2448170	18.2767	
	04/08/2017 - Transfer	-240000	2.0245	2208170	18.6265	
	3/31/2018	2208170	18.6265	2208170	18.6265	
7	SANDEEP KUMAR JALAN					AAFHS4476P
	4/1/2017	25000	0.2424			
	3/31/2018	25000	0.2109	25000	0.2109	
8	ARHAM VYAPAAR PVT LTD					AAGCA6925P
	4/1/2017	240000	2.3267			
	3/31/2018	240000	2.0245	240000	2.0245	
9	SUPRIYA FINANCE LIMITED					AAPCS8720B
	4/1/2017	1819423	17.6386			
	3/31/2018	1819423	15.3473	1819423	15.3473	
10	DIVYA JALAN					ACL PJ1478J
	4/1/2017	100	0.0010			
	3/31/2018	100	0.0008	100	0.0008	
11	ALAKA JALAN					ACOPJ4203C
	4/1/2017	100	0.0010			
	3/31/2018	100	0.0008	100	0.0008	
12	SANDEEP KUMAR JALAN					ACQPJ4806M
	4/1/2017	355	0.0034			
	3/31/2018	355	0.0030	355	0.0030	

KILBURN CHEMICALS LTD.

(iv) Shareholding Pattern of top ten Shareholders

(other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name	Shareholding at the beginning [1-4-2017] / end of the year [31-3-2018]		Cumulative Shareholding during the year [1-4-2017] to [31-3-2018]		PAN
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
1	MCLEOD RUSSEL INDIA LIMITED					AAACE6918J
	4/1/2017	350000	3.3931			
	3/31/2018	350000	2.9523	350000	2.9523	
2	FAISAL ZUBAIR HAWA					AAAPH1278B
	4/1/2017	0	0.0000			
	07/07/2017 - Transfer	11872	0.0886	11872	0.0886	
	14/07/2017 - Transfer	12397	0.0925	24269	0.1812	
	21/07/2017 - Transfer	11184	0.0835	35453	0.2647	
	28/07/2017 - Transfer	1568	0.0117	37021	0.2764	
	04/08/2017 - Transfer	8659	0.0730	45680	0.3853	
	11/08/2017 - Transfer	3966	0.0335	49646	0.4188	
	18/08/2017 - Transfer	1223	0.0103	50869	0.4291	
	25/08/2017 - Transfer	1720	0.0145	52589	0.4436	
	01/09/2017 - Transfer	1366	0.0115	53955	0.4551	
	08/09/2017 - Transfer	186	0.0016	54141	0.4567	
	08/12/2017 - Transfer	-3213	0.0271	50928	0.4296	
	15/12/2017 - Transfer	996	0.0084	51924	0.4380	
	29/12/2017 - Transfer	-19999	0.1687	31925	0.2693	
	23/02/2018 - Transfer	-824	0.0070	31101	0.2623	
	02/03/2018 - Transfer	-8380	0.0707	22721	0.1917	
	09/03/2018 - Transfer	-699	0.0059	22022z	0.1858	
	16/03/2018 - Transfer	-235	0.0020	21787	0.1838	
	23/03/2018 - Transfer	-2589	0.0218	19198	0.1619	
	30/03/2018 - Transfer	2	0.0000	19200	0.1620	
	3/31/2018	19200	0.1620	19200	0.1620	
3	BABCOCK BORSIG LIMITED					AABCD4477A
	4/1/2017	855000	8.2889			
	3/31/2018	855000	7.2121	855000	7.2121	
4	NITYA HOLDINGS & PROPERTIES LTD					AABCN1002B
	4/1/2017	393180	3.8117			
	3/31/2018	393180	3.3166	393180	3.3166	
5	TARZON TRACON PVT LTD					AABCT7675C
	4/1/2017	26398	0.2559			
	3/31/2018	26398	0.2227	26398	0.2227	

KILBURN CHEMICALS LTD.

Sl. No.	Name	Shareholding at the beginning [1-4-2017] / end of the year [31-3-2018]		Cumulative Shareholding during the year [1-4-2017] to [31-3-2018]		PAN
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
6	ASHIKA STOCK BROKING LIMITED.-CLIENT A/C					AACCA7156Q
	4/1/2017	0	0.0000			
	26/05/2017 - Transfer	100	0.0008	100	0.0008	
	02/06/2017 - Transfer	-98	0.0008	2	0.0000	
	09/06/2017 - Transfer	-2	0.0000	0	0.0000	
	14/07/2017 - Transfer	100	0.0007	100	0.0007	
	21/07/2017 - Transfer	-100	0.0007	0	0.0000	
	08/12/2017 - Transfer	125	0.0011	125	0.0011	
	15/12/2017 - Transfer	125	0.0011	250	0.0021	
	22/12/2017 - Transfer	140	0.0012	390	0.0033	
	05/01/2018 - Transfer	500	0.0042	890	0.0075	
	12/01/2018 - Transfer	2240	0.0189	3130	0.0264	
	19/01/2018 - Transfer	-1780	0.0150	1350	0.0114	
	26/01/2018 - Transfer	-776	0.0065	574	0.0048	
	02/02/2018 - Transfer	276	0.0023	850	0.0072	
	09/02/2018 - Transfer	-850	0.0072	0	0.0000	
	16/02/2018 - Transfer	984	0.0083	984	0.0083	
	23/02/2018 - Transfer	5169	0.0436	6153	0.0519	
	02/03/2018 - Transfer	2891	0.0244	9044	0.0763	
	09/03/2018 - Transfer	24188	0.2040	33232	0.2803	
	16/03/2018 - Transfer	1816	0.0153	35048	0.2956	
	23/03/2018 - Transfer	-35048	0.2956	0	0.0000	
	3/31/2018	0	0.0000	0	0.0000	
7	ANIL KUMAR GOEL #					AAJPG2552Q
	4/1/2017	36000	0.3490			
	12/01/2018 - Transfer	-10851	0.0915	25149	0.2121	
	3/31/2018	25149	0.2121	25149	0.2121	
8	MEETA DHARMENDRA SHAH					ABFPS0342H
	4/1/2017	18777	0.1820			
	28/04/2017 - Transfer	1000	0.0097	19777	0.1917	
	05/05/2017 - Transfer	339	0.0033	20116	0.1950	
	02/06/2017 - Transfer	-728	0.0061	19388	0.1635	
	09/06/2017 - Transfer	-500	0.0042	18888	0.1593	
	16/06/2017 - Transfer	500	0.0042	19388	0.1635	
	21/07/2017 - Transfer	425	0.0032	19813	0.1479	

KILBURN CHEMICALS LTD.

Sl. No.	Name	Shareholding at the beginning [1-4-2017] / end of the year [31-3-2018]		Cumulative Shareholding during the year [1-4-2017] to [31-3-2018]		PAN
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
	18/08/2017 - Transfer	100	0.0008	19913	0.1680	
	15/09/2017 - Transfer	1000	0.0084	20913	0.1764	
	22/09/2017 - Transfer	1	0.0000	20914	0.1764	
	20/10/2017 - Transfer	50	0.0004	20964	0.1768	
	03/11/2017 - Transfer	500	0.0042	21464	0.1811	
	12/01/2018 - Transfer	-2071	0.0175	19393	0.1636	
	19/01/2018 - Transfer	1000	0.0084	20393	0.1720	
	09/02/2018 - Transfer	3000	0.0253	23393	0.1973	
	23/02/2018 - Transfer	-168	0.0014	23225	0.1959	
	3/31/2018	23225	0.1959	23225	0.1959	
9	SANJAY JHUNJHUNWALA *					ACHPJ7977L
	4/1/2017	0	0.0000			
	05/01/2018 - Transfer	6484	0.0547	6484	0.0547	
	12/01/2018 - Transfer	522	0.0044	7006	0.0591	
	19/01/2018 - Transfer	3318	0.0280	10324	0.0871	
	26/01/2018 - Transfer	5713	0.0482	16037	0.1353	
	02/02/2018 - Transfer	6824	0.0576	22861	0.1928	
	09/02/2018 - Transfer	6299	0.0531	29160	0.2460	
	02/03/2018 - Transfer	265	0.0022	29425	0.2482	
	09/03/2018 - Transfer	100	0.0008	29525	0.2491	
	16/03/2018 - Transfer	150	0.0013	29675	0.2503	
	23/03/2018 - Transfer	170	0.0014	29845	0.2518	
	30/03/2018 - Transfer	1250	0.0105	31095	0.2623	
	3/31/2018	31095	0.2623	31095	0.2623	
10	AJOY GARG *					ACZPG6086H
	4/1/2017	0	0.0000			
	23/03/2018 - Transfer	34858	0.2940	34858	0.2940	
	30/03/2018 - Transfer	2000	0.0169	36858	0.3109	
	3/31/2018	36858	0.3109	36858	0.3109	
11	ANKUR DHINGRA					ADQPD8130P
	4/1/2017	0	0.0000			
	02/06/2017 - Transfer	3130	0.0264	3130	0.0264	
	09/06/2017 - Transfer	10816	0.0912	13946	0.1176	
	23/06/2017 - Transfer	3190	0.0269	17136	0.1445	
	30/06/2017 - Transfer	3216	0.0271	20352	0.1717	

KILBURN CHEMICALS LTD.

Sl. No.	Name	Shareholding at the beginning [1-4-2017] / end of the year [31-3-2018]		Cumulative Shareholding during the year [1-4-2017] to [31-3-2018]		PAN
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
	07/07/2017 - Transfer	1800	0.0134	22152	0.1654	
	14/07/2017 - Transfer	295	0.0022	22447	0.1676	
	04/08/2017 - Transfer	500	0.0042	22947	0.1936	
	11/08/2017 - Transfer	1466	0.0124	24413	0.2059	
	18/08/2017 - Transfer	4915	0.0415	29328	0.2474	
	25/08/2017 - Transfer	1050	0.0089	30378	0.2562	
	08/09/2017 - Transfer	566	0.0048	30944	0.2610	
	15/09/2017 - Transfer	1000	0.0084	31944	0.2695	
	24/11/2017 - Transfer	-5725	0.0482	26219	0.2205	
	01/12/2017 - Transfer	-2090	0.0176	24129	0.2036	
	05/01/2018 - Transfer	-3000	0.0253	21129	0.1782	
	09/02/2018 - Transfer	-11382	0.0960	9747	0.0822	
	3/31/2018	9747	0.0822	9747	0.0822	
12	SEEMA GOEL					AHAPG8015A
	4/1/2017	40000	0.3878			
	3/31/2018	40000	0.3374	40000	0.3374	
13	RASHIDA HATIM MIYAJIWALA #					AHLP5457D
	4/1/2017	20076	0.1946			
	09/06/2017 - Transfer	-5000	0.0422	15076	0.1272	
	14/07/2017 - Transfer	-1500	0.0112	13576	0.1014	
	21/07/2017 - Transfer	-8576	0.0640	5000	0.0373	
	30/12/2017 - Transfer	-3000	0.0253	2000	0.0169	
	12/01/2018 - Transfer	-2000	0.0169	0	0.0000	
	3/31/2018	0	0.0000	0	0.0000	
14	J CHENTHILRAJAN #					AHZPC0253F
	4/1/2017	30270	0.2935			
	02/06/2017 - Transfer	-3000	0.0253	27270	0.2300	
	09/06/2017 - Transfer	-691	0.0058	26579	0.2242	
	16/06/2017 - Transfer	-2350	0.0198	24229	0.2044	
	23/06/2017 - Transfer	-1350	0.0114	22879	0.1930	
	30/06/2017 - Transfer	-1050	0.0089	21829	0.1841	
	07/07/2017 - Transfer	-7005	0.0523	14824	0.1107	
	14/07/2017 - Transfer	-3822	0.0285	11002	0.0821	
	21/07/2017 - Transfer	-600	0.0045	10402	0.0777	
	28/07/2017 - Transfer	-200	0.0015	10202	0.0762	

KILBURN CHEMICALS LTD.

Sl. No.	Name	Shareholding at the beginning [1-4-2017] / end of the year [31-3-2018]		Cumulative Shareholding during the year [1-4-2017] to [31-3-2018]		PAN
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
	04/08/2017 - Transfer	-1710	0.0144	8492	0.0716	
	11/08/2017 - Transfer	-100	0.0008	8392	0.0708	
	3/31/2018	8392	0.0708	8392	0.0708	
15	ASHISH KHOKHA					ALLPK1248C
	4/1/2017	0	0.0000			
	02/06/2017 - Transfer	21379	0.1803	21379	0.1803	
	09/06/2017 - Transfer	4200	0.0354	25579	0.2158	
	16/06/2017 - Transfer	1909	0.0161	27488	0.2319	
	23/06/2017 - Transfer	1500	0.0127	28988	0.2445	
	30/06/2017 - Transfer	294	0.0025	29282	0.2470	
	07/07/2017 - Transfer	1780	0.0133	31062	0.2319	
	14/07/2017 - Transfer	61	0.0005	31123	0.2323	
	21/07/2017 - Transfer	2001	0.0149	33124	0.2473	
	28/07/2017 - Transfer	910	0.0068	34034	0.2541	
	04/08/2017 - Transfer	375	0.0032	34409	0.2902	
	11/08/2017 - Transfer	1400	0.0118	35809	0.3021	
	18/08/2017 - Transfer	1	0.0000	35810	0.3021	
	25/08/2017 - Transfer	500	0.0042	36310	0.3063	
	01/09/2017 - Transfer	1682	0.0142	37992	0.3205	
	08/09/2017 - Transfer	494	0.0042	38486	0.3246	
	15/09/2017 - Transfer	-1100	0.0093	37386	0.3154	
	22/09/2017 - Transfer	-5025	0.0424	32361	0.2730	
	13/10/2017 - Transfer	-1000	0.0084	31361	0.2645	
	20/10/2017 - Transfer	-101	0.0009	31260	0.2637	
	27/10/2017 - Transfer	-6040	0.0509	25220	0.2127	
	03/11/2017 - Transfer	-2600	0.0219	22620	0.1908	
	10/11/2017 - Transfer	-6515	0.0550	16105	0.1358	
	17/11/2017 - Transfer	-3200	0.0270	12905	0.1089	
	24/11/2017 - Transfer	-2400	0.0202	10505	0.0884	
	01/12/2017 - Transfer	-2000	0.0169	8505	0.0718	
	08/12/2017 - Transfer	-500	0.0042	8005	0.0675	
	05/01/2018 - Transfer	-500	0.0042	7505	0.0633	
	3/31/2018	7505	0.0633	7505	0.0633	
16	SRI HARI VEMURI					ALOPV1083B
	4/1/2017	60434	0.5859			

KILBURN CHEMICALS LTD.

Sl. No.	Name	Shareholding at the beginning [1-4-2017] / end of the year [31-3-2018]		Cumulative Shareholding during the year [1-4-2017] to [31-3-2018]		PAN
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
	04/08/2017 - Transfer	2700	0.0228	63134	0.5326	
	17/11/2017 - Transfer	5500	0.0464	68634	0.5789	
	12/01/2018 - Transfer	17	0.0001	68651	0.5791	
	26/01/2018 - Transfer	1	0.0000	68652	0.5791	
	02/02/2018 - Transfer	1	0.0000	68653	0.5791	
	09/02/2018 - Transfer	3	0.0000	68656	0.5791	
	16/02/2018 - Transfer	-847	0.0071	67809	0.5720	
	16/03/2018 - Transfer	4	0.0000	67813	0.5720	
	3/31/2018	67813	0.5720	67813	0.5720	
17	SUBRAMANIAN P					AMBPS8931K
	4/1/2017	103467	1.0031			
	21/04/2017 - Transfer	1000	0.0097	104467	1.0128	
	28/04/2017 - Transfer	5133	0.0498	109600	1.0625	
	05/05/2017 - Transfer	1150	0.0111	110750	1.0737	
	01/12/2017 - Transfer	-5200	0.0439	105550	0.8905	
	3/31/2018	105550	0.8903	105550	0.8903	
18	INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY MINISTRY OF CORPORATE AFFAIRS *					EXEMPTCATG
	4/1/2017	0	0.0000			
	24/11/2017 - Transfer	38587	0.3246	38587	0.3246	
	01/12/2017 - Transfer	243612	2.0552	282199	2.3807	
	08/12/2017 - Transfer	1487	0.0125	283686	2.3930	
	3/31/2018	283686	2.3930	283686	2.3930	

* Not in the list of Top 10 shareholders as on 01/04/2017 The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31/03/2018.

Ceased to be in the list of Top 10 shareholders as on 31/03/2018. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01/04/2017.

KILBURN CHEMICALS LTD.

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name	Shareholding at the beginning [1-4-2017] / end of the year [31-3-2018]		Cumulative Shareholding during the year [1-4-2017] to [31-3-2018]		PAN
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
1	SANDEEP KUMAR JALAN					AAFHS4476P
	4/1/2017	25000	0.2424			
	3/31/2018	25000	0.2109	25000	0.2109	
2	VARADARAJAN VANCHI					ABSPV5058Q
	4/1/2017	3000	0.0291			
	3/31/2018	3000	0.0253	3000	0.0253	

(vi-A) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Remuneration to Managing Director, Whole-time Directors and/or Manager: (Rs. in Lacs)

Particulars of Remuneration	Name of MD/ WTD/Manager	
	S K Jalan	Total Amount
Gross Salary		
(a) Salary as per Provisions contained in section 17 (I) of the Income Tax Act ,1961	36.00	36.00
(b) Value of Perquisites u/s 17(2) of Income Tax,1961	4.76	4.76
(c) Profit in lieu of Salary under section 17 (3) Income Tax Act, 1961	0.00	0.00
Stock Option	0.00	0.00
Sweat Equity	0.00	0.00
Commission	0.00	0.00
- as % of Profit	0.00	0.00
Others, please specify	3.60	0.00
Total	44.36	40.76

(vi-B) Remuneration to other Directors:

(Rs. in Lacs)

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. V Vanchi	Mr. Ranjit Chaudhri	Mr. Anand Chatrath	Mr. Tushar M Patel	Ms. Mamta Kejriwal	
1	Independent Director						
	Fee for attending Board & Committee Meeting	4000	24000	24000	4000	32000	88000
	Commission	0	0	0	0	0	0
	Others, specify	0	0	0	0	0	0
	Total (1)	4000	24000	24000	4000	32000	88000
2	other Non Executive Director (2)	NA	NA	NA	NA	NA	
	Total Managerial Remuneration =(1+2)	4000	24000	24000	4000	32000	88000

Overall Ceiling As per the Act

KILBURN CHEMICALS LTD.

(vi-C) REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / Manager / WTD (Rs. in Lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		C.S.	CFO	CFO	CEO
1	Gross Salary	Mr. Mukesh Sharma	Mr. Sunil Somani	Mr. Manoj Sureka	Mr. Ashim Dutta Resigned as CEO w.e.f.10.11.2017 and designated as Director
	(a) Salary as per Provisions contained in section 17 (I) of the Income Tax Act, 1961	6.80	Resigned w.e.f.10.11.2017 9.48	Appointed w.e.f.10.11.2017 8.51	66.6
	(b) Value of Perquisites u/s 17(2) of Income Tax, 1961	0	0		0
	(c) Profit in lieu of Salary under section 17 (3) Income Tax Act, 1961	0	0		0
2	Stock Option	0	0		
3	Sweat Equity	0	0		
4	Commission	0	0		
	- as % of Profit	0	0		
5	Others, please specify	0.37	1.62	0.54	4.53
	Total	7.17	11.10	9.05	71.13

NOTE The above figures for remuneration are extracted from 16 of the Individual Managerial Personnel and Key Managerial Personnel for the FY 2017-18.

Whereas the figures for the Managerial remuneration in Corporate Governance Report are prepared on the basis of accrual accounting principle and hence are not comparable

(vi-D) PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NONE	NONE	NONE	NONE	NONE
Punishment	NONE	NONE	NONE	NONE	NONE
Compounding	NONE	NONE	NONE	NONE	NONE
B. DIRECTORS					
Penalty	NONE	NONE	NONE	NONE	NONE
Punishment	NONE	NONE	NONE	NONE	NONE
Compounding	NONE	NONE	NONE	NONE	NONE
C. OTHER OFFICERS IN DEFAULT					
Penalty	NONE	NONE	NONE	NONE	NONE
Punishment	NONE	NONE	NONE	NONE	NONE
Compounding	NONE	NONE	NONE	NONE	NONE

FORM NO.MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2018
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remu neration Personnel) Rules, 2014]

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

To,

The Members,

KILBURN CHEMICALS LIMITED

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

Based on my verification of company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on **31st March, 2018**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March, 2018**, according to the provisions of :-

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder.
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended in 2015.
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
6. (i) Employees Provident Fund and Miscellaneous Provisions Act, 1952 and Employees Pension Scheme, 1995.
(ii) The Employees State Insurance Act (ESIC), 1952.
7. Employers Liability Act, 1948.
8. Equal Remuneration Act, 1976.

KILBURN CHEMICALS LTD.

9. Indian Contract Act, 1972.
10. Income Tax Act, 1961 and Indirect Tax Laws including Goods and Services Act, 2017.
11. Indian Stamp Act, 1999.
12. Negotiable Instruments Act, 1881.
13. Payment of Bonus Act, 1965.
14. Payment of Gratuity Act, 1972.
15. The Factories Act, 1948 and other incidental Laws and Regulations applicable to the Factories.
16. The Environmental Pollution Control Act (including Air, Water and Energy)

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

- (i) Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India. Secretarial Standards SS-3 relating to Dividend was not applicable since Dividend was not declared during the year under review.
- (ii) The erstwhile Listing Agreement entered into by the Company with the Mumbai Stock Exchange which has been replaced by The Securities & Exchange Board of India (Listing Obligations and Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations as placed below as "ANNEXURE-A" (which forms part of the report).

I further report that the Board of Directors of the Company is constituted with one Managing Director, One Whole Time Executive Director, Three Non-Executive and Independent Directors and Two Non-Executive and Non-Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice was given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

I further report that during the audit period, there are no instances of:-

- (i) Public/Right/ issue of shares / debentures/sweat equity, etc. *
- (ii) Redemption / buy-back of securities
- (iii) Major decisions taken by the members in pursuance to section 180 (1)(c) of the Companies Act, 2013
- (iv) Merger / amalgamation / reconstruction, etc.
- (v) Foreign technical collaborations.
- (vi) Issue and Listing of Debt Securities.
- (vii) Delisting of Equity Shares.

*At the beginning of the year, the Company had issued, subscribed and paid-up capital of Rs. 10,31,50,000/= having 1,03,15,000 Equity Shares of Rs. 10/= per share each. During the year under review, 15,40,000 share warrants were converted and issued to Promoter Group Companies at Rs. 10/= each per share pursuant to Section 42 of the Companies Act, 2013 and consequently the paid-up and subscribed and paid-up Equity Share Capital increased to Rs. 11,85,50,000/= with 1,18,55,000 equity shares of Rs. 10/= each.

SUNIL KUMAR BANERJEE
PRACTISING COMPANY SECRETARY
FCS No. : 2189
C P No. : 4652

Place : KOLKATA
Date : 30th May, 2018

OBSERVATIONS

1. The Company complied with the provisions, rules, regulations guidelines and standards so far as stated and there has been no delay in filing of forms/returns during the year under review. It is however felt that there should be sustained efforts to further strengthen the system.
2. Section 203 of the Companies Act, 2013, in regard to the appointment of Key Managerial Personnel (KMP) has been checked. The Company is having one Managing Director, Chief Financial Officer and Company Secretary.
Further, the Company has redesignated the CEO to whole-time executive director during the year under review wef 10-11-2017.
The Company's CFO Mr. S.G. Somani resigned and in his place Mr. Manoj Surekha was appointed as CFO wef 10.11.2017.
3. According to the information and explanations given to me, the Company has not accepted any public deposits pursuant to the provisions of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposit) Rules, 2014 during the year under audit.
4. According to the information and explanations given to me and on checking the records, it was noted that Company had been sanctioned Term Loans amounting to Rs.83 Crores and Rs.83 Crores under Consortium Finance from State Bank of India and Bank of Baroda totalling Rs.166 Crores for which Charges were created and filed with MCA. The Consortium of Bankers issued revised sanction vide their letter dated 30th November, 2017 giving the re-payment schedule for the Company which the Company. Its management have is expected to follow the said schedule for re-payment so that the bankers norms are duly complied with.
5. Regulation 27 of the SEBI's (Listing Obligations and Disclosure Requirements), Regulations, 2015, was applicable to the Company during the year under review and the same has been complied with accordingly.
6. Since the employee strength of the Company increased during the previous year to approximately 26, the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and The Employees Pension Scheme, 1995 became applicable. The compliance to the effect was initiated by the management from March, 2017. The Employees State Insurance Act, 1956 is not apparently applicable during the year under audit.
7. Revenue from operations is meagre amount coming from sale of products and as such no specific sector law can be defined at this point of time. Only after commencement of large scale production of the same, the same can be specified.
8. The Company has transferred Rs.4.30 lakhs for the Year 2009-2010 to Investor Education and Protection Fund (IEPF)
9. (a) Income Tax Demand of Rs.625.56 lacs for the Assessment year 2012-13 is disputed in Appeal.
(b) Income Tax Demand of Rs.62.93 lacs for the Assessment year 2013-14 is disputed in Appeal.
(c) Income Tax Demand of Rs.10.02 lacs for the Assessment year 2014-15 is disputed in Appeal.
10. An amount of Rs.166.69 lacs is remaining outstanding towards bank guarantee (Previous year 2017-Rs.165.19 lacs)
11. An amount of Rs.536.22 lacs is remaining outstanding towards letter of credit (Previous year 2017-Rs.NIL)
12. Estimated liability towards gratuity as on 31st March, 2018 is Rs.22.63 lacs. The Actuarial valuation was carried out on 25.05.2018.
13. As explained and declared by the Management, the Related Party Transactions under Section 177 and 188 of the Companies Act, 2013 have been disclosed as given at note no.42 of the notes to accounts of the financial statements.
Outstanding unsecured loan given to a company maintained under Section 189 of the Companies Act, 2013 stood at Rs.2,43,06,627/= as on 31-3-2018, though during the year the Company has not granted any loan-secured or unsecured.
14. It is noted that export obligations in respect of EPCG Licence stands at US \$ 51,61,842.62 which is equivalent to Rs.3363.97 lacs.
15. As explained by the management, the Company has obtained necessary clearances from concerned authorities as were required for starting production from end March, 2018.

Place : KOLKATA
Date : 30th May, 2018

SUNIL KUMAR BANERJEE
PRACTISING COMPANY SECRETARY
FCS No. : 2189
C P No. : 4652

REMUNERATION AND OTHER SPECIFIED PARTICULARS OF EMPLOYEES

As per the provisions of section 197 of the Companies Act 2013 read with Rule 5 of the Companies (Appointment and remuneration of Managerial Personnel) Rules 2014 and amended from time to time.

i The Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	ratio of remuneration to median remuneration of employees for 2017-18
Managing Director Shri Sandeep Kumar Jalan	2.99:1
Except Shri Sandeep Kumar Jalan all other directors did not get any remuneration during the financial year except sitting fee.	
ii Percentage increase in remuneration of each Director, Chief Executive Officer Chief Financial Officer and Company Secretary or Manager, if any, in the financial	percentage increase in remuneration in financial year
	2017-18
Shri S K Jalan -Managing Director	Nil
Shri Ashim Kumar Dutta - Resigned from Post of CFO w.e.f 10.11.2017	Nil
Shri Sunil G. Somani- Chief financial Officer	Nil
Shri Manoj Sureka - Appointed as CFO w.e.f10.11.2017	Nil
Shri Mukesh Sharma	Nil
iii Percentage increase in the median remuneration of employees in the financial year	Nil
iv Number of permanent employees on the roll of company	148
v Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	
Average percentage increase in managerial remuneration =Nil	
vi During the year, Mr. Ashim Dutta Director of the company received remuneration in excess of the highest paid director.	4.79:1
vii we affirm that the remuneration paid to the Managerial and non Managerial Personnel is as per the remuneration policy of the company	
The Remuneration paid during the financial year ended 31st March 2018 in terms of the Remuneration Policy of the company	

ANNEXURE - 4

INFORMATION REQUIRED UNDER SECTION 134 (3) (m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8 (3) OF THE COMPANIES (ACCOUNTS) RULES 2014 PERTAINING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

(A) Conservation of Energy	
(i) the step taken or impact on conservation of energy:	Nil
(ii) the step taken by the company for utilizing alternate source of energy:	Nil
(iii) the capital investment on energy conservation equipment :	Nil
(B) Technology absorption	
(i) the effort made towards technology absorption:	Nil
(ii) the benefit derived like product improvement, cost reduction, product development, or import substitution	Nil
(iii) the company has not imported any technology in last three years :	Nil
(iv) expenditure incurred on research and development :	Nil
(C) Foreign exchange earning and out go	
Foreign exchange inflow / earning	Nil
Foreign exchange out go	Rs .1260.87

CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT

- (1) A brief outline of the Companies Act, 2013 and the rules made there under, the Company has framed its CSR Policy to carry out its CSR activities in accordance with Schedule VII of the Act. The Company has been promising organizational integrity and ethical business practices through transparency in disclosure and reporting procedures, leveraging green technologies, processes and standards to produce goods and services that contribute to social and environment sustainability, contributing to inclusive growth and equitable development in society through capacity building measures, empowerment of the marginalised and under privileged sections/communities, promoting welfare of the employees and labour (casual or contractual) by addressing their concerns of safety , security, professional enrichment and healthy working conditions, whether mandated or otherwise. The Company wishes to formalise and institutional its effort made in the domain of Corporate Social Responsibility and this policy shall serve as a guiding document to help identify, execute and monitor CSR projects in keeping with the spirit of the policy. This policy shall apply to all CSR initiatives and activities taken up by the Company for the benefit of different sections of the Society.

The Company's CSR policy is posted on its website i.e. kilburnchemicals.com

- (2) The Composition of the CSR Committee: Mr.Ranjit Chaudhuri (Chairman), Mr.Sandeep Jalan, Member, Ms. Mamta Kejriwal, Member.
- (3) Company was supposed to spent during the financial year 2017-2018 Rs. .51 lacs which was let unspent from last year and due to Losses in Current year CSR was not applicable.
- (4) Reason for not spending the amount earmarked: small portion of amount remain unspent for the F.Y.17-18, will spent in the year 2018-19
- (5) Responsibility statement of the CSR Committee: The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policy of the Company.

S.K. Jalan
Managing Director

Ranjit Chaudhuri
Chairman of the CSR Committee

Date: 30th May, 2018

KILBURN CHEMICALS LTD.

REPORT ON CORPORATE GOVERNANCE

[Pursuant to Regulation 27 of LODR, 2015]

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 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 Regulation 17 (1) of the LODR, 2015.

As required by section 165 (1) of the Companies Act, 2013 and Regulation 26 of the LODR, 2015, none of the Directors holds Directorships in more than 20 Companies (Public or Private), 10 public companies, membership of Board Committees (Audit & Stakeholders Relationship Committees) in excess of 10 and Chairmanship of Board Committee in excess of 5. None of the directors serves as Independent Director in more than 7 Listed Companies. None of the Director who serves as Whole Time Director in any listed Company serves as Independent Director in more than 3 listed Companies.

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, 2018 are as under :-

Name of the Director	Category	No. of Board Meetings		Attendance at last AGM	No. of other Directorships (Other than Private. Companies and Kilburn Chemicals Limited)	No. of Committees position held in other Companies (Other than Private. Companies and Kilburn Chemicals Limited)	
		Held	Attended			Chairman	Member
Mr. S. K. Jalan	Managing Director	4	4	YES	5	1	8
Mr. V. Vanchi	Non-Executive Director	4	1	NO	5	-	1
Mr. Ranjit Chaudhri	Non-Executive Independent Director	4	3	NO	1	-	-
Mr. Anand Chatrath	Non-Executive Independent Director	4	3	NO	2	-	-
Mr. Tushar Mahendrabhai Patel	Non-Executive Director	4	-	NO	1	-	-
Mrs. Mamta Kejriwal	Non-Executive Independent Director	4	4	YES	-	-	-

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Name of the Director	Category	No. of Board Meetings		Attendance at last AGM	No. of other Directorships (Other than Private. Companies and Kilburn Chemicals Limited)	No. of Committees position held in other Companies (Other than Private. Companies and Kilburn Chemicals Limited)	
		Held	Attended			Chairman	Member
Mr.Ashim Dutta (Appointed as Director w.e.f.10.11.2017)	Executive Director	4 (Appointed as Director w.e.f. 10..11.2017)	1	YES	-	-	-

Four Board Meetings were held on 19.05.17, 14.08.17, 10.11.17 & 12.02.18 during the year.

(i) INDUCTION AND FAMILIARIZATION PROGRAM FOR DIRECTORS

At the time of appointing a Director, a formal letter of appointment is given to him, which inter alia explains the role, functions, duties and responsibilities expected of him as a Director of the Company. The Director is also explained in detail the compliances required from him under the Companies Act, and Regulation 25 (7) of the LODR, 2015 and other relevant regulations and his affirmation taken with respect to the same. By way of an introduction to the Company, the Director is presented with a relevant Annual Reports. Further, with a view to familiarize him with the Company's Operations, the Director is explaining through presentations giving an over arching perspective of the industry

The company senior staffs gives the details of organisational set up of the Company, the functioning of various divisions / departments, the Company's market share and the markets in which it operates, governance and internal control processes and other relevant information pertaining to the Company's business. The MD also has a one-to-one discussion with the newly appointed Director. The above initiatives help the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him to effectively fulfil his role as a Director of the Company

(ii) COMMITTEES OF THE BOARD

With a view to have a more focused attention on business and for better governance and accountability, the Board has constituted the following mandatory committees viz. Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee

The terms of reference of these Committees are determined by the Board and their relevance reviewed from time to time. Meetings of each of these Committees are convened by the respective Chairman of the Committee, who also informs the Board about the summary of discussions held in the Committee Meetings. The Minutes of the Committee Meetings are tabled at the Board Meetings.

3. Independent Directors' Meeting

During the year under review, the Independent Directors met on 12th February, 2018, inter alia, to discuss: Independent Directors and the Board of Directors as a whole; Chairman of the committee, taking into account the views of the Executive and Non Executive Directors. Timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties. All the Independent Directors were present at the Meeting.

The attendance of each member of the Committee is given below.

Date of Independent Directors Meeting held and attended by the Members	Mr.Ranjit Chaudhri	Mr.Anand Chatrath	Ms. Mamta Kejriwal
12.02.2018	Yes	Yes	Yes

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Shri. Mukesh Sharma acts as the Secretary of the Committee.

The Company's Independent Directors meet at least once in every financial year without the presence of Executive Directors or management personnel. Such meetings are conducted informally to enable Independent Directors to discuss matters pertaining to the Company's affairs and put forth their views. The Independent Directors take appropriate steps to present Independent Directors' views to the Managing Director.

The Company has conducted the familiarization program for Independent Directors during the year.

4. PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of Board and of the committees of Board by way of individual and collective feed back from Directors.

The following were the Evaluation Criteria :

For Independent Directors:

- Knowledge and Skills
- Professional Conduct
- Duties, Role And functions

For Executive Director / Managing Director

- Performance of Team Leader/ Member
- Evaluating business Opportunity
- Key set goals and achievements
- Professional conduct
- Sharing of information with the Board

5. 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 Regulation 18 of the LODR, 2015 and the Companies Act, 2013 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 quarterly, 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.
- Recommendations for the appointment/remuneration & terms of appointment of auditors of the Company.
- Reviewing, with the management with the statement of uses and applications of funds raised through issue (public, right, preferential issue etc)
- Scrutiny of inter-corporate loans & investments.
- Evaluations of internal financial controls of risk management system.
- To review the function of whistle blower mechanism.
- Carry out any other functions as mentioned in terms of reference of audit committee.

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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 31st March 2018.

The Board of Directors of the Company had constituted an Audit Committee comprising of Shri. Ranjit Chaudhri, Shri. Anand Chatrath and Smt.Mamta Kejriwal.

The Audit Committee is constituted in accordance with the provisions of Regulation 18 (1) of the LODR, 2015 and Section 177 of the Companies Act 2013.Smt Mamta Kejriwal & 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. Mukesh Sharma, acts as the Secretary of the Committee.

The attendance of each member of the Committee is given below.

Date of Audit Committee Meeting held and attended by the Members	Mr. Ranjit Chaudhri	Mr. Anand Chatrath	Ms. Mamta Kejriwal
19.05.2017	YES	YES	YES
18.08.2017	-	YES	YES
10.11.2017	YES	-	YES
10.02.2017	YES	YES	YES

6. Nomination and Remuneration Committee

Date of Remuneration Committee Meeting held and attended by the Members	Mr.Ranjit Chaudhri	Mr. S K Jalan	Ms. Mamta Kejriwal
10.11.2017	YES	YES	YES

Mr.Mukesh Sharma acts as Secretary to the Committee.

Pursuant to the provisions of Section 178 of the Companies Act,2013 and regulation 19 of the SEBI (LODR) Regulations 2015, the Nomination and Remuneration Committee comprises of three Directors viz. Mr.R. Chaudhri (Chairman), Mr. Anand Chatrath and Ms.Mamta Kejriwal.

The terms of reference of the Committee cover the matters specified for Nomination and Remuneration Committee under the provisions of SEBI (LODR) Regulations 2015 , and the Companies Act, 2013 and rules made there under.

7. Corporate Social Responsibility Committee

The Committee was constituted vide the Board Meeting held on 13.05.2016 to formulate and recommend to the Board, a Corporate Social Responsibility Policy indicating the activity to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013 and the committee recommend the amount of expenditure to be incurred and monitors the expenses on corporate Social Responsibility from time to time.

Composition: As on 31.03.2018, the Corporate Social Responsibility Committee comprises of three Directors namely

Mr Ranjit Chaudhuri Chairman (Independent Director)
Mr S K Jalan Member (Managing Director)
Ms. Mamta Kejriwal Member (Independent Director)
Mr. Mukesh Sharma, act as the Secretary to the Committee.

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The attendance of each member of the Committee is given below.

Date of CSR Committee Meeting held and attended by the Members	Mr.Ranjit Chaudhri	Mr. S K Jalan	Ms. Mamta Kejriwal
10.11.2017	YES	YES	YES

POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION

1.1 Appointment criteria and qualification

- a) A person who is proposed to be appointment as director of the company should be eligible to be appointed as Director and must hold Director Identification Number issued by the Central Government and possess such qualification, expertise and experience as prescribed under the Act.
- b) Without prejudice to generality of the above, a person who is proposed to be appointed as an Independent Director shall also be subject to compliance of provisions of section 149(6)
- c) KMP or senior Management personnel shall have adequate qualification, expertise and experience in the relevant field for which the appointment is proposed to be made.
- d) The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

1.2 Term / Tenure

a) Managing Director/ Whole Time Director/ Manager (Managerial Personnel)

The company shall appoint or re appoint any person as its Managerial Personnel for a term not exceeding five years at a time. No re appointment shall be made earlier than one year before the expiry of term.

b) Independent Director

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's Report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent that an Independent Director shall not, during the said period of three years, be appointed in or be associate with the Company in any other capacity , either directly or indirectly.

1.3 EVALUATION

The committee shall carry out evaluation of performance of every Director, KMP and senior Management Personnel at such interval as deemed fit.

1.4 REMOVAL

The Committee may recommend the Board for removal of a Director, KMP or Senior Management Personnel for reason recorded in writing. The procedure for removal of any Director shall be as per the provisions of the Act in this regard.

1.5 RETIREMENT

The Directors, KMP and senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the company. The Company will have the discretion power to retain the Directors, KMP, senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the company.

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2.1 REMUNERATION POLICY

- a) The remuneration / compensation / commission etc. to the Managerial Personnel will be determined by the committee and recommended to the Board for approval which shall be subject to the prior / post approval of the shareholders of the company and Central Government, wherever required.
- b) The remuneration and commission to be paid to the Managerial Personnel shall be in accordance with the percentage/ slabs / conditions as per the provisions of the Act.
- c) Increments to the existing remuneration / compensation structure may be recommended by the committee to the Board which should be within the limits approved by the shareholders in case of Managerial Personnel.
- d) Where any insurance is taken by the company on behalf of its Managerial Personnel, Chief Executive Officers, Chief Financial Officer, Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

2.2 REMUNERATION TO MANAGERIAL PERSONNEL, KMP, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES

A) FIXED PAY

The Managerial Personnel shall be eligible for a monthly remuneration as may approved by the Board on the recommendation of the Committee in accordance with the provisions of the Companies Act, 2013 and rules made there under for the time being in force. The breakup of the pay scale and quantum of perquisites including employer's contribution to P. F. pension scheme, medical expenses, club fees, other non monetary benefits etc. Shall be decided and approved by the Board on the recommendation of the committee and approved by the shareholders and Central Government, wherever required.

B) VARIABLE PAY

The Managerial Personnel may be eligible to performance linked incentives as may be determined by the Board from time to time

C) COMMISSION

The Managerial Personnel may be paid commission if approved by the shareholders. The Shareholders may authorize the Board to decide commission to be paid to any Managerial Personnel of the Board.

D) MINIMUM REMUNERATION

If, in any financial year, the Company has no profits or its profits are inadequate, the company shall pay remuneration to its Managerial Personnel in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the central Government.

E) PROVISION FOR EXCESS REMUNERATION

If any Managerial Personnel draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the company and until such sum is refunded, hold it in trust for the company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

F) REMUNERATION TO OTHER

The remuneration to Company Secretary, Chief Financial Officers, Chief Executive Officer, Senior Managerial Personnel and other employees of the company shall be governed by the H R Policy of the company.

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2.3 REMUNERATION TO NON EXECUTIVE /INDEPENDENT DIRECTORS

(a) REMUNERATION

The remuneration shall be in the accordance with the provisions of the Companies Act, 2013 and rules made there under for the time being in force.

(b) SITTING FEES

The Non Executive / Independent Director may receive fees for attending meeting of the company. Provided that the amount of such fee shall not exceed Rs one lacs per meeting of the Board or Committee or such amount as may be prescribed under the Act. Additionally the Non Executive Directors shall be reimbursed travelling and incidental expenses incurred for attending the meeting

(c) COMMISSION

Commission may be paid within the monetary limit approved by the shareholders, subject to the limit as prescribe under the Act.

d) STOCK OPTION

An Independent Director shall not be entitled to any stock option of the company.

e) DETAILS OF REMUNERATION PAID TO DIRECTORS

The Details of Remuneration paid to Directors for the year ended 31st March, 2018 are as follows:

Name of the Director	Sitting Fees	Salaries & Perquisites	Commission	No.of Shares held	
				Equity	Preference
Mr. S. K. Jalan	—	Rs.44,36,000	—	25355	—
Mr. Ashim Dutta	—	Rs.71,13,000/-	—	—	—
Mr. V. Vanchi	Rs. 4000/-	—	—	3000	—
Mr. Ranjit Chaudhri	Rs.24000/-	—	—	—	—
Mr. Anand Chatrath	Rs.24000/-	—	—	—	—
Ms. Mamta Kejriwal	Rs.32000/-	—	—	—	—

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, 2015 to 13th November, 2018.

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.

The Non Executive Directors shall be entitled to receive remuneration by way of sitting fees.

7. Stakeholders' Relationship Committee

As per Regulation 20 of LODR,2015 and other applicable provisions of the companies Act, the terms of reference of the Committee are transfer/transmission of shares/debentures and such other securities as may be issued by the Company from time to time;

- issue of duplicate share certificates for shares/debentures and other securities reported lost, defaced or destroyed, as per the laid down procedure;
- issue new certificates against subdivision of shares, renewal, split or consolidation of share certificates / certificates relating to other securities;
- issue and allot right shares / bonus shares pursuant to a Rights Issue / Bonus Issue
- to issue and allot debentures, bonds and other securities, subject to such approvals as may be required;

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- to approve and monitor dematerialization of shares / debentures / other securities and all matters incidental or related thereto;

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

The Committee generally meets once a month.

A	No. of Pending Complaints as on 01.04.2017	NIL
B	No. of complaints received from Stock Exchanges/SEBI/Investors	1
C	No. of complaints resolved	1
D	No. of pending complaints as on 31.3.2018	NIL

Mr. Mukesh Sharma is the Compliance Officer.

8. Risk Management policy

Business Risk Evaluation and Management is an ongoing process within the Organization. The Company has risk management framework to identify, monitor and minimize risks as also identify business opportunities.

The objectives and scope of the Risk Management policy comprises:

- Oversight of risk management performed by the executive management;
- Reviewing the Board risk management policy and framework in line with local legal requirements and SEBI guidelines;
- Defining framework for identification, assessment, monitoring, and mitigation and reporting of risks.
- Within its overall scope as aforesaid, the Committee shall review risks trends, exposure, and potential impact analysis and mitigation plan.

9. DISCLOSURE

I. RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties as defined under the Companies Act, 2013 during the financial year were in the ordinary course of business and on an arms length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements. The Board has approved a policy for related party transactions which has been uploaded on the Company's website.

II. STRICTURES AND PENALTIES

No strictures or penalties have been imposed on the Company by the Stock Exchanges or by the Securities and Exchange Board of India (SEBI) or by any statutory authority on any matters related to capital markets during the last three years.

III. VIGIL MECHANISM / WHISTLE BLOWER POLICY

In staying true to our values of Strength, Performance and Passion and in line with our vision of the Company is committed to the high standards of Corporate Governance and stakeholder responsibility. The Company has a framed whistle blower Policy to deal with instances of fraud and mismanagement, if any. The whistle blower Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern.

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IV. SUBSIDIARY COMPANIES

The Company does not have any material subsidiary whose net worth exceeds 20% of the consolidated net worth of the holding company in the immediately preceding accounting year or has generated 20% of the consolidated income of the Company during the previous financial year. Accordingly, a policy on material subsidiaries has not been formulated

V. INTERNAL CONTROLS AND ACCOUNTING STANDARD

The Company has a formal system of internal control system which examines both the design effectiveness and operational effectiveness to ensure reliability of financial and operational information and all statutory / regulatory compliances.

Internal Controls and Governance Processes

- Review the adequacy and effectiveness of the Company's system and internal controls.
- Review and discuss with the Management the Company's major financial risk exposures and steps taken by the Management to monitor and control such exposure.
- To oversee and review the functioning of a vigil mechanism and
- To review the findings of investigation into cases of material nature and the actions taken in respect thereof

The Company has followed the Indian Accounting Standards in preparation of its financial Statements.

VI. Details of Compliance with Mandatory Requirements and adoption of Non mandatory requirements as per LODR, 2015

Mandatory Requirements

The Companies complies with all the mandatory requirements of LODR, 2015 of the on Code of Corporate Governance.

Discretionary Requirements under Regulation 27 of listing Regulation

- a) Office for Non Executive Chairman at company's expenses : not applicable
- b) Shareholders Rights : As the Quarterly and Half yearly financial performance along with significant events are published in the news papers and are also posted on the Company website, the same are not being sent to the shareholders .
- c) Modified Opinion in Auditors Report : The Company's financial statement for the year 2017-18 does not contain any modified audit opinion .
- d) Separate post of Chairman & CEO : Not Complied
- e) Reporting of Internal Auditors directly to Audit Committee : Complied

VII. SHAREHOLDING OF NON EXECUTIVE DIRECTORS

Mr. V. Vanchi Director of the Company holds 3000 Shares only, no other directors hold any other shares of the Company.

VIII. DISCLOSURE OF RELATIONSHIP BETWEEN DIRECTORS INTER-SE

None of the Directors of the company is related to any other Directors

IX. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT 2013

The Company has in place a policy on prevention of Sexual Harassment in line with the requirements of the Sexual Harassment of women at the work place (Prevention, Prohibition & redressal) Act, 2013

KILBURN CHEMICALS LTD.

Internal Complaint Committee has been set up to redress complaints received regarding sexual harassment.

All employees (Permanent, contractual, temporary, trainees) are covered under this policy. During the year, the company has not employed any woman .

X. CODE OF CONDUCT:

Boards 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.

XI. PREVENTION OF INSIDER TRADING CODE

As per SEBI(prohibition of Insider Trading)Regulation, 2015 the company has follow Code of Conduct for Prevention of Insider Trading . All the Directors, employees and third parties such as auditors, consultants etc. Who could have access to the unpublished price sensitive information of the Company are governed by this code . The Company Secretary as Compliance Officer, who is responsible for setting forth procedure and implementation of the code.

XII. CEO/CFO CERTIFICATION

In terms of LODR, 2015 Regulation 17(8)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.The said certificate is annexed and forms part of the Annual Report.

10. 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	08.09.2017	Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata-17	2.00 P.M.	NIL
AGM	06.09.2016	Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata-17	11.00 A.M.	1
EGM	27.02.2016	Bharatiya Bhasha Parishad 36A, Shakespeare Sarani, Kolkata- 700017	11.00 A.M.	2
AGM	29.09.2015	Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata-17	10.00 A.M.	NIL

11. MEANS OF COMMUNICATION

Quarterly, half yearly and annual results are published in prominent dailies such as The Political Business Daily (English) and Sukhabar (Bengali) newspapers and also displayed on the Company's website: www.kilburnchemicals.com

12. GENERAL SHAREHOLDER INFORMATION

- i) Next Annual General Meeting
DATE - 12.09.2018
TIME - 11.00
VENUE - Gyan Manch, 11, Pretoria Street, Kolkata – 700071
- ii) FINANCIAL CALENDAR : (tentative) for the year 2018-2019
 - a) First Quarter Results - 2nd Week of July, 2018

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- b) Second Quarter Results - 1st Week of November, 2018
 c) Third Quarter Results - 1st Week of February, 2019
 d) Results for the year ending March 2019 - May, 2019
 iii) Date of Book Closure - 20.09.18 to 26.09.18 (both days inclusive)
 iv) Dividend Payment Date - N.A.
 v) Listing on Stock Exchange - The Stock Exchange, Mumbai
 Listing Fee for the financial year 2018 - 2019 has been paid to the Stock Exchange, Mumbai

STOCK CODE :

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

MONTHLY STOCK PRICE DATA : High, Low, during 2017-18 is given in the table below, as per the information in respect of clause 10 (VI) of the LODR

Month	Highest Rate (Rs.)	Lowest Rate (Rs.)
April, 2017	57.15	45.90
May, 2017	64.45	46.40
June, 2017	78.70	60.15
July, 2017	78.00	65.00
August, 2017	75.00	63.00
September, 2017	74.95	64.10
October, 2017	77.20	68.35
November, 2017	84.95	67.05
December, 2017	126.75	78.95
January, 2018	149.85	115.60
February, 2018	136.00	97.25
March, 2018	124.00	97.10

Stock Performance of the Company in comparison to BSE Sensex (April, 2017 to March, 2018)

Month	Company Share Price at BSE LIMITED in RS.		BSE SENSEX	
	Highest Rate (Rs.)	Lowest Rate (Rs.)	HIGH	LOW
April, 2017	57.15	45.90	30184.22	29241.48
May, 2017	64.45	46.40	31,255.28	29804.12
June, 2017	78.70	60.15	31,522.8	30680.66
July, 2017	78.00	65.00	32,672.66	31017.11
August, 2017	75.00	63.00	32,68.48	31128.02
September, 2017	74.95	64.10	32,524.11	31081.33
October, 2017	77.20	68.35	3340.17	31440.48
November, 2017	84.95	67.05	33,865.95	32683.59
December, 2017	126.75	78.95	34137.97	32565.16
January, 2018	149.85	115.60	36443.98	33703.37
February, 2018	136.00	97.25	36256.83	33482.81
March, 2018	124.00	97.10	34278.63	32483.84

KILBURN CHEMICALS LTD.

ANNEXURE TO THE DIRECTORS' REPORT

REGISTRAR &
SHARE TRANSFER

Share Transfer System :

MAHESHWARI DATAMATICS AGENT PVT. LTD.,
23 R.N.MUKHERJEE ROAD, 5TH FLOOR, KOLKATA 700001

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

Distribution of Shareholding as on 31.03.2018

No.of Equity Shares held	No.of Folios	%	No.of Shares	%
1 to 500	13347	97.4447	947946	7.9962
501 to 1000	155	1.1316	125538	1.0589
1001 to 2000	75	0.5476	115577	0.9749
2001 to 3000	38	0.2774	93952	0.7925
3001 to 4000	20	0.1460	71982	0.6072
4001 to 5000	11	0.0803	50881	0.4292
5001 to 10000	21	0.1533	153242	1.2926
10001 and above	30	0.2190	10295882	86.8484
	13697	100.0000	11855000	100.0000

Shareholding Pattern as on 31.03.2018 is as follows :

Category	No. of Folios	No. of shares	%
Promoters	11	7894747	66.5942
Mutual Fund	2	1600	0.0135
Bank, Financial Institutions	4	950	0.0080
Corporate Bodies	114	1680929	14.1791
Indian Public	13410	2269813	19.1465
NRI/OCBs	28	6861	0.0579
	13569	11855000	100.0000

DEMATERIALISATION OF SHARES AND LIQUIDITY

As on 31st March, 2018 15,68,550 shares were converted from physical to electronic form. Over 13.23% equity shares have been dematerialised upto 31st March, 2018. Trading in Equity Shares of the Company is permitted only in dematerialised form with effect from 29.01.2000 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

Place : Kolkata
Date : 30th May, 2018

S.K. JALAN
MANAGING DIRECTOR

KILBURN CHEMICALS LTD.

ANNEXURE TO THE DIRECTORS' REPORT

CERTIFICATION BY CFO UNDER REGULATION 17(8) OF SEBI LISTING REGULATIONS

**The Board of Directors,
Kilburn Chemicals limited**

We have reviewed the financial statements and the cash flow statement of Kilburn Chemicals Limited for the year ended March 31, 2018 and to the best of our knowledge and belief:

- (a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take for rectifying these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies made during the year and the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**MANOJ SUREKA
CHIEF FINANCE OFFICER**

Place: **Kolkata**
Date: **30.05.2018**

KILBURN CHEMICALS LTD.

DECLARATION BY THE MANAGING DIRECTOR REGULATION 34(3) PART D OF THE SEBI LISTING REGULATIONS

To ,
The Members
Kilburn Chemicals limited

I hereby declare that all the Directors and the designated employees in the Senior management of the Company have affirmed compliance with their respective codes for the financial year ended March 31, 2018.

S.K. JALAN

Place : **Kolkata**
Date : **30th May, 2018**

MANAGING DIRECTOR

AUDITORS' CERTIFICATE ON COMPLIANCE WITH CONDITIONS OF CORPORATE GOVERNANCE

The Members,
Kilburn Chemicals Limited

We have examined the compliance of conditions of Corporate Governance by Kilburn Chemicals Limited (the Company), as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchanges (for the eight months period ended 30 November 2015) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the SEBI Regulations') (for the four months period ended 31 March 2016).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement and the SEBI Regulations.

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

For **V.SINGHI & ASSOCIATES**
(SUNIL SINGHI) Partner

Place : Kolkata
Date: 30.05.2018

Membership No.060854
Chartered Accountants
Firm Registration No.311017E
Four Mangoe Lane,
SURENDRA MOHAN GHOSH SARANI
Kolkata – 700 001

INDEPENDENT AUDITOR'S REPORT

To The Members of Kilburn Chemicals Limited Report on the Financial Statements

We have audited the accompanying Ind AS Financial Statements of KILBURN CHEMICALS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS Financial Statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS Financial Statements based on our audit. We have taken into account the provisions of the Act, and the rules made thereunder including the accounting standards and matters which are required to be included in the Audit Report.

We conducted our audit in accordance with the Standards on Auditing as specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncement require

that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2018, and its loss (financial performance including other comprehensive income) and its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

Note No 49 regarding non provision against other Receivables of Rs. 34.52 lakhs.

Our opinion is not modified in respect of these matters.

Other Matter

The financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2017 and March 31, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 19, 2017 and May 13, 2016 respectively. The adjustments to those

KILBURN CHEMICALS LTD.

financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure- A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - a) we have sought and obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the Balance Sheet, the Statement of Profit and Loss (including other comprehensive income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the aforesaid Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - e) on the basis of the written representations received from the directors as on 31st March, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from

being appointed as a director in terms of Section 164 (2) of the Act;

- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS Financial Statements. Refer Note 37(A) to the Ind AS Financial Statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There has been no delay in transferring the amount required to be transferred to Investor Education and Protection Fund by the Company, in accordance with the relevant provisions of the Act and the Rules made there.

For V. SINGHI & ASSOCIATES
Chartered Accountants
Firm Registration No. 311017E
(SUNIL SINGHI)
Four Mangoe Lane,
Partner
Membership No. 060854

Surendra Mohan Ghosh Sarani
Kolkata

Date: 30th May, 2018

Annexure - A to the Independent Auditor's Report

Referred to in paragraph-1 on Other Legal and Regulatory Requirements of our Report of even date to the members of Kilburn Chemicals Ltd. on the Ind AS Financial Statements for the year ended 31st March, 2018:

- i. a) The Company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets.
- b) As explained to us, Fixed Assets have been physically verified by the management at regular intervals and as informed to us no material discrepancies were noticed on such

verification. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of its asset.

- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. According to the information and explanations given to us, the inventories have been physically verified by the Management during the year at

KILBURN CHEMICALS LTD.

reasonable intervals and no material discrepancies were noticed on such verification.

- iii. According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured, during the year (excluding outstanding Unsecured Loan of Rs. 276.57 Lakhs/- as on 31.03.2018) to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.
- (a) No interest is being charged on the above loan as per terms of the agreement between the parties.
- (b) There are no schedules as regards to repayment of principal amount and therefore we are not in a position to make any comments as to whether or not the Company was regular in receipt of principal amount. However, the Company has received Rs. 5,00,000/- on account of principal during the year.
- (c) In view of our comments in Para (b) above, we are not in a position to make any comments as to whether or not there were any overdue amounts of more than ninety days and whether any reasonable steps have been taken by the Company for recovery of the principal amount.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act, with respect to the loans given, investments made and guarantees given.
- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of sections 73 to 76 of the Act and the rules framed thereunder to the extent notified.
- vi. According to the information and explanations given to us by the management, the Central Government has prescribed the maintenance of cost records under Section 148(1) of the Act but since the criteria for minimum turnover is not complied with, Clause 3(vi) of the order is not applicable.
- vii. a) According to the information and explanations given to us and on the basis of our examination of the records, the Company is generally regular in depositing undisputed applicable statutory dues including Provident Fund, Employees' State Insurance, Income

Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Goods and Services Tax, Cess and any other statutory dues to the appropriate authorities and there are no undisputed amount payable in respect of the same which were in arrears as on 31st March, 2018 for a period of more than six months from the date the same became payable.

- b) According to the information and explanations given to us, the Company has not deposited the following dues on account of disputes with the appropriate authorities:

Name of the statute	Nature of the dues	Amount in Rs.	Period to which the amount relate	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	500.44/-	A.Y 2012-13	Commissioner of Income Tax (Appeals), Chennai
Income Tax Act, 1961	Income Tax	53.43/-	Assessment Year 2013-14	Commissioner of Income Tax (Appeals), Kolkata
Income Tax Act, 1961	Income Tax	8.52/-	Assessment Year 2014-15	Commissioner of Income Tax (Appeals), Kolkata

- viii. According to the information and explanations given to us, the Company has obtained term loans under consortium finance from Bank of Baroda and State Bank of India during the year. No installment is due for repayment during the year.
- ix. According to the information and explanations given to us and based on our examination of the books and records, we report that the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). However, term loans raised during the year have been applied for the purpose for which the same were obtained.
- x. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the

KILBURN CHEMICALS LTD.

Company, noticed or reported during the year nor we have been informed of such case by the management.

- xi. According to the information and explanations given to us and based on our examination of the books and records, we report that the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3 (xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the books and records, transactions with the related parties are in compliance with sections 177 and 188 of the act where applicable and details of such transactions have been disclosed in the Ind AS Financial Statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the books and records, we report that the Company has made preferential allotment of

15,40,000 Equity Shares of Rs. 10 each in accordance with the provisions of section 42 of the Act and the amount raised has been utilized/to be utilized for the purpose for which it was raised.

- xv. According to the information and explanations given to us and based on our examination of the books and records, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, Clause 3 (xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For V. SINGHI & ASSOCIATES
Chartered Accountants
Firm Registration No. 311017E
(SUNIL SINGHI)
Four Mangoe Lane,
Partner
Membership No. 060854

Surendra Mohan Ghosh Sarani
Kolkata

Date: 30th May, 2018

Annexure – B to the Independent Auditor's Report

(Referred to in paragraph-2(f) on Other Legal and Regulatory Requirements of our Report of even date to the members of Kilburn Chemicals Limited on the Ind AS Financial Statements for the year ended 31st March, 2018)

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

We have audited the internal financial controls over financial reporting of Kilburn Chemicals Limited ("the Company") as of 31st March, 2018 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the

Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit

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of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only

in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For V. SINGHI & ASSOCIATES

Chartered Accountants

Firm Registration No. 311017E

(SUNIL SINGHI)

Four Mangoe Lane,

Partner

Membership No. 060854

Surendra Mohan Ghosh Sarani

Kolkata

Date: 30th May, 2018

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KILBURN CHEMICALS LTD.

BALANCE SHEET AS AT 31ST MARCH, 2018

	Note No.	As at 31st March, 2018	As at 31st March, 2017	(Rs. in Lakhs) As at 1st April, 2016
ASSETS				
Non - current Assets				
(a) Property, Plant and Equipment	2	22,980.27	1,961.50	1,962.95
(b) Capital work - in - progress	3	397.03	11,073.19	2,296.71
(c) Other Intangible Assets	4	20.35	7.64	10.81
(d) Intangible Asset under Development	5	-	-	-
(e) Financial Assets				
(i) Investments	6	-	-	-
(ii) Loans	7	239.71	226.95	84.00
(iii) Other Financial assets	8	-	-	0.38
(f) Income Tax Assets (net)	9	199.35	67.79	54.80
(g) Deferred Tax Assets (Net)	10	-	-	1.58
(h) Other Non Current Assets	11	80.95	528.79	21.08
		<u>23,917.67</u>	<u>13,865.86</u>	<u>4,432.31</u>
Current Assets				
(a) Inventories	12	698.71	7.21	-
(b) Financial Assets				
(i) Investments	13	-	218.70	201.05
(ii) Trade Receivables	14	13.58	1.65	110.99
(iii) Cash and Cash Equivalents	15	932.95	1,025.51	807.15
(iv) Bank Balances other than above	16	301.82	1,723.14	1,818.15
(v) Loans	17	276.57	281.57	285.46
(vi) Other Financial Assets	18	22.07	1,167.45	1,128.82
(c) Other Current Assets	19	1,248.81	469.40	18.44
		<u>3,494.50</u>	<u>4,894.63</u>	<u>4,370.06</u>
		<u>27,412.17</u>	<u>18,760.49</u>	<u>8,802.38</u>
Total Assets				
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	20	1,185.50	1,031.50	913.00
(b) Other Equity	21	5,925.35	7,162.29	6,910.18
Total Equity		<u>7,110.85</u>	<u>8,193.79</u>	<u>7,823.18</u>
Liabilities				
Non - Current Liabilities				
(a) Financial Liabilities				
Borrowings	22	17,301.16	9,000.00	822.23
(b) Provisions	23	21.44	10.45	8.38
(c) Deferred Tax Liabilities (Net)	24	287.68	2.54	-
(d) Other Non Current Liabilities	25	545.25	303.72	-
Total Non-Current Liabilities		<u>18,155.53</u>	<u>9,316.72</u>	<u>830.61</u>
Current Liabilities				
(a) Financial Liabilities				
(i) Trade Payables	26	42.56	0.15	-
(ii) Other Financial Liabilities	27	2,075.99	1,241.38	129.80
(b) Other Current Liabilities	28	26.06	7.79	18.24
(c) Provisions	29	1.19	0.67	0.54
Total Current Liabilities		<u>2,145.80</u>	<u>1,249.98</u>	<u>148.59</u>
Total Equity and Liabilities		<u>27,412.17</u>	<u>18,760.49</u>	<u>8,802.38</u>

Significant Accounting Policies 1
The accompanying notes form an integral part of the Financial Statements

As per our report of even date
For V.Singhi & Associates
Chartered Accountants
Firm Regn No.311017E
(V. K. SINGHI)
Partner
Membership No.: 050051
Place: Kolkata
Date: 30.05.2018

For and on behalf of the Board

A. K. Dutta
Whole Time Director
DIN No: 06651961

S. K. Jalan
Managing Director
DIN No: 00015836

Manoj Sureka
Chief Financial Officer

Mukesh Sharma
Company Secretary
Membership No: A28288

www.kilburnchemicals.com

KILBURN CHEMICALS LTD.**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018**

(Rs. in Lakhs)

Particulars	Note	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Income			
(I) Revenue from Operations	30	11.68	1.40
(II) Other Income	31	110.39	99.17
(III) Total Income (I+II)		122.07	100.57
Expenses			
(IV) Cost of Materials Consumed	32	35.27	7.92
Excise Duty		-	0.16
Changes in Inventories of Finished Goods and Stock in Process	33	(26.13)	(7.10)
Employee Benefits Expense	34	33.11	10.50
Finance Costs	35	49.19	0.02
Depreciation and Amortisation Expense		34.15	5.12
Other Expenses	36	1,247.15	46.59
Total Expenses (IV)		1,372.74	63.20
(V) Profit/(Loss) Before Tax (III - IV)		(1,250.67)	37.36
Tax Expense :			
(VI) Current Tax		-	10.08
For Earlier Years		(1.09)	-
Deferred Tax		285.13	4.12
(VII) Profit/(Loss) for the year (V-VI)		(1,534.71)	23.15
Other Comprehensive Income			
(A) (i) Items that will not be reclassified to profit or loss		1.32	1.20
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	(0.36)
(B) (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
(VIII) Other Comprehensive Income [A(i-ii)+B(i-ii)]		1.32	0.84
(IX) Total Comprehensive Income for the year (VII+VIII)		(1,533.39)	24.00
Earnings per Equity Share (Face Value Rs. 10/- each): (Refer Note No. 40)			
(a) Basic		(13.18)	0.25
(b) Diluted		(12.95)	0.20

Significant Accounting Policies 1

The accompanying notes form an integral part of the Financial Statements

As per our report of even date attached

For V.Singhi & Associates

Chartered Accountants

Firm Regn No.311017E

(V. K. SINGHI)

Partner

Membership No.: 050051

Place: Kolkata

Date: 30.05.2018

For and on behalf of the Board**A. K. Dutta**

Whole Time Director

DIN No: 06651961

S. K. Jalan

Managing Director

DIN No: 00015836

Manoj Sureka

Chief Financial Officer

Mukesh Sharma

Company Secretary

Membersip No: A28288

www.kilburnchemicals.com

KILBURN CHEMICALS LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

Particulars	(Rs. in Lakhs)	
	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	(1,250.67)	37.36
Adjustment for :		
Depreciation/amortization	34.15	5.12
Asset Written off	7.45	
Bad debts	63.47	
Provision for Doubtful Receivables	1,109.73	
Loss/(profit) on sale of fixed assets	-	0.17
Loss/(profit) on sale of investment	(9.16)	
Interest Expense on Borrowings	49.06	-
Provision for Gratuity	-	-
Interest income	(38.38)	(81.52)
Sundry balances written back (net)	(62.84)	-
IndAS Adjustments :		
Fair value gain on Current Investments		(17.64)
	<u>1,153.49</u>	<u>-93.87</u>
Operating profit before working capital changes	(97.18)	(56.51)
Movements in working capital :		
Trade Payables and Other Liabilities	1,111.75	1,410.59
Inventories	(691.50)	(7.21)
Trade and Other Receivables	<u>1,069.42</u>	<u>(893.00)</u>
Cash generated from / (used in) operations	1,392.49	453.87
Less: Direct taxes paid (net of refunds)	<u>(130.09)</u>	<u>(23.44)</u>
Net cash flow from/ (used in) Operating Activities (A)	1,262.40	430.43
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(32.46)	(2.38)
(Increase) / Decrease in Capital Work in progress	(10,364.46)	(8,776.48)
Proceeds from sale of fixed assets	-	1.70
Sale of current Investments	227.86	-
Interest received	<u>73.66</u>	<u>42.89</u>
Net cash flow from/(used in) Investing Activities (B)	(10,095.40)	(8,734.26)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital and Convertible Warrants	450.45	346.61
Dividend Paid of earlier years	(4.32)	(2.20)
Proceeds from Non Current Borrowings	8,301.16	8,177.78
Interest paid on borrowings	<u>(6.84)</u>	<u>-</u>
Net cash flow from/(used in) in Financing Activities (C)	8,740.45	8,522.19
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)	(92.55)	218.36
Cash and Cash Equivalents at the beginning of the year	1,025.51	807.15
Cash and Cash Equivalents at the end of the year	932.95	1,025.51

Notes:

- (1) The above statement is subject to and read together with the notes and observations on Financial Statements attached thereto.
- (2) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Ind AS - 7 on Statement of Cash Flows
- (3) Figures for previous year have been regrouped wherever necessary for uniformity in presentation

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

As per our report of even date attached

For V.Singhi & Associates
Chartered Accountants
Firm Regn No.311017E
(V. K. SINGHI)
Partner
Membership No.: 050051
Place: Kolkata
Date: 30.05.2018

For and on behalf of the Board

A. K. Dutta
Whole Time Director
DIN No: 06651961

S. K. Jalan
Managing Director
DIN No: 00015836

Manoj Sureka
Chief Financial Officer

Mukesh Sharma
Company Secretary
Membership No: A28288

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

(Rs. in Lakhs)

Equity Share Capital

Particulars	Amount
Balance as at 1st April, 2016	913.00
Issued during the year	118.50
Balance as at 1st April, 2017	1,031.50
Issued during the year	154.00
Balance as at 31st March, 2018	1,185.50

Particulars	Other Equity							Total Equity attributable to equity holders of the Company	
	Reserves and Surplus					Other Comprehensive Income	Money received against share warrants		Total
	Capital Reserve	Securities Premium Reserve	Preference Share Capital Redemption Reserve	General Reserve	Retained Earnings				
Balance as at 1st April, 2016	19.76	318.50	391.22	1,347.50	4,567.51	-	265.69	6,910.18	7,823.18
Issued during the year	-	-	-	-	-	-	-	-	118.50
Received during the year	-	343.65	-	-	-	-	-	343.65	343.65
Profit/(Loss) for the year	-	-	-	-	23.15	0.84	-	24.00	24.00
Converted in Equity Shares during the year	-	-	-	-	-	-	115.54	115.54	115.54
Balance as at 31st March, 2017	19.76	662.15	391.22	1,347.50	4,590.67	0.84	150.15	7,162.29	8,193.79
Balance as at 1st April, 2017	19.76	662.15	391.22	1,347.50	4,590.67	0.84	150.15	7,162.29	8,193.79
Issued during the year	-	-	-	-	-	-	-	-	154.00
Received during the year	-	446.60	-	-	-	-	-	446.60	446.60
Converted in Equity Shares during the year	-	-	-	-	-	-	150.15	150.15	150.15
Profit/(Loss) for the year	-	-	-	-	-1,534.71	1.32	-	(1,533.39)	(1,533.39)
Balance as at 31st March, 2018	19.76	1,108.75	391.22	1,347.50	3,055.96	2.17	-	5,925.36	7,110.86

The accompanying notes are an integral part of the Financial Statements

As per our report of even date attached
 For V.Singhi & Associates
 Chartered Accountants
 Firm Regn No.311017E
 (V. K. SINGHI)
 Partner
 Membership No.: 050051
 Place: Kolkata
 Date: 30.05.2018

For and on behalf of the Board

A. K. Dutta
Whole Time Director
 DIN No: 06651961

S. K. Jalan
Managing Director
 DIN No: 00015836

Manoj Sureka
Chief Financial Officer

Mukesh Sharma
Company Secretary
 Membersip No: A28288

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

A. Corporate Information

The Company was incorporated in the year 1990 as a Public Limited Company under the provisions of the Companies Act, 1956 and domiciled in India. The Equity Shares of the Company are listed on Bombay Stock Exchange. The registered office of the Company is located at 'Shantiniketan, 16th floor, 8, Camac Street, Kolkata – 700017, West Bengal, India.

The Company is engaged in the project for production of both Anatase and Rutile grade of Titanium Dioxide. Plant of the Company is located at Kilburn Chemicals Limited, Plot No. D/2/CH-170, Dahej-II, Village-Jolwa, District-Bharuch, Pin Code-392130, Gujarat, with an annual production capacity of 15000 tons, which has started commercial production from 22nd March 2018.

Information on other related party relationships of the Company is provided in Note-42.

The financial statements were approved for issue in accordance with a resolution of the Board of Directors on 30th May, 2018.

Note 1 Significant Accounting Policies

B. Standard issued but not yet effective

MCA has notified Ind AS 115 (Revenue from Contracts with Customers) on 28th March 2018 as part of the Companies (Indian Accounting Standards) Amendment Rules, 2018. Ind-AS 115 supersedes Ind-AS 11 Construction Contracts and Ind-AS 18 Revenue. According to the new standard, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Ind-AS 115 establishes a five steps model that will apply to revenue earned from a contract with a customer.

The standard allows for two methods of adoption: 1) retrospectively to each prior period presented with or without practical expedients, or 2) retrospectively with cumulative effect of adoption as an adjustment to opening retained earnings in the period of adoption. The standard is effective for periods beginning on or after April 1, 2018. Early adoption is not permitted. The Company has started commercial production only from 22nd March, 2018 and it does not have any contract at present which will be effected by the above amendment hence, no significant impact is expected at present during 2018-19.

1. BASIS OF PREPARATION

1.1. The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 with Companies (Indian Accounting Standards)(Amendment) Rules, 2016 & Companies (Indian Accounting Standards) (Amendment) Rules, 2017 and comply in all material aspects with the relevant provisions of the Companies Act, 2013 and Companies (Amendment) Act, 2017.

For all the periods upto 31st March, 2017, the financial statements were prepared under historical cost convention in accordance with the accounting standards specified under Section 133 of the Companies Act, 2013. These financial statements for the year ended 31st March 2018 are the first that the Company has prepared in accordance with Ind AS. Refer to Note- 47 for information on how the Company adopted Ind AS.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer Significant Accounting Policy No. 13 regarding financial instruments).

The financial statements have been presented in INR, which is also the Company's functional currency and all values are rounded to the nearest Lakhs.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

1.2. Statement of Compliance with Ind AS

These financial statements comply in all material aspects with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 with Companies (Indian Accounting Standards)(Amendment) Rules, 2016 & Companies (Indian Accounting Standards) (Amendment) Rules, 2017.

2. Property, Plant and Equipment, Intangible Assets, Capital Work-in-progress and Depreciation

2.1. Property, Plant and Equipment (PPE)

2.1.1. The cost of an item of PPE is recognized as an asset if, and only if:

- (a) It is probable that future economic benefits associated with the item will flow to the entity; and
- (b) The cost of the item can be measured reliably.

2.1.2. PPE are stated at acquisition or construction cost or historical cost less accumulated depreciation / amortization and cumulative impairment.

2.1.3. Technical know-how / license fee relating to plants/facilities and specific software that are integral part of the related hardware are capitalised as part of cost of the underlying asset.

2.1.4. Spare Parts are capitalized when they meet the definition of PPE, i.e., when the Company intends to use these during more than a period of 12 months.

2.1.5. On transition to Ind AS, the Company has elected to continue with the carrying value of all of its PPE recognised as at 1st April, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the PPE.

2.2. Intangible asset

2.2.1. Costs incurred on computer software/licenses purchased resulting in future economic benefits, other than specific software that are integral part of the related hardware, are capitalised as Intangible Asset and amortised over a period of three years beginning from the quarter in which such software is capitalised.

2.2.2. Intangible assets acquired separately are measured on initial recognition at cost. The following initial recognition of intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the Statement of Profit and Loss in the period in which the expenditure is incurred.

2.2.3. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life on straight line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

2.2.4. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognized.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

2.2.5. On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognized as at 1st April, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the Intangible Assets.

2.3. Capital Work in Progress

2.3.1. Expenses exclusively attributable to projects incurred during construction period are capitalised.

2.3.2. Finance costs incurred during construction period on loans specifically borrowed and utilized for projects are capitalized up to the date of capitalization.

2.3.3. Finance costs, if any, incurred on General Borrowings used for projects is capitalized at the weighted average cost.

2.3.4. Capital stores are valued at cost. Specific provision is made for likely diminution in value, wherever required.

2.3.5. Advances paid towards the acquisition of PPE and intangible assets outstanding at each Balance Sheet date is classified as capital advances and the cost of assets not put to use before such date are disclosed under capital work in progress.

2.4. Depreciation/Amortization

2.4.1. Cost of Tangible Fixed Asset (net of residual value) is depreciated on straight-line method as per useful life prescribed in Schedule II to the Companies Act, 2013.

2.4.2. Depreciation/amortization is charged on pro-rata basis with reference to month of capitalization or disposal. Residual value is generally considered at 5% of cost of assets.

2.4.3. The Company depreciates components of the main asset that are significant in value and have different useful lives as compared to the main asset separately. The Company depreciates capitalized spares over the life of the spare from the date it is available for use.

2.4.4. Item of PPE and Intangible assets, costing upto Rs.5,000/- per item are depreciated fully in the year of capitalization.

2.4.5. The residual value, useful lives and methods of depreciation of PPE are reviewed at each financial year end and adjusted prospectively, if appropriate.

3. LEASES

3.1. A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

3.2. Finance leases as lessee:

(i) Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

(ii) A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term,

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

- 3.3. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1st April 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

4. IMPAIRMENT OF NON-FINANCIAL ASSETS

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Impairment loss is recognized when the carrying amount of an asset exceeds recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

5. BORROWING COSTS

Borrowing costs that are attributable to the acquisition and construction of the qualifying asset are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

6. FOREIGN CURRENCY TRANSACTIONS

6.1. The Company's financial statements are presented in Indian Rupee, which is also its functional currency.

6.2. Transactions in foreign currency are initially recorded at exchange rates prevailing on the date of transactions.

6.3. Monetary items denominated in foreign currencies (such as cash, receivables, payables etc) outstanding at the end of reporting period, are translated at exchange rates prevailing as at the end of reporting period.

Any gains or losses arising due to differences in exchange rates at the time of translation or settlement are accounted for in the Statement of Profit and Loss either under the head foreign exchange fluctuation.

6.4. Non-monetary items denominated in foreign currency (such as investments, PPE and intangible assets etc.) are valued at the exchange rate prevailing on the date of the transaction other than those measured at fair value.

6.5. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in Other Comprehensive income (OCI) or profit or loss are also recognised in OCI or profit or loss, respectively).

7. INVENTORIES

7.1. Raw Materials & Stock-in-Process

7.1.1. Raw materials are valued at cost determined on weighted average basis or net realizable value, whichever is lower.

7.1.2. Stock in Process is valued at raw material cost plus conversion costs as applicable or net realizable value, whichever is lower.

7.1.3. Raw materials in Transit are valued at cost or net realizable value, whichever is lower.

7.2. Finished Products and Stock-in-Trade

7.2.1. Finished products and stock in trade are valued at cost determined on 'First in First Out' basis or net realizable value, whichever is lower. Cost of Finished Products produced is determined based on raw material cost and processing cost.

7.3. Stores and Spares

7.3.1. Stores and spares are valued at weighted average cost.

7.3.2. Stores & Spares in transit are valued at cost.

8. PROVISIONS, CONTINGENT LIABILITIES, CONTINGENT ASSET & CAPITAL COMMITMENTS

8.1. Provisions

8.1.1. Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

8.1.2. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

8.2. Contingent Liabilities

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

8.2.1. Show-cause Notices issued by various Government Authorities are not considered as Obligation.

8.2.2. When the demand notices are raised against such show cause notices and are disputed by the Company, these are classified as disputed obligations.

8.2.3. The treatment in respect of disputed obligations are as under:

- a) A provision is recognized in respect of present obligations where the outflow of resources is probable;
- b) All other cases are disclosed as contingent liabilities unless the possibility of outflow of resources is remote.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

8.3. Contingent Assets

Contingent Assets are not recognised but are disclosed when an inflow of economic benefits is probable.

8.4. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account are considered for disclosure.

9. REVENUE RECOGNITION

9.1. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

However, sales tax/value added tax (VAT)/Goods and Services Tax(GST) is not received by the company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

9.2. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns, allowances and trade discounts.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

9.3. Interest income is accrued on a time proportion basis, by reference to the outstanding principal and at the interest rate applicable.

9.4. Claims are recognized at cost when there is reasonable certainty regarding its ultimate collection.

10. TAXES ON INCOME

10.1. Current Income tax

10.1.1. Provision for current tax is made as per the provisions of the Income Tax Act, 1961.

10.1.2. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

10.1.3. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

10.2. Deferred Tax

10.2.1. Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets and liabilities are measured based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

10.2.2. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

10.2.3. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

10.2.4. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

11. EMPLOYEE BENEFITS

11.1. Short Term Benefits:

Short Term Employee Benefits are accounted for in the period during which the services have been rendered.

11.2. Post-Employment Benefits and Other Long Term Employee Benefits:

a) The Company's contribution to the Provident Fund is remitted to Provident Fund Authorities based on a fixed percentage of the eligible employee's salary and charged to Statement of Profit and Loss.

b) The Company operates defined benefit plan for Gratuity. The cost of providing such defined benefit is determined using the projected unit credit method of actuarial valuation made at the end of the year.

c) The Company does not have any policy in respect of other long term employee benefits, viz., leave encashment etc.

11.3. Remeasurements:

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

12. CURRENT VERSUS NON-CURRENT CLASSIFICATION

12.1. The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

12.2. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

12.3. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Based on the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months.

13. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

13.1. Financial Assets

Initial recognition and measurement all financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial Assets at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Equity instruments at fair value through other comprehensive income (FVTOCI)
- Financial assets and derivatives at fair value through the Statement of Profit and Loss (FVTPL)

13.1.1. Financial Assets at Amortised Cost

A financial asset is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

13.1.2. Debt Instrument at FVTOCI

A 'Debt Instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

b) The asset's contractual cash flows represent solely payments of principal and interest (SPPI).

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

13.1.3. Equity Instrument at FVTOCI

A. Equity Investments (Other than subsidiaries, JVs and associates)

All equity investments in scope of Ind AS 109 are measured at fair value. The Company has made an irrevocable election to present subsequent changes in the fair value in other comprehensive income, excluding dividends. The classification is made on initial recognition/transition and is irrevocable.

There is no recycling of the amounts from the OCI to the Statement of Profit and Loss, even on sale of investments.

13.1.4. Debt Instruments and Derivatives at FVTPL

FVTPL is a residual category for debt instrument. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss. Interest income on such instruments has been presented under interest income.

13.1.5. Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Balance Sheet) when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

13.1.6. Impairment of Financial Assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balances.

Simplified Approach

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade Receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

General Approach

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the Company estimates provision on trade receivables at the reporting date. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Financial guarantee contracts: ECL is presented as a provision in the Balance Sheet, i.e. as a liability.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

13.2. Financial Liabilities

13.2.1. Initial recognition and measurement.

Financial Liabilities are classified, at initial recognition, as financial liabilities at fair value through the Statement of Profit and Loss or financial liabilities at amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of liabilities measured at amortised cost net of directly attributable transaction costs.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

The Company's financial liabilities include trade and other payables, loans and borrowings including financial guarantee contracts and derivative financial instruments.

13.2.2. Subsequent measurement

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

A. Financial Liabilities at fair value through the Statement of Profit and Loss

Financial liabilities at fair value through the Statement of Profit and Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through the Statement of Profit and Loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Profit or Losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

B. Financial Liabilities at Amortized Cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Profit and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

C. Financial Guarantee Contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

13.2.3. Derecognition

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

13.2.4. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the Balance Sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

15. FAIR VALUE MEASUREMENT

- 15.1. The Company measures financial instruments, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
- 15.2. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.
- 15.3. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
- 15.4. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
- 15.5. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
- 15.6. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
 - Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
 - Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable
- For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.
- In case of Level 3 valuations, External valuers are also involved in some cases for valuation of assets and liabilities, such as unquoted financial assets, loans to related parties etc.
- For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

16. GRANTS

16.1. CAPITAL GRANTS

In case of depreciable assets, the cost of the asset is shown at gross value and grant thereon is treated as Capital Grants which are recognized as income in the Statement of Profit and Loss over the period and in the proportion in which depreciation is charged.

16.2. REVENUE GRANTS

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Government grants is recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

Revenue related grants (subsidy and budgetary support towards under recoveries) are reckoned in "Revenue from operations" as per the respective schemes notified by Government from time to time, subject to final adjustments as per separate audit wherever applicable. In case of waiver of duty under EPCG license, such grant is considered as revenue grant and recognised

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

in "Other Income" in proportion of export obligations actually fulfilled during the accounting period. All other revenue grants has been recorded under "Other Income".

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate or NIL interest rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

17. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

18. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share are calculated by dividing:

- The profit/ loss attributable to owners of the Company
- By the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

19. ACCOUNTING JUDGEMENTS ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. These include recognition and measurement of financial instruments, estimates of useful lives and residual value of Property, Plant and Equipment and Intangible Assets, valuation of inventories, measurement of recoverable amounts of cash-generating units, measurement of employee benefits, actuarial assumptions, provisions etc.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The Company continually evaluates these estimates and assumptions based on the most recently available information. Revisions to accounting estimates are recognized prospectively in the Statement of Profit and Loss in the period in which the estimates are revised and in any future periods affected.

19.1. JUDGEMENTS

In the process of applying the Company's accounting policies, management has made the following judgments, which have the significant effect on the amounts recognised in the financial statements.

19.1.1. Lease classification in case of leasehold land

The Company has obtained land from the government for the purpose of setting up of factory. This land is having tenure of 99 year and at the end of lease term, the lease could be extended for another term or the land could be returned to the government

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

authority. Since land has an indefinite economic life, the management has considered 99 years and above cases for finance lease if at the inception of the lease, the present value of minimum lease payments are substantially equal to fair value of leased assets. Further cases between 90-99 are also evaluated for finance lease on the basis of principle that present value of the minimum lease payments are substantially equal to fair value of the leased asset. In addition, other indicators such as the lessee's ability to renew lease for another term at substantially below market rent, lessee's option to purchase at price significantly below fair value are also examined for classification of land lease. Leases not meeting the finance lease criteria are classified under operating leases.

19.1.2. Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractual and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events

19.2. ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

19.2.1. Defined benefit plans / Other Long term employee benefits The cost of the defined benefit plans and other long term employee benefit plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. The management considers the interest rates of government securities based on expected settlement period of various plans.

19.2.2. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model based on level-2 and level-3 inputs. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as price estimates, volume estimates, rate estimates etc. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

19.2.3. Impairment of financial assets

The impairment provisions for trade receivables are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Company's past history and other factors at the end of each reporting period.

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(Rs. in Lakhs)

Note-2: Property, Plant and Equipment

	Leasehold Land and Development*	Building	Furniture and Fixtures	Plant and Machinery	Office Equipments	Vehicles	Total
Gross Block							
As at 1st April, 2017	1,952.81		2.27		2.94	5.43	1,963.46
Additions	-		5.84		6.32		12.16
Transfer from CWIP	708.57	4,108.69	17.61	16,199.13	6.60		21,040.61
Deletions/Adjustments	-		-		-	-	-
As at 31st March, 2018	2,661.38	4,108.69	25.72	16,199.13	15.86	5.43	23,016.23
Accumulated Depreciation, Amortisation and Impairment							
As at 1st April, 2017	-		0.13		0.79	1.03	1.95
Charge for the year	0.82	3.32	0.28	28.46	0.49	0.65	34.01
Impairment	-		-		-	-	-
Deletions/Adjustments	-	-	-	-	-	-	-
As at 31st March, 2018	0.82	3.32	0.41	28.46	1.28	1.68	35.96
Net Carrying Amount							
As at 31st March, 2018	2,660.56	4,105.37	25.31	16,170.68	14.59	3.76	22,980.27
Gross Block							
As at 1st April, 2016	1,952.81		1.10		1.73	7.31	1,962.95
Additions	-		1.17		1.21	-	2.38
Deletions/Adjustments	-		-		-	1.87	1.87
As at 31st March, 2017	1,952.81		2.27		2.94	5.43	1,963.46
Accumulated Depreciation, Amortisation and Impairment							
As at 1st April, 2016	-		-		-	-	-
Charge for the year	-	0.13	0.79	1.03	1.95		
Impairment	-		-		-	-	-
Deletions/Adjustments	-		-		-	-	-
As at 31st March, 2017	-	0.13	0.79	1.03	1.95	1.03	1.95
Net Carrying Amount							
As at 31st March, 2017	1,952.81		2.14		2.15	4.40	1,961.50
As at 1st April, 2016	1,952.81		1.10		1.73	7.31	1,962.95

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Reconciliation of Gross Block as per Ind AS and Gross Block and Accumulated Depreciation as per Previous GAAP for adoption of deemed cost as on transition date 1st April, 2016

	Freehold Land	Furniture and Fixtures	Office Equipments	Vehicles	Total
Gross Block as per Previous GAAP					
As at 1st April, 2016	1,952.81	1.93	4.76	14.42	1,973.91
Accumulated Depreciation as per Previous GAAP					
As at 1st April, 2016	-	0.83	3.02	7.11	10.96
Net Block as per Previous GAAP					
As at 1st April, 2016	1,952.81	1.10	1.73	7.31	1,962.95
Gross Block/Deemed Cost as per Ind AS					
As at 1st April, 2016*	1,952.81	1.10	1.73	7.31	1,962.95

* Represents cost incurred for Leasehold Land allotted by Gujarat Industrial Development Corporation vide Offer - cum-Allotment letter dated 18/03/2011 on License basis on a Lease of ninety nine years for which a lease deed has been executed on 02/01/2016.

NOTE-3: Capital Work In Progress

(Rs. In Lakhs)

Particulars	31.03.2018	31.03.2017	01.04.2016
Capital Work in Progress - Tangible Assets (Including unallocated capital expenditure, materials at site)			
Balance as at beginning of the year	7,900.10	298.04	165.81
Add: Additions during the year	7,875.59	7,602.05	132.23
Less: Allocated/ Adjusted during the year			
Balance as at the end of the year	15,775.69	7,900.10	298.04
Capital Goods in Transit	-	24.75	-
Construction Period Expenses pending allocation:			
Balance as at beginning of the year	3,148.34	1,998.67	1,998.67
Add: Expenditure during the year (Note - 3.1)	2,513.62	1,149.67	-
Balance as at the end of the year	5,661.96	3,148.34	1,998.67
GRAND TOTAL	21,437.65	11,073.19	2,296.71
Less: Capitalised during the year	21,040.61		
	397.03	11,073.19	2,296.71

Note-3.1: Construction Period Expenses

Particulars	31.03.2018	31.03.2017	01.04.2016
Employee Benefits expense	390.56	175.90	-
Rent	11.97	17.80	-
Travelling Expenses	92.34	47.83	-
Technical Assistance Fees	154.13	406.86	-
Finance Costs (Net)	1,651.36	432.45	-
Material Cost attributable to Trial Run	117.35		
Others	95.91	68.83	-
Total Expenditure during the year	2,513.62	1,149.67	-

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note-4: Intangible Assets

(Rs. in Lakhs)

Particulars	CDM Project	Computer Softwares	Total
Gross Block			
As at 1st April, 2017	10.45	0.36	10.81
Additions	-	-	-
Transfer from CWIP	20.30	20.30	
Deletions/Adjustments	10.45	-	10.45
As at 31st March, 2018	-	20.66	20.66
Accumulated Amortisation			
As at 1st April, 2017	3.01	0.16	3.17
Charge for the year	-	0.15	0.15
Deletions/Adjustments	3.01	-	3.01
As at 31st March 2018	-	0.31	0.31
Net Carrying Amount			
As at 31st March, 2018	-	20.35	20.35
Gross Block:			
As at 1st April, 2016	10.45	0.36	10.81
Additions	-	-	-
Deletions/Adjustments	-	-	-
As at 31st March, 2017	10.45	0.36	10.81
Accumulated Amortisation			
As at 1st April, 2016	-	-	-
Charge for the year	3.01	0.16	3.17
Deletions/Adjustments	-	-	-
As at 31st March, 2017	3.01	0.16	3.17
Net Carrying Amount			
As at 31st March, 2017	7.45	0.19	7.64
As at 1st April, 2016	10.45	0.36	10.81

Reconciliation of Gross Block as per Ind AS and Gross Block and Accumulated Depreciation as per Previous GAAP for adoption of deemed cost as on transition date 1st April, 2016

	CDM Project	Computer Softwares	Total
Gross Block as per Previous GAAP			
As at 1st April, 2016	25.67	24.42	50.08
Accumulated Amortisation as per Previous GAAP			
As at 1st April, 2016	15.21	24.06	39.27
Net Block as per Previous GAAP			
As at 1st April 2016	10.45	0.36	10.81
Gross Block/Deemed Cost as per Ind AS	10.45	0.36	10.81

KILBURN CHEMICALS LTD.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

NOTE - 5: Intangible Assets Under Development

(Rs. in Lakhs)

Particulars	March-2018	March-2017	March-16
Work in Progress - Intangible Assets (Including Unallocated Capital Expenditure on account of Software Development)			
Balance as at beginning of the year	-	-	-
Add: Expenditure during the year	20.30	-	-
TOTAL	20.30	-	-
Less: Capitalised during the year	20.30	-	-
	-	-	-
	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016

Note-6: Non Current Investments

Unquoted Equity Shares

Investments carried at Fair value through OCI

75,000 (31st March, 2017 : 75,000, 1st April 2016: 75,000)

Equity Shares of Kilburn Software Technologies India Limited
of Rs. 10/- each

Total Carrying Value	-	-	-
Aggregate Book Value of unquoted Investments	-	-	-

Note-7: Loans

(Unsecured, considered good by the management)

a) Security Deposits

Dakshin Gujarat Vij Company Limited

(Electricity Deposit)

146.01 146.01 -

Gas Authority of India Limited

25.47 25.47 -

Gujarat VAT/CST Deposit*

0.45 0.45 0.45

Rent Deposit*

- - 0.38

Gujarat Industrial Development Corporation*

24.44 24.44 24.44

Water & Drainage Deposit with GIDC*

42.10 29.68 57.83

Against Rent to Related Parties (Refer Note No.42)*

0.90 0.90 0.90

Gas Deposit with Munesh Gas Enterprises*

0.34 - -

239.71 226.95 84.00

*Security deposits are non interest bearing and recoverable at the termination of contract unless otherwise agreed.

KILBURN CHEMICALS LTD.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note-8: Other Financial assets

(Rs. in Lakhs)

	<u>As at 31st March, 2018</u>	<u>As at 31st March, 2017</u>	<u>As at 1st April, 2016</u>
In Fixed Deposit with Maturity more than 12 Months	-	-	0.38
	<u>-</u>	<u>-</u>	<u>0.38</u>

*Fixed Deposit Receipt of Rs. NIL (Previous year Rs. 38,364/-) lodged with Government Agency as security for which confirmation certificate was not made available for Auditor's verification.

Note-9: Non Current Tax Assets (net)

Advance Income Tax/ Tax deducted at source and Income Tax Refundable
(Net of Provision Rs. 19,829/- 31st March,2017,
Net of Provision Rs. 3,50,67,109/- 31st March, 2017
and Rs.3,40,22,879/- 1st April, 2016)

	199.35	67.79	54.80
	<u>199.35</u>	<u>67.79</u>	<u>54.80</u>

Note-10: Deferred tax assets (net)

	-	-	1.58
	<u>-</u>	<u>-</u>	<u>1.58</u>

Note-11: Other Non- Current Assets (Unsecured, considered good)

i) Capital Advances	64.86	512.71	5.00
ii) Advance Other than Capital Advances			
Other Advances			
Advance against Rent to Related Parties (Refer Note No. 42)	1.05	1.05	1.05
Sales Tax Refundable	14.63	14.63	14.63
Others	0.41	0.41	0.41
	<u>80.95</u>	<u>528.79</u>	<u>21.08</u>

Note-12: Inventories

(As taken valued and certified by the management)
(Valued at cost or Net Realisable Value, whichever is lower)

a) Raw Materials	664.46	-	-
b) Finished Goods	7.92	5.76	-
c) Stock in Process	25.31	1.34	-
d) Packing Materials	1.02	0.11	-
	<u>698.71</u>	<u>7.21</u>	<u>-</u>

KILBURN CHEMICALS LTD.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note-13: Current Investments

(Rs. in Lakhs)

	<u>As at 31st March, 2018</u>	<u>As at 31st March, 2017</u>	<u>As at 1st April, 2016</u>
Other than trade			
Investments in Mutual Funds (fully paid-up) (At fair value through Statement of Profit and Loss) ICICI Prudential Flexible Income Plan Premium Growth (31-03-2018: Nil, 31-03-2017: 70,244.327 units of Rs. 100 each; 01-04-2016: 70,244.327 units of Rs. 100 each)	-	218.70	201.05
Total Carrying Value	-	218.70	201.05
Aggregate Amount of Investments	-	218.70	201.05
Aggregate Amount of NAV of Investments	-	218.70	201.05

Note-14: Trade Receivables

(Unsecured)

From Others

- Considered Good	13.58	1.65	110.99
- Considered Doubtful	-	62.84	62.84
	13.58	64.49	173.83
Less: Provision for Bad & Doubtful Debts	-	62.84	62.84
	13.58	1.65	110.99

Note-15: Cash and Cash Equivalents

Balances with Banks

- In Current Accounts	284.54	104.22	22.10
- In Escrow Accounts	647.08	919.40	783.95
Cash on hand (as certified by the management)	1.33	1.89	1.11
	932.95	1,025.51	807.15

Note-16: Bank Balances other than above

- Unclaimed Dividend Accounts (As per Contra)	11.63	15.95	18.15
- Deposits held as Margin Money*	290.19	1,707.19	1,800.00
	301.82	1,723.14	1,818.15

* Includes deposits of Rs. 166.69 Lakhs (Rs. 165.19 Lakhs as on 31st March, 2017 and Nil as on 1st April, 2016) held as margin money for issuing Bank Guarantee and Rs. Nil (Rs. 800.00 Lakhs as on 31st March, 2017 and Rs. 800.00 Lakhs as on 1st April, 2016) pledged with bank as security against Term Loan.

KILBURN CHEMICALS LTD.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note-17: Loans

(Rs. in Lakhs)

	<u>As at 31st March, 2018</u>	<u>As at 31st March, 2017</u>	<u>As at 1st April, 2016</u>
(Unsecured, considered good by the management)			
Loan to a Body Corporate (Free of interest)			
To Related Party (Refer Note 42)	276.57	281.57	285.46
	<u>276.57</u>	<u>281.57</u>	<u>285.46</u>

Note-18: Other Financial Assets

Unsecured			
Considered Good			
Interest accrued on Term deposits	20.85	57.72	19.10
Interest accrued on Security deposits	1.22	-	-
Others	-	1,109.73	1,109.73
Considered Doubtful			
Others	1,109.73	-	-
	<u>1,131.80</u>	<u>1,167.45</u>	<u>1,128.82</u>
Less: Provision for doubtful debts	1,109.73	-	-
	<u>22.07</u>	<u>1,167.45</u>	<u>1,128.82</u>

Note-19: Other Current Assets

(Unsecured, Considered good)			
Balance with Statutory Authorities			
Input Tax Credit of GST	1,244.35	-	-
Cenvat Credit Receivable	-	-	-
On Capital Goods	-	298.69	-
On Input Services	-	82.54	17.98
On Inputs	-	0.80	-
VAT Receivable	-	86.36	-
Advances to Suppliers and Service Provider	3.21	-	-
Advances to Employees	-	1.00	-
Prepaid Expenses	1.25	-	0.46
	<u>1,248.81</u>	<u>469.40</u>	<u>18.44</u>

KILBURN CHEMICALS LTD.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note-20: Share Capital

(Rs. in Lakhs)

	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2018	As at 31st March, 2017 (No. of Shares)	As at 31st March, 2017	As at 31st March, 2016 (No. of Shares)	As at 1st April, 2016
a) Authorised						
Equity Shares of Rs. 10/- each	16,000,000	1,600.00	16,000,000	1,600.00	16,000,000	1,600.00
Cummulative Redeemable Preference Shares of Rs. 100/- each	400,000	400.00	400,000	400.00	400,000	400.00
	16,400,000	2,000.00	16,400,000	2,000.00	16,400,000	2,000.00
Issued, Subscribed and Paid up						
Equity Shares of Rs.10/- each fully paid up in cash	11,855,000	1,185.50	10,315,000	1,031.50	9,130,000	913.00
	11,855,000	1,185.50	10,315,000	1,031.50	9,130,000	913.00

b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2017 (No. of Shares)	As at 31st March, 2016 (No. of Shares)
Equity Shares			
As at the beginning of the year	10,315,000	9,130,000	8,190,000
Add: Issued during the year	1,540,000	1,185,000	940,000
As at the end of the year	11,855,000	10,315,000	9,130,000

c) The Company has issued Equity Shares having a face value of Rs. 10/- each. Each holder of the Equity Shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the Annual General Meeting.

d) In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. The distribution will be in the proportion to the number of Equity Shares held by the shareholders.

f) Details of shareholders holdings more than 5% shares

Name of the shareholder	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	No. of Shares	% held	No. of Shares	% held	No. of Shares	% held
Equity Shares						
Shree Durga Agencies Limited	2,208,170	18.63	1,968,170	19.08	1,308,170	14.33
Supriya Finance Limited	1,819,423	15.35	1,819,423	17.64	1,819,423	19.93
Nirvan Commercial Company Limited	1,154,465	9.74	654,465	6.34	654,465	7.17
Maryada Advisory Services Private Limited	1,232,457	10.40	1,232,457	11.95	1,232,457	13.50
Babcock Borsig Limited	855,000	7.21	855,000	8.29	855,000	9.36
Ana Vincom Private Limited	800,000	6.75	-	-	-	-

As per records of the Company, including its register of shareholders / members and other declaration received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

KILBURN CHEMICALS LTD.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note-21: Other Equity

(Rs. in Lakhs)

	<u>As at 31st March, 2018</u>	<u>As at 31st March, 2017</u>	<u>As at 1st April, 2016</u>
Capital Reserve			
As per last Account	19.76	19.76	19.76
Securities Premium Reserve			
As per last Account	662.15	318.50	45.90
Addition during the year	446.60	343.65	272.60
As at the end of the year	1,108.75	662.15	318.50
Preference Share Capital Redemption Reserve			
As per last Account	391.22	391.22	391.22
General Reserve			
As per last Account	1,347.50	1,347.50	1,347.50
Retained Earnings			
As per last Account	4,590.67	4,567.51	4,087.86
Profit/(Loss) for the year	-1,534.71	5.51	480.35
Fair Value gain on Investments	-	17.64	1.05
Remeasurement of Defined Benefit Plan	-	-	-4.28
Deferred Tax effect	-	-	2.53
As at the end of the year	3,055.96	4,590.67	4,567.51
Other Comprehensive Income			
As per last Account	0.84	-	-
Addition during the year	1.32	0.84	-
As at the end of the year	2.16	0.84	-
Money received against share warrants*			
As per last Account	150.15	265.69	-
Addition during the year	-	-	265.69
Converted in Equity Shares during the year	150.15	115.54	-
As at the end of the year	-	150.15	265.69
Total	5,925.35	7,162.29	6,910.18

***Note**

During the year the Company has converted 15,40,000 Convertible Warrants of Rs.10/- each into 15,40,000 Equity Shares of Rs. 10/- each on preferential basis at a premium of Rs 29/- per Equity Share. Equity Shares issued at a price of Rs. 39/- per share (Rs. 10/- against capital and Rs. 29/- against Premium) out of which 25% consideration received at the time of allotment of warrant and balance 75% consideration has been received at the time of conversion of Warrants into Equity Shares. The Company has complied with Regulation 77 of Chapter VII of SEBI (ICDR) Regulations, 2009.

KILBURN CHEMICALS LTD.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note-22: Borrowings

(Rs. in Lakhs)

	<u>As at 31st March, 2018</u>	<u>As at 31st March, 2017</u>	<u>As at 1st April, 2016</u>
Term Loans- Secured			
- From Bank of Baroda (refer note below)	8,300.00	4,500.00	22.23
Less: Repayable within one year	332.00	-	-
	<u>7,968.00</u>	<u>4,500.00</u>	<u>22.23</u>
- From State Bank of India (refer note below)	8,300.00	4,500.00	800.00
Less: Repayable within one year	332.00	-	-
	<u>7,968.00</u>	<u>4,500.00</u>	<u>800.00</u>
Loan			
from related parties- Unsecured (Refer Note No. 42)			
- From Body Corporates	1,100.80	-	-
- From a Director	125.11	-	-
from Others	139.25	-	-
	<u>1,365.16</u>	<u>-</u>	<u>-</u>
	<u>17,301.16</u>	<u>9,000.00</u>	<u>822.23</u>

Note:

Secured by first Pari-passu Equitable Mortgage of Immovable properties situated at Dahej in Bharuch district of Gujarat, Office space no. 1,2,5,6,7 & 8 situated at Vasundhara Building, 2/7 Sarat Bosse Road, Kolkata 700020 in the name of Shree Durga Agencies Limited, together with movable properties present and future and hypothecation of Current Assets and personal guarantee of Mr. S.K.Jalan, Managing Director.

The above Consortium Bankers have sanctioned and disbursed Term Loans of Rs. 16,600 Lakhs till 31st March, 2018. As per the revised Sanction letter dated 30th November, 2017 the sanctioned Term Loans are repayable to each banker as under:-

- i) Rs. 498 Lakhs payable in 3 equal quarterly installments of Rs. 166 Lakhs each commencing from 3rd quarter of the year 2018-19. Last installment due in the 1st quarter of the year 2019-20.
- ii) Rs. 3,984 Lakhs payable in 12 equal quarterly installments of Rs. 332 Lakhs each commencing from 2nd quarter of the year 2019-20. Last installment due in the 1st quarter of the year 2022-23.
- iii) Rs. 830 Lakhs payable in 2 equal quarterly installments of Rs. 415 Lakhs each commencing from 2nd quarter of the year 2022-23. Last installment due in the 3rd quarter of the year 2022-23.
- iv) Rs. 2,988 Lakhs payable in 6 equal quarterly installments of Rs. 498 Lakhs each commencing from 4th quarter of the year 2022-23. Last installment due in the 1st quarter of the year 2024-25.

KILBURN CHEMICALS LTD.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note-23: Non Current Provisions

(Rs. in Lakhs)

	<u>As at 31st March, 2018</u>	<u>As at 31st March, 2017</u>	<u>As at 1st April, 2016</u>
Provision for Gratuity	21.44	10.45	8.38
	<u>21.44</u>	<u>10.45</u>	<u>8.38</u>

Note-24: Deferred tax liabilities (net)

(Refer Note 48)

	287.68	2.54	-
	<u>287.68</u>	<u>2.54</u>	<u>-</u>

Note-25: Other Non Current Liabilities

Government Grant (Refer Note 49 a.)

	545.25	303.72	-
	<u>545.25</u>	<u>303.72</u>	<u>-</u>

Note-26: Trade Payables

Trade Payables

	42.56	0.15	-
	<u>42.56</u>	<u>0.15</u>	<u>-</u>

Note-27: Other Financial Liabilities

- a) Current maturities of long term debt
 b) Interest Accrued and due on loan
 c) Unpaid Dividend Accounts (As per Contra)
 d) Other Payables
 For Capital Goods
 For Expenses

	664.00	-	-
	84.49	42.27	0.27
	11.63	15.95	18.15
	973.11	1,078.31	-
	342.76	104.85	111.39
	<u>2,075.99</u>	<u>1,241.38</u>	<u>129.80</u>

Note-28: Other Current Liabilities

Payable to Statutory Authorities
 Advance from related parties
 Others

	26.06	7.46	17.10
	-	-	1.15
	0.33	-	-
	<u>26.06</u>	<u>7.79</u>	<u>18.24</u>

Note-29: Provisions

Provision for Gratuity

	1.19	0.67	0.54
	<u>1.19</u>	<u>0.67</u>	<u>0.54</u>

KILBURN CHEMICALS LTD.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note-30: Revenue from Operations

(Rs. in Lakhs)

	<u>For the year ended 31st March, 2018</u>	<u>For the year ended 31st March, 2017</u>
Sale of Products (Including Excise Duty)	11.68	1.40
	11.68	1.40
Note-31: Other Income		
Interest Income (Gross)		
From Term Deposits	36.65	81.52
From Others	1.36	
On Income Tax Refund	0.38	
Fair value gain on Current Investments	-	17.64
Provision for Doubtful Debt Written Back	62.84	
Realised Gain on Current Investments	9.16	-
	110.39	99.17

Note-32: Cost of Raw Material consumed

Opening Stock	-	-
Add: Purchase during the year	817.08	7.92
	817.08	7.92
Less: Material Cost attributable to trial run transferred to Preoperative expenses	117.35	-
	699.73	7.92
Less: Closing Stock	664.46	-
	35.27	7.92

Note-33: Change in Inventories of

Finished Goods

Opening Stock	5.76	-		
Less: Closing Stock	7.92	(2.16)	5.76	(5.76)

Stock in Process

Opening Stock	1.34		-	
Less: Closing Stock	25.31	(23.97)	1.34	(1.34)
	(26.13)		(7.10)	

Note-34: Employee Benefits Expense

Salaries, Bonus and Exgratia	386.64	174.25
Contribution to Provident Fund and Others	36.13	5.57
Staff welfare expenses	0.90	6.58
	423.67	186.40
Less: Trasferred to Construction period expenses	390.56	175.90
	33.11	10.50

KILBURN CHEMICALS LTD.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note-35: Finance Costs

	<i>(Rs. in Lakhs)</i>	
	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Interest Expenses		
- On Term Loans	45.43	-
- On Unsecured Loans	3.64	-
- On Others	0.12	0.02
	<u>49.19</u>	<u>0.02</u>

Note-36: Other Expenses

Consumption of Packing Materials	0.01	0.02
Job work Charges	-	0.17
Power & Fuel Expenses	9.84	2.86
Rent	6.68	6.66
Repairs & Maintenance		
- To Plant & Machineries	1.12	0.26
- To Others	0.06	-
Rates and Taxes	0.67	0.86
Directors' Sitting Fee	0.84	1.00
Listing Fee	4.05	2.86
Share Transfer Expenses	2.94	3.33
Legal & Professional Charges	1.11	0.45
Donation	-	0.51
Postage and Courier Charges	8.35	3.45
Printing and Stationery	6.06	2.69
Security Service Charges	6.43	5.73
Loss on Sale of Fixed Assets	-	0.17
Asset Written off	7.45	-
Bad debts	63.47	-
Provision for Doubtful Receivables	1,109.73	-
Freight Outward	1.98	-
Expenditure towards Corporate Social Responsibility (CSR) activities	-	8.38
Auditor's Remuneration		
- Audit Fees (excluding Goods and Service Tax)	2.75	2.78
- For Limited Review	0.63	0.63
- For other Services	1.71	1.78
Miscellaneous Expenses	11.27	2.00
	<u>1,247.15</u>	<u>46.59</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note – 37 Contingencies and Commitments

A. Contingent Liabilities not provided for in respect of the following:

- (i) Claims against the Company not acknowledged as debts -
 - Income Tax Demand disputed in Appeal
 - for the Assessment Year 2012-13 of Rs. 625.56 Lakhs (Tax Paid Rs. 125.12 Lakhs)
 - for the Assessment Year 2013-14 of Rs. 62.93 Lakhs (Tax Paid Rs. 9.50 Lakhs)
 - for the Assessment Year 2014-15 of Rs. 10.02 Lakhs (Tax Paid Rs. 1.50 Lakhs)
- (ii) Outstanding Bank Guarantees of Rs. 166.69 lakhs (Previous year Rs. 165.19 lakhs).
- (iii) Outstanding Letter of Credit Nil (Previous year Rs. 536.22 lakhs).

The Company has not considered those disputed demands/claims as contingent liabilities, for which, the outflow of resources has been considered as remote.

B. Commitments

- a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for [net of advances Rs. 64.86 lakhs Previous year Rs. 512.71 lakhs] is Rs. 308.67 lakhs [Previous year Rs. 4,487.74 lakhs].
- b) Export Obligation in Respect of EPCG Licences is Rs. 3,363.97 Lakhs (Previous Year Rs. 3,346.87 Lakhs)(equivalent to US\$ 51,61,842.62)

Note – 38 Dues to Micro and Small Enterprises

The Company has not received any information from suppliers regarding their status under Micro, Small and Medium Enterprise Development Act, 2006 and hence disclosure, if any, required to be made under the said Act could not be compiled and disclosed.

Note – 39 Segment Reporting

The Company's Commercial production commenced on 22.03.18. There is only one operating segment, therefore, Ind AS 108 on "Operating Segments" is not applicable to the Company.

Note - 40 Earnings per Share

Basic and Diluted EPS amounts are calculated by dividing the profit or loss for the year attributable to equity holders of the Company by the weighted average number of Equity Shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	31-Mar-18	31-Mar-17
Profit/(Loss) attributable to equity holders	(1,534.72)	23.15
Weighted Average number of equity shares used for computing Earning Per Share (Basic)	116.48	92.83
Weighted Average number of equity shares used for computing Earning Per Share (Diluted)	118.55	118.55
Face value per share (Rs.)	10.00	10.00
Earning Per Share (Basic) (Rs.)	(13.18)	0.25
Earning Per Share (Diluted) (Rs.)	(12.95)	0.20

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note - 41 Employee Benefits

A. Defined Contribution Plans- General Description

Provident Fund

During the year, the company has recognised Rs. 22.14 lakhs (31-03-2017 : Rs 2.17 lakhs) as contribution to Provident Fund which has been disclosed under the head Contribution to Provident Fund and Others in Note No. 34

B. Defined Benefit Plans- General Description

Gratuity

Each employee rendering continuous service of 5 years or more is entitled to receive gratuity amount equal to 15/26 of the eligible salary for every completed year of service subject to maximum of Rs.20 lakhs at the time of separation from the Company.

C. The summarised position of various Defined Benefit Plans recognised in the Statement of Profit & Loss, Balance Sheet and Other Comprehensive Income are as under:

(i) Reconciliation of balance of Defined Benefit Plans *(Rs. in lakhs)*

	Gratuity Non-Funded
Defined Obligation at the beginning	11.12 8.92
Current Service Cost	4.91 2.72
Past Service Cost	8.27 -
Interest Cost	0.81 0.68
Contribution by employees	- -
Net Liability transferred In / (Out)	- -
Benefits paid	(1.15) -
Actuarial (gain)/ loss on obligations	(1.32) (1.20)
Defined Benefit Obligation at the end of the year	22.63 11.12

Note - Figures given in Unbold & Italic Font in the table are for previous year

KILBURN CHEMICALS LTD.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note - 41 Employee Benefits (Contd.)

(ii) Reconciliation of balance of Fair Value of Plan Assets

(Rs. in lakhs)

	Gratuity Non-Funded
Fair Value of Plan Assets at the beginning of the year	-
Interest Income	-
Contribution by employer	1.15
Contribution by employees	-
Net Liability transferred In / (Out)	-
Benefit paid	(1.15)
Re-measurement (Return on plan assets excluding Interest Income)	-
Fair value of plan assets at the end of the year	-

(iii) Reconciliation of Fair Value of Plan Assets and Defined Benefit Obligation

(Rs. in lakhs)

	Gratuity Non-Funded
Fair Value of Plan Assets at the end of the year	-
Defined Benefit Obligation at the end of the year	22.63
Amount not recognised in the Balance Sheet (as per para 64 of Ind-As 19)	-
Amount recognised in the Balance Sheet	(22.63)
	(11.12)

KILBURN CHEMICALS LTD.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note - 41 Employee Benefits (Contd.)

(iv) Amount recognised in Statement of Profit and Loss / Construction Period Expenses (Rs. in lakhs)

	Gratuity Non-Funded
Current Service Cost	4.91 2.72
Past Service Cost	8.27 -
Net Interest Cost	0.81 0.68
Contribution by Employees	- -
Expenses for the year	13.99 3.40

Note - Figures given in Unbold & Italic Font in the table are for previous year

(v) Amount recognised in Other Comprehensive Income (OCI) (Rs. in lakhs)

	Gratuity Non-Funded
Actuarial (gain)/ loss on Obligations - Due to change in assumptions	(0.13) (0.06)
Actuarial (gain)/ loss on Obligations - Due to Experience	(1.19) (1.14)
Re-measurement (Return on plan assets excluding Interest Income)	- -
Net Loss / (Gain) recognized in OCI	(1.32) (1.20)

(vi) Major Actuarial Assumptions

	Gratuity Non-Funded
Discount rate	7.73% 7.59%
Expected return on plan assets	0.00% 0.00%
Salary escalation	6.00% 6.00%
Attrition Rate	5.00% 5.00%

KILBURN CHEMICALS LTD.**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018****Note - 41 Employee Benefits (Contd.)****(vii) Sensitivity on Actuarial Assumptions:***(Rs. in lakhs)*

Loss / (Gain) for:	Gratuity Non-Funded
Change in Discounting Rate	
Increase by 1%	21.73 10.67
Decrease by 1%	23.65 11.61
Change in Salary Escalation	
Increase by 1%	23.24 11.36
Decrease by 1%	22.12 10.91
Change in Attrition Rate	
Increase by 1%	22.55 11.11
Decrease by 1%	22.72 11.12
Mortality Rate	
Increase by 10%	22.64 11.12

Note - Figures given in Unbold & Italic Font in the table are for previous year.

(viii) Investment details:

The company has not started funding the gratuity liability & has been following pay as you go method for setting the liability.

The management has relied on the overall actuarial valuation conducted by the actuary.

The Actuarial valuation has been carried out as on 25.05.2018

KILBURN CHEMICALS LTD.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note – 42 Related Party Disclosure

(a) Key Management Personnel:

- (i) Mr. S.K. Jalan (Managing Director)
 - (ii) Mr. Ashim Kumar Dutta (Whole Time Director)*
 - (iii) Mr. S.G.Somani (CFO ceased w.e.f 10.11.2017)
 - (iv) Mr. Manoj Sureka (CFO w.e.f 10.11.2017)
 - (v) Mr. Mukesh Sharma (Company Secretary)
- *Whole Time Director since 10.11.2017, earlier he was CEO.

(b) Relatives of Key Management Personnel:

M/s. Bajarang Prasad & Son (HUF) [Mr. S.K. Jalan is Karta]

(c) Enterprises over which Key Management Personnel and relatives of such Key Management Personnel Exercise Significant Influence:

- (i) Kilburn Office Automation Limited
- (ii) Kilburn Software Technologies Limited
- (iii) Shree Durga Agencies Limited
- (iv) Supriya Finance Limited (formerly Buckingham Financial Services Limited)
- (v) Pushpdant Vyapaar Private Limited
- (vi) Arham Vyapaar Private Limited.
- (vii) Maryada Advisory Services Private Limited
- (viii) Saket Fiscal Services Private Limited
- (ix) Nirvan Commercial Company Limited
- (x) Sandeep Investments Ltd.
- (xi) Just Desserts Ltd.

(d) The following transactions were carried out with the related parties and their relatives in the ordinary course of business:

	<i>Rs. in Lakhs</i>	
	31st March, 2018	31st March,2017
(i) Rent paid*		
Nirvan Commercial Company Limited	9.60	9.60
M/s Bajarang Prasad & Son (HUF)	0.75	3.00
(ii) Managerial Remuneration		
Mr. Sandeep Kumar Jalan**	44.36	36.21
Mr Ashim Kumar Dutta**	71.13	74.74
Mr. Sunil Gopal Somani**	11.10	15.85
Mr. Manoj Sureka**	9.05	-
Mr. Mukesh Sharma	7.17	6.97
(iii) Director's Sitting Fees		
Mr. V. Vanchi	0.04	0.16
Mr. Ranjit Chaudhuri	0.24	0.24
Mr. Anand Chatrath	0.24	0.24
Mr. Tushar Patel	-	0.04
Ms. Mamta Kejriwal	0.32	0.32

KILBURN CHEMICALS LTD.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note – 42 Related Party Disclosure (Contd.)

	31st March, 2018	<i>Rs. in Lakhs</i> 31st March, 2017
(iv) Refund of Loan given		
Kilburn Office Automation Limited	5.00	1.95
(v) Loan Taken		
Arham Vyapaar Pvt. Ltd.	232.25	-
Kilburn Software Technologies India Limited	19.50	-
Maryada Advisory Pvt. Ltd.	188.00	-
Mr. S. K. Jalan	125.11	-
Nirvan Commercial Company Limited	25.20	-
Shree Durga Agencies Limited	330.00	-
Supriya Finance Limited	263.75	-
Pushpdant Vyapaar Private Limited	42.10	-
(vi) Interest Expense on Loan Taken***		
Arham Vyapaar Pvt. Ltd.	10.84	-
Kilburn Software Technologies India Limited	0.91	-
Maryada Advisory Pvt. Ltd.	8.72	-
Mr. S. K. Jalan	0.37	-
Nirvan Commercial Company Limited	1.18	-
Shree Durga Agencies Limited	15.40	-
Supriya Finance Limited	7.72	-
Pushpdant Vyapaar Private Limited	1.96	-
(vii) Amount received on Conversion of Share Warrants		
M/s Shree Dugra Agencies Limited	70.20	193.05
M/s Sandeep Investments Limited	-	83.36
M/s Arham Vyapaar Private Limited	-	70.20
M/s Nirvan Commercial Company Limited	146.25	-
M/s Ana Vincom Private Limited	234.00	-

* Rent paid debited to Pre-Operative Expenditure till 22.03.18. There after from 23.03.18 it is debited to Statement of Profit and Loss.

** Managerial Remuneration debited to Pre-Operative Expenditure till 22.03.18. There after from 23.03.18 it is debited to Statement of Profit and Loss.

*** Interest Expense on Loan Taken debited to Pre-Operative Expenditure till 22.03.18. There after from 23.03.18 it is debited to Statement of Profit and Loss.

KILBURN CHEMICALS LTD.**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**

Note – 42 Related Party Disclosure (Contd.)

	31st March, 2018	<i>Rs. in Lakhs</i> 31st March, 2017
(e) Balances as at 31st March		
(i) Investments		
Kilburn Software Technologies Limited	7.50	7.50
(ii) Advances against rent		
Late B. P. Jalan	0.80	0.80
Bajarang Prasad & Son (HUF)	0.25	0.25
(iii) Deposits against rent		
Late B.P. Jalan	0.48	0.48
Bajarang Prasad & Son (HUF)	0.42	0.42
(iv) Loan given		
Kilburn Office Automation Ltd.	276.57	281.57
(v) Loan Taken		
Arham Vyapaar Pvt. Ltd.	232.25	-
Kilburn Soft ware Technologies India Limited	19.50	-
Maryada Advisory Pvt. Ltd.	188.00	-
Mr. S. K. Jalan	125.11	-
Nirvan Commercial Company Limited	25.20	-
Shree Durga Agencies Limited	330.00	-
Supriya Finance Limited	263.75	-
Pushpdant Vyapaar Private Limited	42.10	-
(vi) Personal Guarantee		
Mr. Sandeep Kumar Jalan	16,600.00	16,600.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note – 43 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholderers value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using debt equity ratio, which is borrowings divided by Equity. The Company's endeavour is to keep the debt equity ratio around 2:1. The Company also includes accrued interest in the borrowings for the purpose of capital management.

(Rs. in Lakhs)

	31.03.2018	31.03.2017	01.04.2016
Borrowings	18,049.65	9,042.27	822.50
Equity Share Capital	1,185.50	1,031.50	913.00
Other Equity	5,925.35	7,162.29	6,910.18
Equity	7,110.85	8,193.79	7,823.18
Debt Equity Ratio	2.54 : 1	1.1 : 1	0.11 : 1

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March, 2018 and 31 March, 2017.

Note – 44 Disclosure relating to Corporate Social Responsibility (CSR) Expenditure

The disclosure in respect of CSR expenditure for FY 2017-18 is as under:

(Rs. in lakhs)

Particulars	31.03.2018	31.03.2017
(a) Gross amount required to be spent by the company during the year.		
Annual CSR Allocation	-	-
Carry forward from previous year	0.51	8.89
Gross amount required to be spent	0.51	8.89

(b) Amount spent during the year on:

(Rs. in lakhs)

	31.03.2018			31.03.2017		
	In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any assets	-	-	-	-	-	-
(ii) On purposes other than (i) above						
Education/employment vocational skills	-	0.51	0.51	8.38	0.51	8.89
Total Expenses (ii)	-	0.51	0.51	8.38	0.51	8.89
Grand Total (i) and (ii)	-	0.51	0.51	8.38	0.51	8.89

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note - 45 Disclosures as required by Regulation 34(3) of SEBI(LODR) Regulations 2015

In compliance of Regulation 34(3) of SEBI(LODR) Regulations 2015, the required information is given as under:

	<i>(Rs. in Lakhs)</i>				
	Amount as on			Maximum Amount outstanding during the year ended	
	31.03.2018	31.03.2017	01.04.2016	31.03.2018	31.03.2017
I. Loans and Advances in the nature of loans:					
To Firms/Companies in which directors are interested	276.57	281.57	285.46	281.57	285.46

Note

For an interest-free loan given to Kilburn Office Automation Limited, it is expected to repay the loan from available funds that will be internally generated from its business. This indicates that Kilburn Office Automation Limited has an obligation to repay this loan even though there is no specific repayment date, thus, it has been appropriately classified as a financial asset in the financial statements of the Company. Since it is not practicable to estimate the timing of repayment of this loan by Kilburn Office Automation Limited, this has been considered as repayable on demand by the company in its Financial Statements. In this scenario, Ind AS 113 states that 'the fair value of a financial liability with a demand feature is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid. Assuming that this loan is considered as repayable on demand at any time, no discounting is required on initial recognition/transition date. Accordingly, the loan to Kilburn Office Automation Limited has been measured by the Company at its face value, which is also its fair value.

Note – 46 Financial Instruments and Risk Factors

Financial risk management objectives and policies

The Company has set up a new plant at Dahej, Gujarat for which commercial production has started with effect from 22.03.2018. The Company's activities are exposed to a variety of financial risks from its operations. The key financial risks include market risk (including foreign currency risk, interest risk and commodity risk etc.), credit risk and liquidity risk. The Company's overall risk management policy seeks to minimize potential adverse effects on Company's financial performance.

i) Market Risk:

Market risk is the risk that the fair value of future cash flow of financial instruments will fluctuate because of change in market prices. Market risk comprises mainly three types of risk: interest rate, currency risk and other price risk such as commodity price risk.

- a) Foreign Currency Risk:** Foreign Currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Since it is a new project only some spare parts imports shall take place for which hedge shall take place depending upon quantum. After taking cognizance of the natural hedge, the Company takes appropriate hedge to mitigate its risk resulting from fluctuation in foreign currency exchange rate(s).

Foreign currency sensitivity: To be covered during full period of operation.

- b) Interest rate risk:** Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Any change in the interest rates environment may impact future rates of borrowing. The Company mitigates this risk by regularly assessing the market scenario, finding appropriate financial instruments, interest rate negotiation with the lenders for ensuring the cost effective method of financing.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note – 46 Financial Instruments and Risk Factors (Contd.)

Interest Rate Sensitivity: Since the project is new such details shall be stated from 2018-19 when full operation begins.”

c) **Commodity Price Risk:** The Company is affected by the price volatility of certain commodities. Its operating activities require the continuous supply of certain raw materials. To mitigate the commodity price risk, the Company has an approved supplier base to get competitive prices for the commodities and to assess the market to manage the cost without any compromise on quality.

ii) **Credit Risk:**

Credit risk refers to risk that a counter party will default on its contractual obligations resulting in financial loss to the company. Credit risk arises primarily from financial assets such as trade receivables; inter corporate deposit, derivative financial instruments, other balances with banks, loans and other receivables. The Company does not envisage any such exposure in the near future since it is a new project.

iii) **Liquidity Risk:**

Liquidity risk is the risk, where the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due.

Note - 47 First-time adoption of Ind AS

These financial statements, for the year ended 31st March, 2018, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31st March, 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for the year ended on 31st March, 2018, together with the comparative period data as at and for the year ended 31st March, 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening Balance Sheet was prepared as at 1st April, 2016, the Company's date of transition to Ind AS. This note explains exemptions availed by the Company in restating its Indian GAAP financial statements, including the Balance Sheet as at 1st April 2016 and the financial statements as at and for the year ended 31st March, 2017.

Exemptions applied:

1. **Mandatory exemptions**

a) **Estimates**

The estimates as at 1st April, 2016 and as at 31st March, 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

- FVTOCI – unquoted equity shares
- Impairment of financial assets based on expected credit loss model

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions as at 1st April, 2016, the date of transition to Ind AS and as of 31st March, 2017.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note - 47 First-time adoption of Ind AS(Contd.)

b) De-recognition of financial assets and financial liability

The Company has applied the de-recognition requirements under Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

c) Classification and measurement of Financial Instruments:

- i) Financial assets and liabilities like loan to employees, security deposits received and security deposits paid, has been classified and measured at amortised cost on the basis of the facts and circumstances that exist at the date of transition to Ind ASs. Since, it is impracticable for the Company to apply retrospectively the effective interest method in Ind AS 109, the fair value, if any, of the above financial asset or the financial liability at the date of transition to Ind As by applying amortised cost method, has been considered as the new gross carrying amount of that financial asset or the financial liability at the date of transition to Ind AS. However, considering the effect such fair valuation as immaterial, the company has considered transaction value as fair value.
- ii) The Company has designated unquoted equity instruments held as at 1st April, 2016 as fair value through OCI investments.

d) Impairment of financial assets:

At the date of transition to Ind ASs, the Company has determined that assessment of significant increase in credit risk since the initial recognition of a financial instrument would require undue cost or effort, the Company has recognised a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognised.

2. Optional exemptions

A. Deemed cost-Previous GAAP carrying amount:

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of Property, Plant and Equipment and Intangible Assets, as recognised in its Indian GAAP financial as deemed cost at the transition date.

B. Arrangements containing a lease:-

i) Arrangement in the nature of leases:

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

C. Designate of previously recognised financial instrument:

The Company has elected this exemption and opted to:

- Designate financial asset at FVTPL as per Ind AS 109 based on facts and circumstances as on transition date;
- Designate an investment in equity shares as FVOCI, as per Ind AS 109, based on facts and circumstances exist on transition date.

KILBURN CHEMICALS LTD.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note - 47 First-time adoption of Ind AS(Contd.)

Reconciliation of profit or loss for the year ended 31 March 2017 (Rs. in Lakhs)

Particulars	Notes	2016-17
Net Profit as per previous GAAP (Indian GAAP)		13.41
Effect for measuring financial assets classified at fair value through profit and loss		17.64
Effect of adjustments relating to revenue	3	(3.40)
Deferred Tax adjustment		(4.85)
Net Profit for the period as per Ind AS (A)		22.80
Other Comprehensive Income (net of tax)		
Re-measurement of Defined Benefit Plan	3	1.20
Tax impact of above adjustments		-
Other Comprehensive Income for the period under Ind AS (B)		1.20
Total Comprehensive Income for the period under Ind AS C = (A+B)		24.00

Reconciliation of Equity (Rs. in Lakhs)

Particulars	Notes	As at 01 April' 16	As at 31 March' 17
Equity as per previous GAAP (Indian GAAP)		7,823.88	8,183.90
Effect for measuring financial assets at fair value through profit and loss		1.05	18.70
Effect of adjustments relating to revenue	3	(4.28)	(6.47)
Deferred Tax adjustment		2.53	(2.32)
Equity as per ind AS		7,823.18	8,193.79

Impact of Ind AS adoption on the statements of cash flows for the year ended 31st March 2017 (Rs. in Lakhs)

	Previous GAAP	Adjustments	Ind AS
Net Cash flow from Operating Activities	(409.44)	839.87	430.43
Net Cash flow from Investing Activities	(7,991.58)	(742.68)	(8,734.26)
Net Cash flow from Financing Activities	8,524.39	(2.20)	8,522.19
Net Increase/(Decrease) in cash and cash equivalents	123.36	95.00	218.36
Cash and Cash Equivalents as at 1st April, 2016	2,625.68	(1,818.53)	807.15
Cash and Cash Equivalents as at 31st March, 2017	2,749.04	(1,723.53)	1,025.51

Footnotes to the reconciliation of equity as at 1st April, 2016 and 31st March, 2017 and profit or loss for the year ended 31st March, 2017.

1. Financial assets classified at fair value through Profit or loss

(i) Loan given to related parties

For an interest-free loan given to Kilburn Office Automation Limited, it is expected to repay the loan from available funds that will be internally generated from its business. This indicates that Kilburn

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note - 47 First-time adoption of Ind AS(Contd.)

Office Automation Limited has an obligation to repay this loan even though there is no specific repayment date, thus, it has been appropriately classified as a financial asset in the financial statements of the Company. Since it is not practicable to estimate the timing of repayment of this loan by Kilburn Office Automation Limited, this has been considered as repayable on demand by the company in its Financial Statements. In this scenario, Ind AS 113 states that 'the fair value of a financial liability with a demand feature is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.' Assuming that this loan is considered as repayable on demand at any time, no discounting is required on initial recognition/transition date. Accordingly, the loan to Kilburn Office Automation Limited has been measured by the Company at its face value, which is also its fair value."

2 Financial assets classified at fair value through OCI

(i) Long term investment in Equity shares at fair value through OCI:

Under Indian GAAP, the Company has recorded long term investments in unquoted equity shares as investment and measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments as FVTOCI investments. At the date of transition to Ind AS, difference, if any, between the instruments fair value and Indian GAAP carrying amount has been recognised through a separate component of equity in the FVTOCI reserve. Similarly, for the year ended 31st March, 2017, fair value gain or loss recognised in OCI.

3 Defined benefit liabilities

Earlier under Indian GAAP the Company did not recognise costs related to its post-employment defined benefit plan on accrual basis. However, after adoption of Ind AS, the Company has recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised in OCI. Due to this, for the year ended 31st March, 2017, the employee benefit cost has increased and remeasurement gains/ losses on defined benefit plans has been recognized in the OCI.

4 Deferred taxes

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in relation to the underlying transaction either in retained earnings or a separate component of equity (OCI).

KILBURN CHEMICALS LTD.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note – 48 Taxes

(i) In compliance of Ind AS - 12 on "Income Taxes", the item wise details of Deferred Tax Liability (net) are as under:

Particulars	<i>(Rs. In Lakhs)</i>						
	As on 01.04.2016	Provided during the year in Statement of Profit & Loss	Provided during the year in OCI (net)	As on 31.03.2017	Provided during the year in Statement of Profit & Loss	Provided during the year in OCI (net)	Balance as on 31.03.2018
Deferred Tax Liability:							
Related to Fixed Assets	0.85	(0.57)	-	0.28	293.22	-	293.51
Fair valuation of Equity instruments	0.33	5.26	-	5.59	(5.59)	-	-
Total Deferred Tax Liability (A)	1.18	4.69	-	5.87	287.64	-	293.51
Deferred Tax Assets:							
43B/40 (a)(ia)/other Disallowances etc.	2.76	0.56	-	3.32	2.51	-	5.83
Total Deferred Tax Assets (B)	2.76	0.56	-	3.32	2.51	-	5.83
Deferred Tax Asset/(Liability) (B-A)	1.58	4.12	-	(2.54)	285.13	-	(287.68)

(ii) Reconciliation between the average effective tax rate and the applicable tax rate is as below :

	31st March, 2018	31st March, 2017
Tax at the applicable tax rate on Accounting Profit	(322.05)	11.16
Tax effect of income that are not taxable in determining taxable profit	26.60	(5.27)
Tax effect of expenses that are not deductible in determining taxable profit	290.64	4.20
Tax effect on recognition of previously unrecognised allowance/disallowances	4.81	(0.36)
Tax expenses/income related to prior years	(1.09)	-
Tax Effect of Items that will not be allowed in future years (net)	285.13	4.12
Difference due to change in Rate of Tax	-	0.35
Total Tax expense recognised in the statement of profit and loss A/c	284.04	14.21

Note - 49 Other Disclosures

a Disclosure on Revenue Grants

EPCG Grant

Grant recognized in respect of duty waiver on procurement of capital goods under EPCG scheme of Central Govt. which allows procurement of capital goods including spares for pre production and post production at zero duty subject to an export obligation of 6 times of the duty saved on capital goods procured. The unamortized grant as on 31.03.2018 is Rs. 545.26 lakhs (31-03-2017:Rs. 303.72 Lakhs, 01.04.2016: NIL) . The Company has not yet recognised any amount in the Statement of Profit and Loss as amortisation of revenue grant. The Company expects to meet the export obligations and therefore equivalent deferred grant has not been treated as liability.

b Fair Values

Pursuant to adoption of Indian Accounting Standards, the Investment in ICICI Prudential Flexible Income Plan Premium Growth has been measured at FVTPL and fair valued under Level 1 Category.

KILBURN CHEMICALS LTD.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note - 49 Other Disclosures (Contd.)

(Rs. in Lakhs)

Particulars	Fair Value			Fair Value Measurement Hierarchy Level
	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016	
ASSETS				
Current Assets				
i) Investments in Mutual Funds (fully paid-up) (At fair value through Statement of Profit and Loss) ICICI Prudential Flexible Income Plan Premium Growth (70,244.327 units of Rs. 100 each)	-	218.70	201.05	Level 1

- c. No provision has been made against carried over balances against Trade Receivables and other Receivables amounting to Rs. 34.52 lakhs (31-03-2017: Rs. 1,176.03 lakhs, 01-04-2016: Rs. 1,173.76 Lakhs) from earlier years considered as good and fully recoverable by the management.
- d. Certain carried over balances from earlier years included in Trade Receivables, Trade Payables, other Current Liabilities and Claim Receivables are subject to confirmation/adjustments.

(Rs. in Lakhs)

	31st March, 2018	31st March, 2017
e. C. I. F. Value of Capital Goods Imported	982.62	1,136.69
f. Additional information pursuant to the provisions of Schedule III of the Companies Act, 2013		
Expenditure in Foreign Currency		
Travel (purchase of travelers cheques / foreign currencies/exchange) (as certified) (Rs.)	1.05	4.65
Installation Expense	94.59	-
g. The amount of Rs. 4.30 lakhs lying in Unpaid Dividend Account for the year 2009-2010 has been transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 2013 and rules made there under, on 27-11-2017 the due date of which was 28-11-2017.		

h. Value of Raw Materials, Stores, Spare Parts and Packing Materials consumed: (Rs. In Lakhs)

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
	(Rs.)	% of Consumption	(Rs.)	% of Consumption
Raw Materials				
- Indigenous	35.27	100.00%	7.92	100.00%
- Imported	-	-	-	-
Stores, Spare Parts and Packing Material				
- Indigenous	0.01	100.00%	0.02	100.00%
- Imported	-	-	-	-

KILBURN CHEMICALS LTD.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note - 49 Other Disclosures (Contd.)

- i. Details of Other Loans and Guarantees given or Investment made covered under Section 186(4) of The Companies Act, 2013

Amount outstanding as at 31st March, 2018

Name of entity	31.03.2018 (Rs. in Lakhs)	31.03.2017 (Rs. in Lakhs)	Particulars of loan guarantees given or investment made	Purpose for which the loans, guarantees and investment are proposed to be utilized
Kilburn Office Automation Limited*	276.57	281.57	Loan	Business Purpose

*Enterprise over which Key Managerial Personnel exercise significant influence.

- j. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.
- k. Figures have been rounded off to Rupees in Lakhs

As per our report of even date attached
For V.Singhi & Associates
Chartered Accountants
Firm Regn No.311017E
(V. K. SINGHI)
Partner
Membership No.: 050051
Place: Kolkata
Date: 30.05.2018

For and on behalf of the Board

A. K. Dutta <i>Whole Time Director</i> DIN No: 06651961	S. K. Jalan <i>Managing Director</i> DIN No: 00015836
Manoj Sureka <i>Chief Financial Officer</i>	Mukesh Sharma <i>Company Secretary</i> Membersip No: A28288

If undelivered please return to :

MAHESWARI DATAMATICS PVT. LTD.

Unit : Kilburn Chemicals Ltd.

23, R.N. Mukherjee Road, 5th Floor

Kolkata - 700 001